SIEMENS AKTIENGESELLSCHAFT
Form 6-K
May 03, 2010

Table of Contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934
May 3, 2010
Commission File Number: 1-15174
Siemens Aktiengesellschaft

(Translation of registrant s name into English)
Wittelsbacherplatz 2
D-80333 Munich
Federal Republic of Germany
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F þ Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes o No þ

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes o No þ

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

Table of contents

Introduction

Siemens AG s Interim Report for the Siemens Group complies with the applicable legal requirements of the German Securities Trading Act (Wertpapierhandelsgesetz WpHG) regarding half-year financial reports, and comprises Condensed Interim Consolidated Financial Statements, an Interim group management report and a Responsibility statement in accordance with § 37w WpHG. The Condensed Interim Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and its interpretations issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). The Condensed Interim Consolidated Financial Statements also comply with IFRS as issued by the IASB. This Interim Report should be read in conjunction with our Annual Report for fiscal 2009, which includes detailed analysis of our operations and activities.

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.

Table of Contents

Key figures[1] Q2 and first six months of fiscal 2010[2]

(unaudited; in millions of , except where otherwise stated)

Revenue growth Q2 2010 ! (4)% Q2 2009 ! 5% Profit margin Q! ! # Industry 9.4% Industry Automation 14.2% Drive Technologies 11.7% Building Technologies 6.5% OSRAM 13.4% Industry Solutions 0.1% Mobility 8.0% Energy 14.0% Fossil Power Generation 14.2% Renewable Energy 12.4% Oil & Gas 13.0% Power Transmission 11.9% Power Distribution 15.0% Healthcare% 18.1% Imaging & IT 21.1% Workflow & Solutions 6.4% Diagnostics% 17.7% Siemens IT Solutions (1.0)% and Services Siemens Financial 26.4% Services* Margin ranges * Return on equity 8 ROCE (continuing operations) Q2 2010 15.1% Q2 2009 9.2% Target corridor: 14 16% Cash conversion (continuing operations) Q2 2010 0.84 Q2 2009 1.19 Growth and profit Q2 2010 Q2 2009% Change ,st six months % Change Actual Adjusted! 2010 2009 Actual Adjusted! Continuing operations New orders 17,844 20,864 (14)% (14)% 36,820 43,084 (15)% (12)% Revenue 18,227 18,955 (4)% (4)% 35,579 38,589 (8)% (6)% Total Sectors Profit Total Sectors 2,138 1,844 16% 4,393 3,876 13% in % of revenue (Total Sectors) 12.3% 10.2% 12.9% 10.6% EBITDA (adjusted) 2,624 2,335 12% 5,349 4,848 10% in % of revenue (Total Sectors) 15.0% 13.0% 15.7% 13.3% Continuing operations EBITDA (adjusted) 2,804 2,125 32% 5,491 4,715 16% Income from continuing operations 1,484 955 55% 3,010 2,215 36% Basic earnings per share (in euros) 1.69 1.05 61% 3.38 2.48 36% Continuing and discontinued operations# Net income 1,498 1,013 48% 3,029 2,243 35% Basic earnings per share (in euros) 1.70 1.11 53% 3.41 2.51 36% Return on capital employed Q2 2010 Q2 2009 st six months 2010 ,st six months 2009 Continuing operations Return on capital employed (ROCE) 15.1% 9.2% 15.5% 11.1% Continuing and discontinued operations# Return on capital employed (ROCE) 15.2% 9.8% 15.6% 11.3% Free cash flow and Cash conversion Q2 2010 Q2 2009 st six months 2010 ,st six months 2009 Total Sectors Free cash flow 2,572 1,901 4,186 2,288 Cash conversion 1.20 1.03 0.95 0.59 Continuing operations Free cash flow 1,251 1,138 1,976 (436) Cash conversion 0.84 1.19 0.66 (0.20) Continuing and discontinued operations# Free cash flow 1,232 1,103 1,929 (548) Cash conversion 0.82 1.09 0.64 (0.24) Employees (in thousands) March !, 2010 September ! , 2009 Cont. Cont. Op. Total $ Op. Total $ Employees 402 402 405 405 Germany 128 128 128 128 Outside Germany 274 274 277 277

1 New orders and order backlog; adjusted or organic growth rates of Revenue and new orders; book-to-bill ratio; ROE; ROCE; Free cash flow; cash conversion rate; EBITDA (adjusted); EBIT (adjusted); earnings effect from purchase price allocation (PPA effects) and integration costs; net debt and adjusted industrial net debt are or may be non-GAAP financial measures. A definition of these supplemental financial measures, a reconciliation to the most directly comparable IFRS financial measures and information regarding the usefulness and limitations of these supplemental financial

measures are available on our Investor Relations website under www.siemens.com/nonGAAP.

2 January 1, 2010 March 31, 2010 and October 1, 2009 March 31, 2010.

3 Adjusted for portfolio and currency translation effects.

4 Earnings per share attributable to shareholders of Siemens AG. For fiscal 2010 and 2009 weighted average shares outstanding (basic) (in thousands) for the second quarter amounted to 867,968 and 864,415 respectively and for the first six months to 867,403 and 863,210 shares respectively.

5 Discontinued operations primarily consist of former Com activities, comprising carrier networks, enterprise networks and mobile devices activities.

6 Continuing and discontinued operations.

7 Profit margin including PPA effects for Healthcare is 16.6% and for Diagnostics 12.8%.

8 Return on equity is calculated as annualized Income before income taxes of Q2 divided by average allocated equity for Q2 of fiscal 2010 (1.473 billion).

Table of Contents

Interim group management report
Overview of financial results for the second quarter of fiscal 2010
(Three months ended March 31, 2010)

Total Sectors profit for the quarter rose 16% year-over-year, to 2.138 billion, on higher profit in all Sectors.

Income from continuing operations was 1.484 billion (basic EPS 1.69), up 55% from the second quarter a year earlier, and net income of 1.498 billion (basic EPS 1.70) was 48% higher.

Revenue of 18.227 billion was down 4% compared to the prior-year period, on single-digit declines in Energy and Industry and stable revenue in Healthcare.

Second-quarter orders of 17.844 billion came in 14% below the prior-year period primarily because that quarter included an exceptionally high volume from large orders. Nevertheless, a majority of Siemens Divisions posted higher orders compared to the prior-year period.

Free cash flow from continuing operations was 1.251 billion compared to 1.138 billion in the second quarter a year ago.

Management s perspective on second-quarter results and full-year outlook. Siemens has again demonstrated its profitability, profiting in particular from measures initiated early on to strengthen competitiveness. In times of crisis we very intentionally maintained our innovation power and are asserting our strength in the market. We expect Total Sectors profit for fiscal 2010 above the prior-year level. For further information see Outlook.

Revenue is stabilizing, order development is still uneven. Market development was again mixed for Siemens in the second quarter. While the Industry Sector saw signs of improving market conditions in its short-cycle businesses, some energy and industrial infrastructure businesses experienced further market contraction. As a result, orders came in 14% below the prior-year period, which included a peak volume from major orders. Due in part to the cushioning effect of strong order backlogs in a number of infrastructure businesses, revenue came in only 4% below the prior-year period and rose compared to the first quarter of fiscal 2010 in all three Sectors. The combined book-to-bill ratio for the Sectors was 0.98, and the combined order backlog increased slightly, to 84 billion, due to currency translation effects.

Revenue declines modestly and includes growth in emerging markets. Revenue in Industry fell 4% on double-digit decreases at Drive Technologies and Industry Solutions, partly offset by increases in other Divisions led by OSRAM. Energy reported a decline of 3%, due primarily to lower revenue at its power grid businesses. Revenue in Healthcare came within 1% of the prior-year period. On a geographic basis, revenue declined in the Americas and the region comprising Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East. The general trend of stronger sales in emerging markets in the quarter was particularly evident in Asia, Australia, which posted 10% revenue growth.

Orders decline due to a lower volume of large orders in Energy and Industry. In comparison with the prior-year period, which included the high volume from major orders mentioned above, orders came in 26% lower at Energy and 9% lower at Industry. The Divisions Industry Automation and Drive Technologies recorded their first year-over-year order increases in more than a year. Healthcare orders came in level with the same quarter a year earlier. On a geographic basis, Europe, C.I.S., Africa, Middle East and Asia, Australia saw double-digit order declines due primarily to Energy and Industry as mentioned above. Growth in the Americas was due to higher order intake in Industry and Healthcare.

Profit rises in all three Sectors. Total Sectors profit for the second quarter rose to 2.138 billion, on increases in all three Sectors. The Sectors profit benefited from 180 million in gains related to curtailment of pension plans in the U.S., with the largest gains recorded at Healthcare and Industry. The pension gains were offset by 125 million in charges for capacity adjustments, most notably in Energy and Industry. Energy s profit growth came primarily from the Fossil Power Generation Division, which improved its business mix. Healthcare improved its business mix and cut functional costs compared to the prior-year period, and also continued to benefit from a favorable currency hedge. The Industry Sector demonstrated the success of measures taken to address the economic downturn, profiting from improving markets for its short-cycle businesses.

Income rises on higher Total Sectors profit and lower costs below Total Sectors. Income from continuing operations was 1.484 billion, up 55% compared to the second quarter a year earlier. The two major factors in the increase were higher Total Sectors Profit and a significant improvement in Corporate items and pension expense, which were reduced to a negative 156 million from a negative 451 million in the prior-year period. In particular, Corporate items benefited from income resulting from resolution of compliance-related matters. The increase in income from continuing operations also included improved results from Centrally managed portfolio activities and higher income from Siemens Real Estate compared to the prior-year period. The pre-tax gains on the pension plan curtailment mentioned above totaled 192 million for Siemens as a whole. Net income in both periods under review was generated almost entirely by income from continuing operations. Net income was 1.498 billion, up 48% from 1.013 billion in the same period a year earlier. Corresponding basic EPS was 1.70 compared to 1.11 for the prior-year period.

Table of Contents

Sectors generate strong Free cash flow. Free cash flow at the Sector level climbed 35% compared to the prior-year quarter, to 2.572 billion, due mainly to a reduced build-up of net working capital, tight control of capital expenditures and also benefited from the pension curtailment, which had no cash impact for Siemens overall. Free cash flow from continuing operations was 1.251 billion compared to 1.138 billion in the same period a year earlier. The current period includes approximately 0.2 billion in outflows related to severance charges and substantially higher payments related to income taxes, cash outflows for treasury activities and supplemental pension funding in the UK. For comparison, the prior-year quarter includes approximately 0.3 billion in outflows stemming from charges related to project reviews and structural initiatives as well as to SG&A reduction.

ROCE rises on higher income. On a continuing basis, return on capital employed (ROCE) rose to 15.1% from 9.2% in the second quarter a year earlier. The increase was due mainly to higher income from continuing operations. To a lesser extent, ROCE improved on a decline in average capital employed.

Pension underfunding increases. The estimated underfunding of Siemens principal pension plans as of March 31, 2010, amounted to approximately 4.6 billion, compared to an underfunding of approximately 4.0 billion at the end of fiscal 2009 and approximately 4.2 billion at the end of the first quarter.

The decline in funded status since December 31, 2009 is due to an increase in Siemens defined benefit obligation (DBO), which was only partly offset by a positive return on plan assets and the supplemental pension funding in the UK. The DBO rose mainly due to a decrease in the discount rate assumption as of March 31, 2010 which more than offset an effect on the DBO from the pension plan adjustment in the U.S.

Table of Contents

Results of Siemens

Results of Siemens Three months ended March 31, 2010

The following discussion presents selected information for Siemens for the second quarter of fiscal 2010:

Orders and revenue

Market development was again mixed for Siemens in the second quarter of fiscal 2010. While some of the short-cycle businesses, particularly at OSRAM and Industry Automation in the Industry Sector, saw signs of improving market conditions in the aftermath of the global recession, some industrial and energy infrastructure businesses experienced further market contraction. As a result, second quarter orders declined 14% year-over-year, to 17.844 billion. The prior-year period included a peak volume from major orders, including a number of large contract wins at Fossil Power Generation, Renewable Energy and Mobility. Due in part to the cushioning effect of strong order backlogs in a number of infrastructure businesses, revenue came in only 4% below the prior-year period, at 18.227 billion, and rose compared to the first quarter of the fiscal year in all three Sectors. As revenue came in slightly higher than orders in the three Sectors, our book-to-bill ratio was 0.98 for the quarter. The combined order backlog for the Sectors rose slightly on a consecutive-quarter basis, to 84 billion, due to positive currency translation effects. Out of the current backlog, orders of 23 billion are expected to be converted into revenue during fiscal 2010. On an organic basis, excluding the net effect of currency translation and portfolio transactions, revenue declined 4% and orders decreased 14% compared to the same period a year earlier.

New Orders (location of customer)

(in millions of)	**Three months ended March 31, 2010**	**2009[1]**	**% Change Actual**	**Adjusted[2]**	**therein Currency**	**Portfolio**
Europe, C.I.S.[3], Africa, Middle East	9,889	12,528	(21)%	(21)%	1%	(1)%
therein Germany	*2,626*	*3,240*	*(19)%*	*(19)%*	*0%*	*0%*
Americas	4,749	4,667	2%	4%	(2)%	0%
therein U.S.	*3,253*	*3,452*	*(6)%*	*0%*	*(6)%*	*0%*
Asia, Australia	3,207	3,669	(13)%	(13)%	0%	0%
therein China	*1,369*	*1,937*	*(29)%*	*(27)%*	*(2)%*	*0%*
therein India	*532*	*560*	*(5)%*	*(6)%*	*1%*	*0%*
Siemens	**17,844**	**20,864**	**(14)%**	**(14)%**	**0%**	**0%**

(1) Certain prior-year information was reclassified to conform to the current regional presentation.

(2) Excluding currency translation and portfolio effects.

(3) Commonwealth of Independent States.

Orders related to external customers decreased 14% in the second quarter of fiscal 2010, due primarily to declines in Energy and Industry. Order intake came in 26% lower in the Energy Sector, as continuing market challenges included customer postponements of new projects and pricing pressure on available tenders. For comparison, an exceptionally high volume from major orders in the prior-year quarter in Energy included a total of 1.5 billion in new contracts for power generation and transmission in Iraq, as well as large offshore wind-farm orders in Europe at Renewable Energy. The Industry Sector our largest Sector by volume saw orders decline 9% compared to a high basis of comparison in the second quarter a year earlier, which included a major contract win at Mobility for high-speed trains in China. The year-over-year decline in orders in the Sector also included lower demand at Industry Solutions. All other Divisions in the Sector reported an increase in orders year-over-year. Healthcare orders came in just below the prior-year period, which included a large contract win at Workflow & Solutions.

In the region **Europe, C.I.S., Africa, Middle East** our largest reporting region orders declined 21% on decreases in all Sectors. Orders in the Energy Sectors declined 36% in the region, largely due to a high basis of comparison in the prior-year period resulting from the large contracts mentioned above at Fossil Power Generation, Renewable Energy and Power Transmission. Lower order intake in Industry in the region Europe, C.I.S., Africa, Middle East was due primarily to a lower volume from major orders at Mobility. Healthcare orders declined 4% in the region. Order intake rose 2% in the **Americas,** including higher orders in Industry and Healthcare. Due to lower demand at Fossil Power Generation, Energy posted an order decline in the region year-over-year, despite double-digit increases at the other four Divisions of the Sector. Lower order intake for Siemens in the U.S. compared to the prior-year quarter was due to negative currency translation effects.

Table of Contents

In **Asia, Australia** orders declined 13% year-over-year on decreases in Industry and Healthcare, due primarily to a higher volume of major orders in the prior-year period, including the order for high-speed trains in China and the large contract win at Workflow & Solutions mentioned above. Order intake in Energy came in above the prior-year quarter.

As previously disclosed, Siemens has decided and announced that, as a general rule, it will not enter into new contracts with customers in Iran. Since the announcement, Siemens has issued group-wide policies that establish the details of its general decision. Under these policies, Siemens shall not tender further bids for direct deliveries to customers in Iran. Furthermore, indirect deliveries from Siemens to Iran via external third parties, including companies in which Siemens holds a minority stake, are generally prohibited unless an exception is specifically approved under certain circumstances. Notwithstanding the foregoing, products and services for humanitarian purposes, including the products and services supplied by the Healthcare Sector, and products and services required to maintain the installed base (e.g. spare parts and maintenance and assembly services) may still be provided under the policies. Finally, legally binding bids submitted in the past and existing agreements may be honored.

	Revenue (location of customer)					
	Three months ended March 31,		% Change		therein	
(in millions of)	**2010**	**2009[1]**	**Actual**	**Adjusted[2]**	**Currency**	**Portfolio**
Europe, C.I.S.[3], Africa, Middle East	10,095	10,608	(5)%	(5)%	1%	0%
therein Germany	*2,731*	*2,811*	*(3)%*	*(2)%*	*0%*	*0%*
Americas	4,863	5,362	(9)%	(7)%	(3)%	0%
therein U.S.	*3,601*	*4,139*	*(13)%*	*(7)%*	*(5)%*	*0%*
Asia, Australia	3,269	2,985	10%	8%	2%	0%
therein China	*1,266*	*1,215*	*4%*	*7%*	*(3)%*	*0%*
therein India	*477*	*402*	*19%*	*16%*	*3%*	*0%*
Siemens	**18,227**	**18,955**	**(4)%**	**(4)%**	**0%**	**0%**

(1) Certain prior-year information was reclassified to conform to the current regional presentation.

(2) Excluding currency translation and portfolio effects.

(3) Commonwealth of Independent States.

Revenue related to external customers declined 4% compared to the prior-year quarter, including modest decreases in all Sectors. Revenue fell 4% in Industry on double-digit decreases at Drive Technologies and Industry Solutions. Other Divisions in the Sector recorded higher revenues year-over year, led by an 18% increase at OSRAM. The Energy Sector reported a revenue decline of 3% due primarily to decreases at its two power grid businesses, Power Transmission and Power Distribution. In contrast, revenue came in higher at Fossil Power Generation and Renewable Energy year-over-year on conversion from the Divisions strong order backlogs. Healthcare revenue came within 1% of the prior-year period, despite a double-digit decline at Workflow & Solutions.

In **Europe, C.I.S., Africa, Middle East**, second-quarter revenue decreased 5% year-over-year due primarily to lower sales in the Industry Sector. As in the first quarter, within the Industry Sector only OSRAM recorded higher revenue in the region compared to the prior-year period, and the Drive Technologies Division again posted the sharpest decline. Healthcare also reported lower revenue in the region comprising Europe, C.I.S., Africa, Middle East year-over-year, while revenue in the Energy Sector came in above the prior-year quarter. In the **Americas**, revenue fell 9% on declines in all Sectors, including negative currency translation effects from the U.S. Revenue rose 10% in **Asia, Australia**, as double-digit revenue increases in Healthcare and Industry were only partly offset by a decline in the Energy Sector. Higher revenue in India included double-digit increases in all Sectors compared to the second quarter a year earlier.

Table of Contents

Consolidated Statements of Income

	Three months ended March 31,		
(in millions of)	**2010**	**2009**	**% Change**
Gross profit on revenue	5,267	4,961	6%
as percentage of revenue	*28.9%*	*26.2%*	

Gross profit for the second quarter rose 6% compared to the same period a year earlier. All Sectors reported higher gross profit margins as well as a modest increase in gross profit year-over-year despite a decline in revenues. The higher contribution from the Industry Sector included volume-driven increases at OSRAM and Industry Automation, while other Divisions, primarily Industry Solutions and Drive Technologies, posted gross profit decreases year-over-year, driven by lower revenues. Gross profit increases in Energy and Healthcare resulted from higher gross profit margins in all Divisions compared to the prior-year period. In all Sectors, gross profit development benefited from most of the pension gain mentioned above. In combination, these factors resulted in a gross profit margin of 28.9% for Siemens overall, up from 26.2% in the second quarter a year earlier.

	Three months ended March 31,		
(in millions of)	**2010**	**2009**	**% Change**
Research and development expenses	(920)	(972)	(5)%
as percentage of revenue	*5.0%*	*5.1%*	
Marketing, selling and general administrative expenses	(2,527)	(2,520)	0%
as percentage of revenue	*13.9%*	*13.3%*	
Other operating income	299	99	> 200%
Other operating expense	(34)	(168)	(80)%
Income (loss) from investments accounted for using the equity method, net	(64)	(49)	31%
Interest income	530	529	0%
Interest expense	(470)	(562)	(16)%
Other financial income (expense), net	(49)	17	

Research and development (R&D) expenses decreased to 920 million or 5.0% of revenues, from 972 million or 5.1% of revenues in the prior-year period, due primarily to lower outlays in the Industry Sector. **Marketing, selling and general administrative (SG&A) expenses** rose slightly to 2.527 billion, from 2.520 billion in the prior-year period. Due to lower revenues, the SG&A expense ratio rose to 13.9% compared to 13.3% a year earlier.

Other operating income increased to 299 million in the second quarter, compared to 99 million in the same period a year earlier. The current period benefited from higher gains in connection with compliance-related matters, including a gain of 84 million related to an agreement with the provider of the Siemens directors and officers liability insurance, a net gain related to settlements with former members of Siemens Managing Board and Supervisory Board, and a gain of 38 million related to the agreed recovery of funds frozen by authorities. In addition, gains related to the disposal of real estate were also higher year-over-year, including a gain of 69 million on a transaction in the current quarter at Siemens Real Estate (SRE).

Other operating expense was 34 million, down from 168 million in the second quarter of fiscal 2009. Expenses for outside advisors engaged in connection with investigations into alleged violations of anti-corruption laws and related matters as well as remediation activities amounted to 33 million in the prior-year period.

Income (loss) from investments accounted for using the equity method, net was a negative 64 million, compared to a negative 49 million in the second quarter a year earlier. The difference was due in part to a higher equity investment loss in the current period related to Nokia Siemens Networks B.V. (NSN).

Interest income was nearly unchanged at 530 million in the second quarter, compared to 529 million in the same period a year earlier. **Interest expense** was 470 million, reduced from 562 million in the second quarter a year earlier. The reduction in interest expense was driven by substantially lower interest rates compared to the prior-year period.

7

Table of Contents

Other financial income (expense), net was a negative 49 million in the second quarter, compared to a positive 17 million in the same period a year earlier. The current quarter included higher expenses related to the interest component from measuring provisions.

(in millions of)	Three months ended March 31, 2010	2009	% Change
Income from continuing operations before income taxes	2,032	1,335	52%
Income taxes	(548)	(380)	44%
as percentage of income from continuing operations before income taxes	*27%*	*28%*	
Income from continuing operations	1,484	955	55%
Income from discontinued operations, net of income taxes	14	58	(76)%
Net income	1,498	1,013	48%
Net income attributable to non-controlling interests	20	51	
Net income attributable to shareholders of Siemens AG	1,478	962	54%

Income from continuing operations before income taxes was 2.032 billion in the second quarter, compared to 1.335 billion in the same period a year earlier. The change year-over-year was due to the factors mentioned above, primarily including improved gross profit margins in all Sectors, which led to an increase in gross profit on an absolute basis despite lower revenues. The increase also includes higher gains in connection with compliance-related matters in the current quarter. The effective tax rate was 27%, down from 28% in the prior-year period. The current-quarter rate was positively affected by a decision on appeal related to non-deductible expenses in connection with certain foreign dividends. As a result, Income from continuing operations after taxes was 1.484 billion in the second quarter of fiscal 2010, up from 955 million in the prior-year period.

Discontinued operations primarily include former Com activities, comprising telecommunications carrier activities transferred into NSN in the third quarter of fiscal 2007; the enterprise networks business, 51% of which was divested during the fourth quarter of fiscal 2008; and the mobile devices business sold to BenQ Corporation in fiscal 2005. Income from discontinued operations in the current quarter was a positive 14 million, compared to a positive of 58 million in the second quarter a year earlier. The prior-year period benefited from a positive effect from the settlement of legal matters related to the former Com activities. For additional information regarding discontinued operations, see Notes to Condensed Interim Consolidated Financial Statements within this Interim Report.

Net income for Siemens in the second quarter was 1.498 billion compared to 1.013 billion in the same period a year earlier. Net income attributable to shareholders of Siemens AG was 1.478 billion, up from 962 million in the second quarter of fiscal 2009.

Table of Contents

Results of Siemens Six months ended March 31, 2010

The following discussion presents selected information for Siemens for the first six months of fiscal 2010:

Orders and revenue

In the first six months of fiscal 2010, revenue declined 8% year-over-year, to 35.579 billion, while orders came in at 36.820 billion, down 15% from the prior-year period. This resulted in a book-to-bill ratio of 1.03 for the first half. On an organic basis, revenue declined 6% and orders decreased 12% compared to the same period a year earlier.

	New Orders (location of customer)					
	Six months ended March 31,		% Change		therein	
(in millions of)	**2010**	**2009[1]**	**Actual**	**Adjusted[2]**	**Currency**	**Portfolio**
Europe, C.I.S.[3], Africa, Middle East	20,712	25,893	(20)%	(19)%	0%	(1)%
therein Germany	*5,532*	*7,170*	*(23)%*	*(22)%*	*0%*	*0%*
Americas	9,883	10,165	(3)%	2%	(5)%	0%
therein U.S.	*7,051*	*7,710*	*(9)%*	*0%*	*(8)%*	*0%*
Asia, Australia	6,226	7,026	(11)%	(10)%	(1)%	0%
therein China	*2,529*	*3,113*	*(19)%*	*(15)%*	*(3)%*	*0%*
therein India	*999*	*1,145*	*(13)%*	*(9)%*	*(3)%*	*0%*
Siemens	**36,820**	**43,084**	**(15)%**	**(12)%**	**(2)%**	**0%**

(1) Certain prior-year information was reclassified to conform to the current regional presentation.

(2) Excluding currency translation and portfolio effects.

(3) Commonwealth of Independent States.

Orders related to external customers in the first six months of fiscal 2010 decreased 15% compared to the prior-year period, including declines in all three Sectors. Order intake declined 22% in the Energy Sector due primarily to market contraction, including a lower volume from major orders as compared to the prior-year period, particularly at Fossil Power Generation, and increased pricing pressure. Orders also decreased by double digits in the Industry Sector, due mainly to a high volume from major orders at Mobility a year earlier. The decline year-over-year also included weaker demand at Industry Solutions and Drive Technologies. OSRAM was the only Division in the Industry Sector reporting an order increase year-over-year for the six-month period. Healthcare orders came in 1% below the prior-year level in the first six months. On an organic basis, excluding currency translation effects, first-half orders for Healthcare rose year-over-year.

In the region **Europe, C.I.S., Africa, Middle East** orders declined 20% on decreases in all Sectors. Orders in the Energy Sector declined by a third, largely due to a lower volume from large orders at Fossil Power Generation and Renewable Energy. The Industry Sector reported an 11% order decline in the region, due primarily to the high basis of comparison at Mobility and the market contraction at Industry Solutions and Drive Technologies mentioned above. Healthcare orders declined 4% in the region, including lower demand in all Divisions compared to the first six months a year earlier. Order intake fell 23% in Germany, due in part to large contract wins at Mobility and Renewable Energy in the prior-year period. In the **Americas** orders declined 3%, driven by strong negative currency translation effects from the U.S. While Energy s order intake in the Americas came in above the prior-year level due to a higher volume from major orders, Industry and Healthcare reported order declines in the region. In **Asia, Australia** orders declined 11% year-over-year, due primarily to a strong decrease in Industry, including lower volume from large orders at Mobility and Industry Solutions. Energy also reported lower orders year-over-year, while the Healthcare Sector posted an order increase in the region despite a high basis of comparison in the prior-year period due to the large contract win at Workflow & Solutions mentioned earlier. A strong prior-year period in China, including the above-mentioned major contract for high-speed trains, was the primary reason first-half orders in that country came in lower year-over-year.

Table of Contents

	Revenue (location of customer)					
	Six months ended March 31,		% Change		therein	
(in millions of)	2010	2009(1)	Actual	Adjusted(2)	Currency	Portfolio
Europe, C.I.S.(3), Africa, Middle East	20,065	21,848	(8)%	(7)%	0%	(1)%
therein Germany	*5,412*	*5,976*	*(9)%*	*(9)%*	*0%*	*(1)%*
Americas	9,239	10,732	(14)%	(10)%	(4)%	0%
therein U.S.	*6,768*	*8,202*	*(17)%*	*(11)%*	*(7)%*	*0%*
Asia, Australia	6,274	6,009	4%	5%	0%	0%
therein China	*2,497*	*2,415*	*3%*	*7%*	*(4)%*	*0%*
therein India	*875*	*763*	*15%*	*16%*	*(1)%*	*0%*
Siemens	**35,579**	**38,589**	**(8)%**	**(6)%**	**(1)%**	**0%**

(1) Certain prior-year information was reclassified to conform to the current regional presentation.

(2) Excluding currency translation and portfolio effects.

(3) Commonwealth of Independent States.

Revenue related to external customers declined 8% compared to the first six months of fiscal 2009, including decreases in all Sectors. The Industry Sector was the primary factor in lower revenue year-over-year, reporting a 9% decline in the first half, mainly at Drive Technologies, Industry Solutions and Building Technologies. The Energy Sector posted a revenue decline of 6% on lower revenue in all Divisions, led by Power Transmission, Renewable Energy and Power Distribution. Due primarily to negative currency translation effects from the U.S., Healthcare revenue declined modestly compared to the prior-year period.

In **Europe, C.I.S., Africa, Middle East**, first-half revenue decreased 8% year-over-year due largely to lower sales in the Industry Sector. Apart from OSRAM, all Divisions in the Sector reported lower revenues compared to the first six months of the prior fiscal year, including a steep decline at Drive Technologies. Healthcare revenue also decreased in the region. Energy revenue was level in the region, as higher sales at Fossil Power Generation and Renewable Energy offset revenue declines at the two power grid businesses. In the **Americas**, revenue fell 14% compared to the prior-year period on double-digit declines in Energy and Industry and a 9% decrease in Healthcare, including strong negative currency translation effects from the U.S. In **Asia, Australia**, first-half revenue rose 4%, as a decline in the Energy Sector was more than offset by increases in Industry and Healthcare. Most notably, revenue in the Healthcare Sector came in 20% above the prior-year period in the region, including strong revenue growth at Imaging & IT as well as double-digit increases in China and India for Healthcare.

Consolidated Statements of Income

	Six months ended March 31,		
(in millions of)	**2010**	**2009**	**% Change**
Gross profit on revenue	10,561	10,601	0%
as percentage of revenue	*29.7%*	*27.5%*	

Gross profit for the first six months of fiscal 2010 came in level with the prior-year period, as a decline in the Industry Sector offset increases in Healthcare and Energy. Lower gross profit in the Industry Sector included revenue-driven declines at the majority of Divisions particularly including Drive Technologies and Industry Solutions. OSRAM delivered strong gross profit development, and gross profit also rose at Mobility. Gross profit growth in Healthcare reflected a positive effect from currency hedging and a favorable revenue mix in the current period, as well as charges at Workflow & Solutions in the prior-year period. Despite lower revenues in all Divisions, Energy increased its gross profit year-over-year on a more favorable revenue mix. In addition, gross profit development for Siemens included a positive swing in the effects from commodity hedging that was most notable in Energy and Industry. Further, gross profit in all three Sectors benefited from most of the pension gain mentioned above for the second quarter. In combination, these factors resulted in a gross profit margin of 29.7% for Siemens overall in the first half of fiscal 2010, up from 27.5% in the same period a year earlier.

Table of Contents

	Six months ended March 31,		
(in millions of)	**2010**	**2009**	**% Change**
Research and development expenses	(1,742)	(1,886)	(8)%
as percentage of revenue	*4.9%*	*4.9%*	
Marketing, selling and general administrative expenses	(5,070)	(5,388)	(6)%
as percentage of revenue	*14.2%*	*14.0%*	
Other operating income	468	284	65%
Other operating expense	(90)	(285)	(68)%
Income from investments accounted for using the equity method, net	51	68	(25)%
Interest income	1,047	1,106	(5)%
Interest expense	(936)	(1,191)	(21)%
Other financial income (expense), net	(63)	(239)	(74)%

R&D expenses decreased to 1.742 billion from 1.886 billion in the prior-year period, due to lower expenses in Industry and Healthcare. R&D expenses as a percentage of revenue remained at the prior-year level of 4.9%. **SG&A expenses** declined to 5.070 billion, from 5.388 billion in the first half of fiscal 2009, including lower expenses in all Sectors. As revenue fell even more than SG&A expenses in the current period, the SG&A expense ratio rose slightly to 14.2% compared to 14.0% a year earlier.

Other operating income increased to 468 million in the first six months of fiscal 2010, compared to 284 million in the same period a year earlier. The current period included higher gains related to the disposal of real estate, including the net gain mentioned above for the second quarter and a gain on the sale of the Mobility Division s airfield lighting business. In addition, the first half benefited from higher gains recognized in the second quarter in connection with compliance-related matters, including a gain of 84 million related to an agreement with the provider of the Siemens directors and officers liability insurance, a net gain related to settlements with former members of Siemens Managing Board and Supervisory Board, and a gain of 38 million related to the agreed recovery of funds frozen by authorities. For comparison, the prior-year period included lower income related to legal and regulatory matters.

Other operating expense was 90 million, down from 285 million in the first six months a year earlier. The difference is due partly to expenses in the first half of fiscal 2009 for outside advisors engaged in connection with investigations into alleged violations of anti-corruption laws and related matters as well as remediation activities, which amounted to 82 million.

Interest income decreased to 1.047 billion in the first half, compared to 1.106 billion in the same period a year earlier. **Interest expense** was 936 million, down from 1.191 billion in the first six months of fiscal 2009. The decline in both interest income and interest expense was driven by lower interest rates compared to the prior-year period.

Other financial income (expense), net was a negative 63 million in the first six months of fiscal 2010, compared to a negative 239 million in the same period a year earlier. The prior-year period included negative results of hedging activities not qualifying for hedge accounting, higher expenses related to the interest component from measuring provisions, and higher expenses as a result of allowances and write offs of finance receivables.

	Six months ended March 31,		
(in millions of)	**2010**	**2009**	**% Change**
Income from continuing operations before income taxes	4,226	3,070	38%
Income taxes	(1,216)	(855)	42%
as percentage of income from continuing operations before income taxes	*29%*	*28%*	

Income from continuing operations	3,010	2,215	36%
Income from discontinued operations, net of income taxes	19	28	(32)%
Net income	3,029	2,243	35%
Net income attributable to non-controlling interests	74	78	
Net income attributable to shareholders of Siemens AG	2,955	2,165	36%

Table of Contents

Income from continuing operations before income taxes was 4.226 billion in the first half of fiscal 2010, compared to 3.070 billion in the same period a year earlier. The change year-over-year was due to the factors mentioned above, primarily including improved gross profit margins in all Sectors which offset the effect of lower revenue on gross profit on an absolute basis, a reduction in SG&A and R&D expenses, an improved financial result, and a positive impact from compliance-related matters compared to the prior-year period. The effective tax rate was 29%, up from 28% in the first half a year earlier. As a result, Income from continuing operations after taxes was 3.010 billion in the first six months of fiscal 2010, up from 2.215 billion in the prior-year period.

Discontinued operations primarily include former Com activities, comprising telecommunications carrier activities transferred into NSN in the third quarter of fiscal 2007; the enterprise networks business, 51% of which was divested during the fourth quarter of fiscal 2008; and the mobile devices business sold to BenQ Corporation in fiscal 2005. Income from discontinued operations in the first half was a positive 19 million, compared to 28 million in the prior-year period. For additional information regarding discontinued operations, see Notes to Condensed Interim Consolidated Financial Statements within this Interim Report.

Net income for Siemens in the first six months was 3.029 billion compared to 2.243 billion in the same period a year earlier. Net income attributable to shareholders of Siemens AG was 2.955 billion, up from 2.165 billion in the first half of fiscal 2009.

Portfolio activities

At the beginning of November 2009, Siemens completed the acquisition of 100% of Solel Solar Systems Ltd. (Solel), a solar thermal power technology company. Solel, which was consolidated as of November 2009, will be integrated into the Energy Sector s Renewable Energy Division. The aggregate consideration amounts to approximately 279 million (including cash acquired).

At the beginning of November 2009, Siemens sold its airfield lighting business, which was part of the Industry Sector s Mobility Division.

At the end of December 2009, Siemens sold its 25% minority stake in Dräger Medical AG & Co. KG to the majority shareholder Drägerwerk AG & Co. KGaA. The investment was accounted for using the equity method in the Healthcare Sector.

Siemens completed certain other portfolio transactions during the first six months of fiscal 2010, which did not have a significant effect on its Interim Consolidated Financial Statements. For further information on acquisitions and dispositions, see Notes to Condensed Interim Consolidated Financial Statements.

Table of Contents

Segment information analysis
Sectors
Industry Three months ended March 31, 2010

Sector	**Three months ended March 31,**		**% Change**		**therein**	
(in millions of)	**2010**	**2009**	**Actual**	**Adjusted[1]**	**Currency**	**Portfolio**
Profit	783	671	17%			
Profit margin	9.4%	7.8%				
New orders	8,023	8,801	(9)%	(8)%	0%	0%
Revenue	8,298	8,645	(4)%	(4)%	0%	0%

(1) Excluding currency translation and portfolio effects.

Profit in the **Industry** Sector rose 17%, to 783 million, driven by strong turnarounds at Industry Automation and OSRAM. Capacity and cost reduction measures in prior periods improved profitability, and demand strengthened in short-cycle businesses. Industry took 50 million in severance charges, including related costs, during the quarter.

Sector profit includes 76 million of the pension gain mentioned earlier, which affected all Divisions within the Sector. This was more than offset by charges related to a project engagement with a local partner in the U.S. and a provision for a supplier-related warranty.

Revenue came in 4% lower, due primarily to weaker demand for the Sector s process automation and late-cycle manufacturing businesses compared to the prior-year period. While orders declined 9% overall, this was mainly due to a high basis of comparison at Mobility in the prior-year period which included an exceptionally large order in China. In contrast, all other Divisions except for Industry Solutions posted an increase in second-quarter orders year-over-year. On a geographic basis, revenue growth in the region Asia, Australia partially offset declines in Europe, C.I.S., Africa, Middle East and the Americas. Orders rose in the Americas but came in lower in the regions Europe, C.I.S., Africa, Middle East and Asia, Australia due to lower volume from major orders. The Sector s book-to-bill ratio was 0.97 and its order backlog remained at 28 billion. Industry is closely monitoring capacity utilization and expects to continue adjusting capacity to the extent necessary.

Divisions	**New Orders**					
	Three months ended March 31,		**% Change**		**therein**	
(in millions of)	**2010**	**2009**	**Actual**	**Adjusted[1]**	**Currency**	**Portfolio**
Industry Automation[2][3]	1,509	1,328	14%	14%	0%	0%
Drive Technologies	1,813	1,627	11%	12%	0%	0%
Building Technologies[2]	1,677	1,628	3%	3%	0%	0%
OSRAM	1,146	971	18%	20%	(1)%	(1)%
Industry Solutions	1,427	1,737	(18)%	(18)%	0%	0%
Mobility	1,141	2,208	(48)%	(48)%	0%	(1)%

(1) Excluding currency translation and portfolio effects.

(2)

At the beginning of fiscal 2010, the low-voltage switchgear business was transferred from Industry Automation to Building Technologies. Prior-year amounts were reclassified for comparison purposes.

(3) At the beginning of fiscal 2010, a production site was transferred from Industry Automation to Drive Technologies. Prior-year amounts were reclassified for comparison purposes.

Table of Contents

Divisions	Revenue					
	Three months ended March 31,		% Change		therein	
(in millions of)	2010	2009	Actual	Adjusted(1)	Currency	Portfolio
Industry Automation(2)(3)	1,425	1,380	3%	4%	0%	0%
Drive Technologies	1,620	1,954	(17)%	(17)%	0%	0%
Building Technologies(2)	1,656	1,695	(2)%	(2)%	0%	0%
OSRAM	1,146	971	18%	20%	(1)%	(1)%
Industry Solutions	1,484	1,759	(16)%	(15)%	0%	0%
Mobility	1,576	1,542	2%	2%	1%	(1)%

(1) Excluding currency translation and portfolio effects.

(2) At the beginning of fiscal 2010, the low-voltage switchgear business was transferred from Industry Automation to Building Technologies. Prior-year amounts were reclassified for comparison purposes.

(3) At the beginning of fiscal 2010, a production site was transferred from Industry Automation to Drive Technologies. Prior-year amounts were reclassified for comparison purposes.

Divisions	**Profit**			**Profit margin**	
	Three months ended March 31,			**Three months ended March 31,**	
(in millions of)	**2010**	**2009**	**% Change**	**2010**	**2009**
Industry Automation(1)	202	105	93%	14.2%	7.6%
Drive Technologies	189	244	(22)%	11.7%	12.5%
Building Technologies(1)	108	89	21%	6.5%	5.3%
OSRAM	153	8	>200%	13.4%	0.8%
Industry Solutions	2	118	(98)%	0.1%	6.7%
Mobility	127	106	19%	8.0%	6.9%

(1) At the beginning of fiscal 2010, the low-voltage switchgear business was transferred from Industry Automation to Building Technologies. Prior-year amounts were reclassified for comparison purposes.

The **Industry Automation** Division generated profit of 202 million, well above the recessionary level of the prior-year period. Cost and capacity measures helped all business units report higher earnings. Restoration of customer demand fueled a broad-based increase in orders and revenue. In particular, the Division s 14% increase in orders included accelerated growth in emerging markets. Purchase price accounting (PPA) effects related to the purchase of UGS Corp. in fiscal 2007 were 34 million in the current quarter and 36 million in the prior-year period.

Drive Technologies contributed 189 million to Sector profit in the second quarter on lower revenue particularly in Europe, C.I.S., Africa, Middle East and the Americas. The Division s revenue-driven decline in profit was due mainly to its drives businesses, which typically lag macroeconomic cycles. Order development in the second quarter indicated that markets are stabilizing on a lower level for Drive Technologies. The Division s 11% order increase compared to the prior-year period included growth in all regions and business units.

Cost discipline helped **Building Technologies** increase its profit despite a decline in revenue. Profit was held back by the supplier-related warranty, largely offset by a portion of the pension gain mentioned above. Rapid growth in emerging economies enabled the Division to post a modest increase in second-quarter orders compared to the prior-year period.

OSRAM s profit of 153 million benefited from 23 million of the pension gain mentioned above, and from a rebound in revenue compared to the prior-year period which significantly improved capacity utilization. Profit also rose on an improved product mix and streamlined cost structure. All business units reported higher revenues and earnings compared to the prior-year period, and revenue rose in all regions. With increasing demand for next-generation solid-state and LED lighting solutions, OSRAM intends to invest in market expansion and LED production capacity in coming quarters.

Industry Solutions continued to address the effects of the downturn in global process industries. The Division s profit of 2 million in the quarter was burdened by 63 million in charges related to a project engagement with a local partner in the U.S. and 38 million in severance charges, including related costs, for ongoing capacity adjustment measures. Both revenue and orders came in lower than the prior-year period.

Table of Contents

Mobility delivered profit of 127 million, benefiting from a portion of the pension gain mentioned above. Earnings rose in all business units, due in part to the strength of Mobility s order backlog after selective order intake in prior periods. Second-quarter orders came in well below the prior-year level, which included an exceptionally large order for high-speed trains in China.

Industry Six months ended March 31, 2010

Sector	Six months ended March 31,		% Change		therein	
(in millions of)	2010	2009	Actual	Adjusted(1)	Currency	Portfolio
Profit	1,695	1,605	6%			
Profit margin	10.4%	8.9%				
New orders	16,271	18,577	(12)%	(11)%	(1)%	0%
Revenue	16,369	17,933	(9)%	(7)%	(1)%	0%

(1) Excluding currency translation and portfolio effects.

Capacity adjustment measures and cost management as well as strengthened demand in short-cycle businesses in the last months of the current period enabled **Industry** to improve profit and profitability in the first six months compared to the same period a year earlier. A majority of the Sector s Divisions increased their first-half profit year-over-year, with the strongest growth at OSRAM and Mobility. In contrast, profit declined sharply at the Divisions Industry Solutions and Drive Technologies. The Sector took 50 million in severance charges, including related costs in the second quarter of the current period.

Profit for the Sector included 76 million of the pension gain mentioned earlier, affecting results at all Divisions, as well as a 44 million net gain at Mobility on the sale of its airfield lighting business. These gains were partly offset by charges related to a project engagement with a local partner in the U.S. and a provision for a supplier-related warranty.

Orders for Industry in the first six months of fiscal 2010 declined 12% mainly due to a sharp downturn at Industry Solutions as well as significantly lower volume from major orders at Mobility compared to the same period a year earlier which included the exceptionally large order in China mentioned above. As a result, first-half orders were down 27% year-over-year for both Divisions. Revenue declined 9% year-over-year due mainly to lower demand in the Sector s late-cycle manufacturing and process businesses which took revenue down sharply at Drive Technologies and Industry Solutions year-over-year. On a regional basis, higher revenue in Asia, Australia for the first six months was more than offset by lower revenue in the Americas and Europe, C.I.S., Africa, Middle East. Orders were down in all three regions.

Divisions	New Orders					
	Six months ended March 31,		% Change		therein	
(in millions of)	2010	2009	Actual	Adjusted(1)	Currency	Portfolio
Industry Automation(2)(3)	2,915	2,928	0%	1%	(1)%	0%
Drive Technologies	3,387	3,713	(9)%	(8)%	(1)%	0%
Building Technologies(2)	3,288	3,467	(5)%	(3)%	(2)%	0%
OSRAM	2,277	2,068	10%	12%	(3)%	1%
Industry Solutions	2,661	3,653	(27)%	(26)%	(1)%	0%
Mobility	3,028	4,132	(27)%	(25)%	(1)%	(1)%

(1) Excluding currency

translation and portfolio effects.

(2) At the beginning of fiscal 2010, the low-voltage switchgear business was transferred from Industry Automation to Building Technologies. Prior-year amounts were reclassified for comparison purposes.

(3) At the beginning of fiscal 2010, a production site was transferred from Industry Automation to Drive Technologies. Prior-year amounts were reclassified for comparison purposes.

Table of Contents

Divisions	**Revenue**					
	Six months ended March 31,		**% Change**		**therein**	
(in millions of)	**2010**	**2009**	**Actual**	**Adjusted[1]**	**Currency**	**Portfolio**
Industry Automation[2][3]	2,823	2,989	(6)%	(4)%	(1)%	0%
Drive Technologies	3,131	4,014	(22)%	(21)%	(1)%	0%
Building Technologies[2]	3,216	3,528	(9)%	(7)%	(2)%	0%
OSRAM	2,277	2,068	10%	12%	(3)%	1%
Industry Solutions	2,921	3,555	(18)%	(17)%	(1)%	0%
Mobility	3,158	3,106	2%	3%	0%	(1)%

(1) Excluding currency translation and portfolio effects.

(2) At the beginning of fiscal 2010, the low-voltage switchgear business was transferred from Industry Automation to Building Technologies. Prior-year amounts were reclassified for comparison purposes.

(3) At the beginning of fiscal 2010, a production site was transferred from Industry Automation to Drive Technologies. Prior-year amounts were reclassified for comparison purposes.

Divisions	Profit Six months ended March 31,			Profit margin Six months ended March 31,	
(in millions of)	2010	2009	% Change	2010	2009
Industry Automation[1]	436	373	17%	15.5%	12.5%
Drive Technologies	355	504	(30)%	11.3%	12.6%
Building Technologies[1]	215	200	7%	6.7%	5.7%
OSRAM	305	100	>200%	13.4%	4.8%
Industry Solutions	83	237	(65)%	2.8%	6.7%
Mobility	292	191	53%	9.2%	6.1%

(1) At the beginning of fiscal 2010, the low-voltage switchgear business was transferred from Industry Automation to Building Technologies. Prior-year amounts were reclassified for comparison purposes.

Restocking by customers positively impacted the current period and strong demand from the Asia, Australia region lifted orders at **Industry Automation** back to the level of the first half of the prior fiscal year. Revenue lagged behind as accelerating growth in Asia, Australia was more than offset by declines in Europe, C.I.S. Africa and the Americas. A favorable revenue mix influenced by customer restocking and Industry Automation s cost cutting and capacity adjustment measures enabled the Division to improve profit by 17% year-over-year. PPA effects related to the purchase of UGS Corp. were 66 million in the current period compared to 71 million in the prior-year period.

Orders at **Drive Technologies** were 9% lower for the first half than a year earlier, as the Division saw signs of stabilization in its markets in the last months of the current period. However, six-month revenue declined by 22% year over-year. The volume development was driven by double-digit declines in Europe, C.I.S., Africa, Middle East and the Americas. Profit at Drive Technologies was down 30% in the first half of fiscal 2010 compared to the prior-year period on declining revenue and lower capacity utilization.

Growth in both revenue and orders in the Asia, Australia region for **Building Technologies** was more than offset by volume declines in Europe, C.I.S., Africa, Middle East and the Americas. Tight cost control enabled the Division to improve profit year-over-year despite lower revenue. The Division s low-voltage switchgear business contributed to the positive profit development year-over-year. Profit in the current period included a charge for the supplier-related warranty mentioned above. This effect was largely offset by a portion of the pension curtailment gain also mentioned above.

Revenue at **OSRAM** increased 10% year-over-year, including strong demand for LEDs. Profitability surged on an improved product mix, increased capacity utilization and a streamlined cost structure. In the prior-year six-month period, the Division was heavily affected by the economic downturn. Profit in the current period benefited from 23 million of the pension gain mentioned above while the prior-year period included a positive effect from currency hedging activities not qualifying for hedge accounting.

Revenue and orders at **Industry Solutions** for the first half of fiscal 2010 declined in all regions year over year. The sharpest drop in volume came from the Division s large metal technologies business. Profit development in the current period was affected by lower revenue and declining capacity utilization. Furthermore, profit was burdened by 63 million in charges related to a project engagement with a local partner in the U.S. and 38 million in severance charges, including related costs, for ongoing capacity adjustment measures, both taken in the second quarter of the current period.

Profit at **Mobility** in the current period increased strongly year-over-year due partly to selective order intake in prior periods. Profit also benefited from the 44 million net gain on the sale of the airfield lighting business and from a portion of the pension gain mentioned above. Profit in the prior-year period included a positive 10 million effect related to the settlement of a claim in the rolling stock business. New orders declined year-over-year due to the high volume from major orders in the first half of the previous fiscal year, including the large train order in China. As a result, order intake was lower in the region Asia, Australia and also declined in Europe, C.I.S., Africa, Middle East. Revenue was up slightly year-over-year on strong growth in Asia, Australia, which was partly offset by lower revenue in the Americas.

Energy Three months ended March 31, 2010

Sector	**Three months ended March 31,**		**% Change**		**therein**	
(in millions of)	**2010**	**2009**	**Actual**	**Adjusted(1)**	**Currency**	**Portfolio**
Profit	863	818	5%			
Profit margin	14.0%	12.9%				
New orders	6,081	8,206	(26)%	(26)%	0%	0%
Revenue	6,182	6,364	(3)%	(4)%	1%	1%

(1) Excluding currency translation and portfolio effects.

The **Energy** Sector reported profit of 863 million and was the top contributor to Total Sectors profit. Profitability was burdened by charges of 59 million for capacity adjustments at Fossil Power Generation which more than offset 25 million of the pension gain mentioned earlier. Fossil Power Generation was again the primary driver of Sector profit growth.

Challenging market conditions included customer postponements of large infrastructure projects and pricing pressure on available tenders. As a result, second-quarter orders fell 26% year-over-year, due mainly to lower volume from major orders. The Sector s strong order backlog cushioned market effects on revenue, mainly at Fossil Power Generation and Renewable Energy. Revenue still declined 3% for the Sector, due primarily to the power grid businesses. On a geographic basis, orders declined in the regions Europe, C.I.S., Africa, Middle East and the Americas and rose in Asia, Australia. Revenue was higher in Europe, C.I.S., Africa, Middle East and decreased in the Americas and Asia, Australia. The Sector s book-to-bill ratio was 0.98 in the second quarter, and currency translation effects lifted its order backlog slightly, to 50 billion.

Divisions			**New Orders**			
	Three months ended March 31,		**% Change**		**therein**	
(in millions of)	**2010**	**2009**	**Actual**	**Adjusted(1)**	**Currency**	**Portfolio**
Fossil Power Generation	2,250	3,475	(35)%	(35)%	0%	0%
Renewable Energy	628	1,587	(60)%	(61)%	0%	1%
Oil & Gas	1,178	920	28%	25%	3%	0%
Power Transmission	1,424	1,594	(11)%	(11)%	1%	0%

Power Distribution	777	757	3%	1%	1%	0%

(1) Excluding currency translation and portfolio effects.

Divisions	Revenue					
	Three months ended March 31,		% Change		therein	
(in millions of)	2010	2009	Actual	Adjusted(1)	Currency	Portfolio
Fossil Power Generation	2,447	2,377	3%	4%	(1)%	0%
Renewable Energy	862	800	8%	2%	(1)%	6%
Oil & Gas	981	1,040	(6)%	(9)%	4%	0%
Power Transmission	1,363	1,503	(9)%	(11)%	1%	0%
Power Distribution	667	846	(21)%	(23)%	1%	0%

(1) Excluding currency translation and portfolio effects.

Divisions	Profit			Profit margin	
	Three months ended March 31,			Three months ended March 31,	
(in millions of)	2010	2009	% Change	2010	2009
Fossil Power Generation	347	312	11%	14.2%	13.1%
Renewable Energy	107	105	2%	12.4%	13.1%
Oil & Gas	127	121	5%	13.0%	11.6%
Power Transmission	161	168	(4)%	11.9%	11.2%
Power Distribution	100	106	(6)%	15.0%	12.5%

Fossil Power Generation delivered another strong performance, taking second-quarter profit up 11% year-over-year, to 347 million. An improved business mix compared to the prior-year period included higher-margin projects from the order backlog and an increased revenue contribution from the Division s products business. Fossil Power Generation took 59 million in charges for capacity adjustments related to a shift of production capacity within the Americas region, including 26 million for severance. This impact was partly offset by the Division s share of the pension gain mentioned above. Second-quarter revenue rose 3% year-over-year on order conversion from the backlog. In contrast, order intake in the current period was heavily influenced by market contraction. For comparison, second-quarter orders a year earlier included 1.1 billion in contracts in Iraq.

Renewable Energy continued to face an environment characterized by large orders, tight debt financing markets and adverse consequences from the economic downturn. The Division s profit rebounded from the low level of the first quarter to 107 million, up slightly compared to the prior-year period. Revenue rose 8% year-over-year, on conversion from the order backlog. Orders came in significantly lower compared to the prior-year period, which included several large off-shore wind-farm orders.

The **Oil & Gas Division** contributed 127 million to Sector profit in the second quarter, above the prior-period level despite lower revenue. A favorable revenue mix again included a strong contribution from the service business. Orders climbed from the level of the prior-year quarter, which included relatively low volume from major orders.

Power Transmission held second-quarter profit near the prior-year level, at 161 million, despite lower revenue most notably in the transformers business. The Division saw an 11% order decline due in part to lower volume from major orders compared to the prior-year period.

Profit at **Power Distribution** declined modestly, to 100 million, despite benefiting from higher equity investment income as well as its portion of the pension gain mentioned above. Weak order development during the prior year led to significantly lower revenue conversion in the current period, particularly in the medium-voltage business. With demand stabilizing, Power Distribution was able to record its first year-over-year increase in quarterly orders in more than a year.

Table of Contents

Energy Six months ended March 31, 2010

Sector	Six months ended March 31,		% Change		therein	
(in millions of)	2010	2009	Actual	Adjusted(1)	Currency	Portfolio
Profit	1,683	1,574	7%			
Profit margin	14.3%	12.5%				
New orders	13,000	16,740	(22)%	(21)%	(2)%	0%
Revenue	11,798	12,596	(6)%	(6)%	(1)%	1%

(1) Excluding currency translation and portfolio effects.

The **Energy** Sector turned in a strong performance in the first six months of fiscal 2010, increasing Sector profit 7% year-over-year to 1.683 billion. Profit growth year-over-year was driven by Fossil Power Generation, which more than offset a short-term drop in profit at Renewable Energy resulting from lower revenue in the first quarter of the current fiscal year.

Market conditions remained challenging in the Energy Sector, as customers continued to postpone infrastructure projects and market contraction led to increased pricing pressure. In this environment, Energy orders fell 22% from the prior-year period on decreases in all Divisions, particularly at Fossil Power Generation. On a geographic basis, orders declined 33% in the region Europe, C.I.S., Africa, Middle East, including a significantly lower volume from major orders at Fossil Power Generation and Renewable Energy. Energy orders also fell in Asia, Australia, but rose in the Americas due primarily to large contract wins at Renewable Energy. Revenue in the Sector fell 6% in the first half of fiscal 2010, including declines in all Divisions and the regions Americas and Asia, Australia. The Sector s book-to-bill ratio was 1.10 in the current period.

Divisions	New Orders					
	Six months ended March 31,		% Change		therein	
(in millions of)	2010	2009	Actual	Adjusted(1)	Currency	Portfolio
Fossil Power Generation	4,290	7,472	(43)%	(41)%	(2)%	0%
Renewable Energy	2,204	2,235	(1)%	2%	(4)%	0%
Oil & Gas	2,209	2,280	(3)%	(4)%	0%	0%
Power Transmission	3,135	3,509	(11)%	(9)%	(1)%	0%
Power Distribution	1,504	1,614	(7)%	(6)%	(1)%	0%

(1) Excluding currency translation and portfolio effects.

Divisions	Revenue					
	Six months ended March 31,		% Change		therein	
(in millions of)	2010	2009	Actual	Adjusted(1)	Currency	Portfolio
Fossil Power Generation	4,704	4,750	(1)%	1%	(2)%	0%
Renewable Energy	1,342	1,513	(11)%	(14)%	(2)%	5%
Oil & Gas	1,977	2,088	(5)%	(6)%	1%	0%

Power Transmission	2,682	3,003	(11)%	(10)%	(1)%	0%
Power Distribution	1,362	1,651	(17)%	(17)%	(1)%	0%

(1) Excluding currency translation and portfolio effects.

Divisions	**Profit**			**Profit margin**	
	Six months ended March 31,			**Six months ended March 31,**	
(in millions of)	**2010**	**2009**	**% Change**	**2010**	**2009**
Fossil Power Generation	748	601	24%	15.9%	12.7%
Renewable Energy	136	206	(34)%	10.2%	13.6%
Oil & Gas	253	227	11%	12.8%	10.9%
Power Transmission	332	320	4%	12.4%	10.7%
Power Distribution	197	213	(8)%	14.4%	12.9%

Table of Contents

Fossil Power Generation delivered substantially higher first-half profit year-over-year, combining strong project execution and an improved business mix, including increased revenue contributions from the products and service businesses. As a result, Fossil Power Generation led all Siemens Divisions with 748 million in profit for the first half of fiscal 2010, despite the above-mentioned charges for capacity adjustments in the second quarter. In contrast, order development was heavily influenced by market contraction, as the Division reported a 43% decrease in order intake year-over-year. For comparison, the first six months of fiscal 2009 included a peak volume from major orders, including the above-mentioned contracts in Iraq. Fossil Power Generation s strong order backlog cushioned the effect of market conditions on revenue for the first six months, which came in within 1% of the prior-year period.

Profit at **Renewable Energy** declined significantly compared to the first half of fiscal 2009, due primarily to a short-term revenue drop in the first quarter of the current period and also to transaction and integration costs related to consolidation of the solar company Solel. First-half revenue fell 11% year-over-year despite growth in the second quarter. The Division took in large wind-farm orders in both periods under review, and order intake was nearly unchanged for the first six months. The Division expects a book-to-bill ratio well above one in the second half of the fiscal year.

The **Oil & Gas** Division increased first-half profit to 253 million from 227 million a year earlier, due in part to a favorable revenue mix including a strong contribution from the service business. In uncertain market conditions, order intake declined 3% year-over-year despite a higher volume from major orders in the current period. Revenue came in 5% below the prior-year level.

Profit rose to 332 million at **Power Transmission**, benefiting from positive effects from commodity hedging. Revenue decreased 11% compared to the first six months a year earlier, due partly to a generally declining order trend in fiscal 2009. First-half orders also declined 11% year-over-year.

Power Distribution contributed profit of 197 million in the first six months of fiscal 2010, down from 213 million in the prior-year period despite the positive effects on profit mentioned above for the second quarter. Revenue came in 17% below the prior-year level, partly as a consequence of declining order intake throughout fiscal 2009. Orders for the first half also came in lower year-over-year, but increased in the second quarter.

Healthcare Three months ended March 31, 2010

Sector	**Three months ended March 31,**		**% Change**		**therein**	
(in millions of)	**2010**	**2009**	**Actual**	**Adjusted(1)**	**Currency**	**Portfolio**
Profit	492	355	39%			
Profit margin	16.6%	11.9%				
New orders	2,945	2,951	0%	1%	(1)%	0%
Revenue	2,968	2,984	(1)%	0%	(1)%	0%

(1) Excluding currency translation and portfolio effects.

The **Healthcare** Sector substantially increased second-quarter profit year-over-year. Passage of healthcare reform legislation in the U.S. removed some uncertainty in the market and contributes to an easing of customer restraint regarding capital expenditures. Strong revenue growth in the region Asia, Australia partly offset declines in other regions, which resulted in part from pressure on public spending for healthcare in developed economies. Profit climbed to 492 million from 355 million in the prior-year quarter, benefiting from 79 million of the pension gain in the U.S. mentioned earlier, which affected all Divisions in the Sector. Sector profit continued to benefit from a favorable currency hedge, which affected results primarily at Imaging & IT. In addition, profit increased due to structural cost savings and a favorable product mix at Imaging & IT. PPA effects related to past acquisitions were 44 million in the second quarter. In addition, Healthcare recorded 26 million of integration costs associated with the next phase of integration activities at Diagnostics. In the same quarter a year earlier, PPA effects and integration costs totaled 64 million.

Orders came in nearly level with the same quarter a year earlier, even though that period included an unusually large order at Workflow & Solutions. Strong order growth at Imaging & IT included double-digit increases in Asia, Australia and the U.S. Second-quarter revenue was within 1% of the prior-year level, and also included growth in Asia, Australia for Imaging & IT and Diagnostics. Excluding negative currency translation effects, orders rose 1% and revenue remained flat. Healthcare s book-to-bill ratio was 0.99 in the second quarter.

20

Table of Contents

Its order backlog increased slightly on a consecutive-quarter basis, to 7 billion, due to positive currency translation effects.

Divisions	**New Orders**					
	Three months ended March 31,		**% Change**		**therein**	
(in millions of)	**2010**	**2009**	**Actual**	**Adjusted(1)**	**Currency**	**Portfolio**
Imaging & IT	1,774	1,661	7%	8%	(1)%	0%
Workflow & Solutions	328	489	(33)%	(33)%	0%	0%
Diagnostics	900	867	4%	5%	(1)%	0%

(1) Excluding currency translation and portfolio effects.

Divisions	**Revenue**					
	Three months ended March 31,		**% Change**		**therein**	
(in millions of)	**2010**	**2009**	**Actual**	**Adjusted(1)**	**Currency**	**Portfolio**
Imaging & IT	1,773	1,774	0%	1%	(1)%	0%
Workflow & Solutions	350	412	(15)%	(16)%	0%	0%
Diagnostics	901	867	4%	5%	(1)%	0%

(1) Excluding currency translation and portfolio effects.

Divisions	**Profit**			**Profit margin**	
	Three months ended March 31,			**Three months ended March 31,**	
(in millions of)	**2010**	**2009**	**% Change**	**2010**	**2009**
Imaging & IT	374	265	41%	21.1%	14.9%
Workflow & Solutions	22	30	(26)%	6.4%	7.3%
Diagnostics	116	54	114%	12.8%	6.2%

Imaging & IT increased second-quarter profit to 374 million from 265 million in the prior-year period. Along with a favorable product mix and structural cost savings, the Division s profitability benefited from 44 million of the pension gain and from the currency hedge both mentioned above. Imaging & IT achieved double-digit growth in revenue and orders in the region Asia, Australia, particularly including Japan and China. Overall, orders rose 7% and revenue remained level compared to the second quarter a year earlier. On an organic basis, orders rose 8% and revenue increased 1% compared to the prior-year period.

Workflow & Solutions posted 22 million in profit, benefiting from 7 million of the pension gain mentioned above. Lower profit was due mainly to a decline in revenue, particularly in the region Europe, C.I.S., Africa, Middle East. Orders also came in lower, primarily because the prior-year period included the large order in Asia, Australia mentioned above.

Revenue at **Diagnostics** rose 4% compared to the second quarter a year earlier, or 5% on an organic basis, excluding currency translation effects. The increase came primarily from emerging markets in Asia, Australia and the

Americas. Revenue was stable in the region Europe, C.I.S., Africa, Middle East. Profitability rose from the prior-year level due in part to volume-driven economies of scale and lower SG&A expenses compared to the prior-year period, and also benefited from 22 million of the pension gain mentioned above. These positive factors more than offset an increase in total PPA effects and integration costs. In the second quarter a year earlier, these impacts were 47 million and 17 million, respectively. In the current period, PPA effects were 44 million, and the Division also recorded 26 million in costs for integration activities.

21

Table of Contents

Healthcare Six months ended March 31, 2010

Sector	Six months ended March 31,		% Change		therein	
(in millions of)	2010	2009	Actual	Adjusted(1)	Currency	Portfolio
Profit	1,015	697	46%			
Profit margin	17.5%	11.8%				
New orders	5,815	5,847	(1)%	2%	(3)%	0%
Revenue	5,799	5,920	(2)%	0%	(2)%	0%

(1) Excluding currency translation and portfolio effects.

For the first six months of fiscal 2010 the **Healthcare** Sector delivered substantially higher profit of 1.015 billion compared to 697 million in the prior-year period. Sector profit rose on a favorable product mix and structural cost savings, and also benefited from a favorable currency hedge in both quarters and the above-mentioned pension gain in the second quarter. For comparison, first-half profit in the prior year was burdened by charges in the Workflow & Solutions Division. In the current six months, PPA effects related to past acquisitions were 85 million. In addition, the Sector recorded 36 million of integration costs associated with the next phase of integration activities at Diagnostics. A year earlier, PPA effects and integration costs in the first half totaled 130 million.

Orders for the Healthcare Sector came in nearly level with the prior-year period, including higher orders at Imaging & IT and stable orders at Diagnostics. For comparison, orders at Workflow & Solutions in the prior-year period included an unusually large order. In the current period, double-digit order growth for Imaging & IT and Diagnostics in the region Asia, Australia nearly offset declines in other regions. First-half revenue for the Sector was 2% below the prior-year level. All Divisions posted increases in the region Asia, Australia, particularly including Japan and China, partly offsetting declines in other regions, including the U.S. On an organic basis, orders rose 2% and revenue remained flat. Healthcare s book-to-bill ratio was 1.0 in the first six months of fiscal 2010.

Divisions	New Orders					
	Six months ended March 31,		% Change		therein	
(in millions of)	2010	2009	Actual	Adjusted(1)	Currency	Portfolio
Imaging & IT	3,542	3,430	3%	6%	(3)%	0%
Workflow & Solutions	659	824	(20)%	(19)%	(1)%	0%
Diagnostics	1,732	1,731	0%	3%	(3)%	0%

(1) Excluding currency translation and portfolio effects.

Divisions	Revenue					
	Six months ended March 31,		% Change		therein	
(in millions of)	2010	2009	Actual	Adjusted(1)	Currency	Portfolio
Imaging & IT	3,469	3,543	(2)%	1%	(3)%	0%
Workflow & Solutions	718	785	(9)%	(7)%	(1)%	0%
Diagnostics	1,731	1,739	0%	2%	(3)%	0%

(1) Excluding currency translation and portfolio effects.

Divisions	**Profit**			**Profit margin**	
	Six months ended March 31,			**Six months ended March 31,**	
(in millions of)	**2010**	**2009**	**% Change**	**2010**	**2009**
Imaging & IT	731	527	39%	21.1%	14.9%
Workflow & Solutions	66	24	176%	9.2%	3.1%
Diagnostics	237	137	73%	13.7%	7.9%

Table of Contents

Profit at **Imaging & IT** increased to 731 million from 527 million in the prior-year period, on a favorable product mix and structural cost savings. In addition, profit in the current period benefited from the currency hedge and the pension gain mentioned above. Overall, orders for Imaging & IT rose 3% compared to the prior-year period. Double-digit growth in the region Asia, Australia, particularly in Japan and China, offset declines in other regions. Revenue came in within 2% of the prior-year level, including a double-digit increase for the region Asia, Australia. On an organic basis, orders and revenue rose 6% and 1%, respectively, compared to the prior-year period.

Workflow & Solutions generated 66 million in profit compared to 24 million in the first six months a year earlier. The prior-year period included 41 million in charges related primarily to delays in the particle therapy business. Profit in the current year benefited from a small portion of the pension gain mentioned earlier. Orders came in lower year-over-year due to the large order in the prior-year period mentioned above. First-half revenue declined 9% year-over-year.

Profit at **Diagnostics** for the first six months climbed to 237 million from 137 million a year earlier. The increase was due primarily to substantially lower costs and 22 million of the pension gain mentioned earlier. PPA effects related to past acquisitions were 85 million. In addition, the Division recorded 36 million of integration costs associated with the next phase of integration activities at Diagnostics. A year earlier, PPA effects and integration costs in the first half totaled 130 million. Orders and revenue for the Division remained stable overall, despite double-digit increases for both in the region Asia, Australia. On an organic basis, orders and revenue increased by 3% and 2%, respectively.

Equity Investments

Major components of **Equity Investments** include our stakes in NSN, BSH Bosch und Siemens Hausgeräte GmbH (BSH), Enterprise Networks Holdings B.V. (EN) and Krauss-Maffei Wegmann GmbH & Co. KG (KMW). In the second quarter, Equity Investments recorded a loss of 87 million compared to a loss of 113 million a year earlier. The result related to Siemens stake in NSN was a negative 169 million compared to a negative 136 million in the prior-year period. NSN reported to Siemens that it took restructuring charges and integration costs totaling 125 million in the current quarter, compared to a total of 123 million in the same period a year earlier.

In the first six months of fiscal 2010, Equity Investments recorded a loss of 11 million, slightly down from a loss of 28 million in the same period a year earlier. The result related to Siemens stake in NSN for the first six months was a negative 211 million, compared to a negative 143 million in the prior-year period. NSN took charges and integration costs totaling 215 million during the current six-month period, down from a total of 409 million in the same period a year earlier. Higher losses related to our stake in NSN were partly offset by improved results from other equity stakes. Profit from Equity Investments is expected to be volatile in coming quarters.

At the end of March 2010, both Siemens and Nokia converted an amount of 500 million each of a shareholder loan given to NSN into preferred shares. The conversion resulted in an increase of 500 million of our investment in NSN. The conversion does not result in a shift in the existing shareholding ratios between Siemens and Nokia.

Cross-Sector Businesses

Siemens IT Solutions and Services Three months ended March 31, 2010

	Three months ended March 31,		**% Change**		**therein**	
(in millions of)	**2010**	**2009**	**Actual**	**Adjusted(1)**	**Currency**	**Portfolio**
Profit	(10)	25				
Profit margin	(1.0)%	2.2%				
New orders	959	1,081	(11)%	(10)%	0%	(1)%
Revenue	994	1,136	(12)%	(11)%	0%	(1)%

(1) Excluding currency translation and portfolio effects.

23

Table of Contents

Second-quarter revenue and orders at **Siemens IT Solutions and Services** both showed a double-digit decline year-over-year due to challenging external markets and streamlined internal business with Siemens. Lower revenue resulted in a loss of 10 million in the current period compared to a profit of 25 million in the prior-year period.

Siemens IT Solutions and Services Six months ended March 31, 2010

(in millions of)	Six months ended March 31, 2010	2009	% Change Actual	Adjusted[1]	therein Currency	Portfolio
Profit	7	71	(90)%			
Profit margin	0.4%	2.9%				
New orders	2,102	2,312	(9)%	(7)%	(1)%	(1)%
Revenue	2,023	2,425	(17)%	(15)%	(1)%	(1)%

(1) Excluding currency translation and portfolio effects.

The factors mentioned above for the second quarter were also evident for the first half year results and took orders, revenue and profit at **Siemens IT Solutions and Services** down significantly compared to the prior-year period. Siemens previously announced plans to put Siemens IT Solutions and Services on a solid long-term foundation. These include the transformation of Siemens IT Solutions and Services into a separate legal entity, additional investments into the business and elimination of some 4,200 positions worldwide. The latter measure is expected to result in substantial charges in coming quarters.

Siemens Financial Services (SFS) Three and six months ended March 31, 2010

(in millions)	Three months ended March 31, 2010	2009	% Change	Six months ended March 31, 2010	2009	% Change
Profit	97	117	(17)%	197	183	8%
				March 31, 2010	Sept. 30, 2009	
Total assets				11,958	11,704	2%

Siemens Financial Services delivered 97 million in profit (defined as income before income taxes), including higher results in the commercial finance business. For comparison, profit of 117 million in the prior-year quarter included higher income from SFS internal services and equity businesses.

SFS raised its profit in the first half of fiscal 2010 from 183 million in the prior-year period to 197 million. The first six months of fiscal 2010 benefited from higher results in the commercial finance business, including significantly lower loss reserves, partly offset by lower income from SFS internal services and the equity business. Total assets rose slightly, to 11.958 billion.

Reconciliation to Consolidated Financial Statements

Reconciliation to Consolidated Financial Statements includes Centrally managed portfolio activities, SRE and various categories of items which are not allocated to the Sectors and Cross-Sector Businesses because Management has determined that such items are not indicative of the Sectors and Cross-Sector Businesses respective performance.

Centrally managed portfolio activities

Centrally managed portfolio activities posted an aggregate loss of 25 million in the second quarter compared to a loss of 96 million in the prior-year period. The improvement was due primarily to the electronics assembly systems business, which reduced its loss to 22 million from 86 million in the prior-year quarter. While both periods under review included severance charges, the prior-year period also included impacts from impairments. In addition, the second quarter a year earlier included a loss on the divestment of an industrial manufacturing unit in Austria, largely offset by positive effects related to former Com activities.

Table of Contents

For the first half of the fiscal year, the result of Centrally managed portfolio activities was a negative 40 million compared to a negative 134 million a year earlier. Within this improvement, the electronics assembly systems business reduced its loss to 36 million from a loss of 113 million in the prior-year period. Divestment of this business is expected to result in a loss. Revenue from Centrally managed portfolio activities fell to 117 million from 335 million in the first half a year earlier, due primarily to portfolio streamlining activities.

Siemens Real Estate

Income before income taxes at SRE was 107 million in the second quarter, up from 37 million in the same period a year earlier. The increase is due primarily to higher income related to the disposal of real estate. Assets with a book value of 194 million were transferred to SRE during the quarter as part of Siemens program to bundle its real estate assets into SRE.

Income before income taxes for the first half of fiscal 2010 was 167 million, up from 82 million in the prior-year period, also mainly due to higher income related to the disposal of real estate. Assets with a book value of 449 million were transferred to SRE during the first half of fiscal 2010 as part of the real estate bundling program. SRE will continue to incur costs associated with the program in coming quarters, and expects to continue with real estate disposals depending on market conditions.

Corporate items and pensions

Corporate items and pensions totaled a negative 156 million in the second quarter compared to a negative 451 million in the same period a year earlier. This change was driven by Corporate items, which were a negative 105 million compared to a negative 368 million in the second quarter of fiscal 2009. The current quarter benefited from higher gains in connection with compliance-related matters, including a gain of 96 million, net of related costs, resulting from an agreement with the provider of the Siemens directors and officers liability insurance and settlements with former members of Siemens Managing Board and Supervisory Board, as well as a gain of 38 million related to the agreed recovery of funds frozen by authorities. For further information, see Note 12 in Notes to Condensed Interim Consolidated Financial Statements. For comparison, the prior-year period included a charge related to legal and regulatory matters, 33 million in expenses for outside advisors engaged in connection with investigations into alleged violations of anti-corruption laws and related matters as well as remediation activities, and 33 million in net negative effects related to severance programs.

In the first half of the fiscal year, Corporate items and pensions totaled a negative 444 million compared to a negative 689 million in the prior-year period. Included therein, Corporate items improved from a negative 536 million to a negative 333 million. In addition to the factors mentioned above for the second quarter, the change year-over-year in Corporate items also included a positive effect in the prior-year period related to shifting an employment bonus program from cash-based to share-based payment, as well as higher expenses in the current period associated with streamlining IT costs for Siemens as a whole. Expenses for outside advisors engaged in connection with investigations into alleged violations of anti-corruption laws and related matters as well as remediation activities amounted to 82 million in the prior-year period. Centrally carried pension expense improved to a negative 111 million from a negative 153 million in the first half a year earlier, due primarily to lower interest cost and higher expected return on plan assets.

Eliminations, Corporate Treasury and other reconciling items

Income before income taxes from Eliminations, Corporate Treasury and other reconciling items remained almost stable compared to the prior-year quarter, at a negative 32 million. Lower refinancing costs due to lower interest rates were offset by negative effects on changes in fair market value from interest rate derivatives not qualifying for hedge accounting.

Income before income taxes from Eliminations, Corporate Treasury and other reconciling items was a negative 44 million in the first half of fiscal 2010, compared to a negative 291 million in the same period a year earlier. The improvement was due mainly to Corporate Treasury, where income rose on a decline in refinancing costs due to lower interest rates and on changes in fair market value from interest rate derivatives not qualifying for hedge accounting.

Table of Contents

Reconciliation to EBITDA (continuing operations)

The following table gives additional information on topics included in Profit and Income before income taxes and provides a reconciliation to EBITDA (adjusted):

For the six months ended March 31, 2010 and 2009 (in millions of)

	Profit[(1)]		Income (loss) from investments accounted for using the equity method, net[(2)]		Financial income (expense), net[(3)]		EBIT (adjusted)[(4)]		Amortization[(5)]		Depreciation and impairments of property, plant and equipment and goodwill[(6)]		EBITDA (adjusted)	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Sectors and Divisions														
Industry Sector	**1,695**	**1,605**	**4**		**(5)**	**(8)**	**1,696**	**1,613**	**174**	**183**	**316**	**328**	**2,186**	**2,124**
Industry Automation	436	373	(1)	(1)		2	437	372	88	91	41	46	567	509
Drive Technologies	355	504	1		(1)	(1)	355	505	22	24	69	69	447	598
Building Technologies	215	200	4	2	1	(2)	210	200	36	34	44	46	291	280
OSRAM	305	100	(3)	1		(2)	308	101	9	14	107	109	424	224
Industry Solutions	83	237	2		(2)	1	83	236	12	17	29	31	124	284
Mobility	292	191	1	(2)	(3)	(6)	294	199	5	4	25	26	324	229
Energy Sector	**1,683**	**1,574**	**39**	**24**	**(9)**	**(13)**	**1,653**	**1,563**	**43**	**35**	**161**	**139**	**1,857**	**1,737**
Fossil Power Generation	748	601	8	12	(6)	(13)	745	602	7	8	56	46	808	656
Renewable Energy	136	206	7	2	(2)		131	204	13	3	24	18	168	225
Oil & Gas	253	227			(1)		254	227	13	14	27	27	294	268
Power Transmission	332	320	19	9	1	1	312	310	5	5	36	31	353	346
Power Distribution	197	213	5	1	(1)	(1)	192	213	5	4	15	15	213	232
Healthcare Sector	**1,015**	**697**	**8**	**24**	**9**	**6**	**998**	**667**	**140**	**147**	**168**	**173**	**1,306**	**987**
Imaging & IT	731	527	3	4	2	1	727	522	48	53	39	41	813	616
Workflow & Solutions	66	24		11	1	(1)	65	14	3	2	11	12	79	28
Diagnostics	237	137			5	5	232	132	89	91	115	117	437	340

Total Sectors	**4,393**	**3,876**	**51**	**48**	**(5)**	**(15)**	**4,347**	**3,843**	**357**	**365**	**645**	**640**	**5,349**	**4,848**
Equity Investments	**(11)**	**(28)**	**(53)**	**(44)**	**20**	**24**	**22**	**(8)**					**22**	**(8)**
Cross-Sector Businesses														
Siemens IT Solutions and Services	**7**	**71**	**10**	**14**	**1**	**1**	**(3)**	**56**	**21**	**21**	**46**	**82**	**63**	**159**
Siemens Financial Services (SFS)	**197**	**183**	**41**	**85**	**134**	**50**	**22**	**48**	**3**	**2**	**156**	**157**	**181**	**207**
Reconciliation to Consolidated Financial Statements														
Centrally managed portfolio activities	(40)	(134)			2	1	(42)	(135)	1	1	3	40	(38)	(94)
Siemens Real Estate (SRE)	167	82			(23)	(16)	191	98	1		131	74	322	172
Corporate items and pensions	(444)	(689)			(95)	(188)	(349)	(501)	7	13	26	30	(316)	(458)
Eliminations, Corporate Treasury and other reconciling items	(44)	(291)	2	(35)	15	(181)	(61)	(75)			(31)	(36)	(92)	(111)
Siemens	**4,226**	**3,070**	**51**	**68**	**48**	**(324)**	**4,127**	**3,326**	**389**	**402**	**976**	**987**	**5,491**	**4,715**

(1) Profit of the Sectors and Divisions as well as of Equity Investments, Siemens IT Solutions and Services and Centrally managed portfolio activities is earnings before financing interest,

certain pension costs and income taxes. Certain other items not considered performance indicative by Management may be excluded. Profit of SFS and SRE is Income before income taxes. Profit of Siemens is Income from continuing operations before income taxes. For a reconciliation of Income from continuing operations before income taxes to Net income see Consolidated Statements of Income.

(2) Includes impairments and reversals of impairments of investments accounted for using the equity method.

(3) Includes impairment of non-current available-for-sale financial assets. For Siemens, Financial income (expense), net comprises Interest income, Interest expense and Other financial income (expense), net as reported in

the Consolidated Statements of Income.

(4) Adjusted EBIT is Income from continuing operations before income taxes less Financial income (expense), net and Income (loss) from investments accounted for using the equity method, net.

(5) Amortization and impairments of intangible assets other than goodwill.

(6) Includes impairments of goodwill of and 16 for the six months ended March 31, 2010 and 2009, respectively.

Due to rounding, numbers presented may not add up precisely to totals provided.

Table of Contents

Liquidity, capital resources and requirements

Cash flow First six months of fiscal 2010 compared to first six months of fiscal 2009

The following discussion presents an analysis of our cash flows for the first six months of fiscal 2010 and 2009 for both continuing and discontinued operations.

We report Free cash flow as a performance measure, which is defined as Net cash provided by (used in) operating activities less cash used for Additions to intangible assets and property, plant and equipment. We believe this measure is helpful to our investors as an indicator of our long-term ability to generate cash flows from operations and to pay for discretionary and non-discretionary expenditures not included in the measure, such as dividends, debt repayment or acquisitions. We also use Free cash flow to compare cash generation among the segments of our business. Free cash flow should not be considered in isolation or as an alternative to measures of cash flow calculated in accordance with IFRS. For further information about this measure, refer to Notes to Condensed Interim Consolidated Financial Statements Segment information and to the end of this Interim group management report.

Free cash flow		**Continuing operations**		**Discontinued operations**		**Continuing and discontinued operations**	
		Six months ended March 31,					
(in millions of)		**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Net cash provided by (used in):(1)							
Operating activities	**A**	**2,791**	**621**(3)	**(47)**	**(112)**	**2,744**	**509**(3)
Investing activities		**(1,100)**	**(1,797)**(3)	**(44)**	**(218)**	**(1,144)**	**(2,015)**(3)
Herein: Additions to intangible assets and property, plant and equipment	B	(815)	(1,057)(3)			(815)	(1,057)(3)
Free cash flow(1)(2)	**A+B**	**1,976**	**(436)**	**(47)**	**(112)**	**1,929**	**(548)**

(1) For information regarding Net cash provided by (used in) financing activities please refer to the discussion below.

(2) The closest comparable financial measure of Free cash flow under IFRS is Net cash provided by (used in) operating activities. Net cash provided by (used in) operating

activities from *continuing operations* as well as from *continuing and discontinued operations* is reported in our Consolidated Statements of Cash Flow. Additions to intangible assets and property, plant and equipment from *continuing operations* is reconciled to the figures as reported in the Consolidated Statements of Cash Flow in the Notes to Condensed Interim Consolidated Financial Statements. Other companies that report Free cash flow may define and calculate this measure differently.

(3) Following a change in accounting pronouncements with the beginning of fiscal year 2010 additions to assets held for rental in operating leases, in previous years reported under

additions to intangible assets and property, plant and equipment, were retrospectively reclassified from net cash provided by (used in) investing activities to net cash provided by (used in) operating activities. For further information, see Notes to Condensed Interim Consolidated Financial Statements.

Operating activities provided net cash of 2.744 billion in the first six months of fiscal 2010, compared to net cash provided of 509 million in the prior-year period. These results include both continuing and discontinued operations. Within the total, continuing operations provided net cash of 2.791 billion, compared to net cash provided of 621 million in the same period a year earlier. Cash flow from operating activities rose on a reduced build-up of net working capital in all Sectors including a reduced build-up in inventories mainly in the Energy Sector as well as a lower decrease of trade payables primarily in the Industry Sector. The lower cash outflows from the reduced build-up of net working capital more than offset approximately 0.5 billion in payments arising from severance programs initiated in prior periods. For comparison, the prior-year period included 1.008 billion in cash outflows associated with the settlement of legal proceedings as well as approximately 0.5 billion in outflows for charges related to project reviews, structural initiatives and the global SG&A reduction program.

Discontinued operations improved to net cash used of 47 million in the first six months of fiscal 2010, compared to net cash used of 112 million in the prior-year period.

Investing activities in continuing and discontinued operations used net cash of 1.144 billion in the first six months, compared to net cash used of 2.015 billion in the prior-year period. Within the total, net cash used in investing activities for continuing operations amounted to 1.100 billion in the first half of fiscal 2010 and 1.797 billion in the prior-year period. Within continuing operations cash outflows for acquisitions, net of cash acquired, were 440 million including approximately 0.3 billion for the acquisition of Solel Solar Systems, a solar thermal power technology company.

Table of Contents

Reduced new business and higher repayments relating to financing activities at SFS resulted in cash inflows relating to receivables from financing activities of 111 million, compared to cash outflows of 180 million in the prior-year period. In addition, cash outflows for investing activities in the prior-year period included a drawdown request by NSN in relation to a Shareholder Loan Agreement between Siemens and NSN of 0.5 billion.

Discontinued operations in the first six months of fiscal 2010 used net cash of 44 million. In the prior-year period discontinued operations used net cash of 218 million, including 300 million related to a settlement with the insolvency administrator of BenQ Mobile GmbH & Co. OHG as well as cash outflows related to the settlement of legal matters.

Free cash flow from continuing and discontinued operations amounted to a positive 1.929 billion in the first six months of fiscal 2010, compared to a negative 548 million in the prior-year period. Within the total, Free cash flow from continuing operations in the current period amounted to a positive 1.976 billion, compared to a negative 436 million a year earlier. The change year-over-year was due primarily to the increase in net cash provided by operating activities as discussed above. Due to tight control of capital expenditures, cash used for additions to intangible assets and property, plant and equipment decreased to a generally low amount of 815 million from 1.057 billion in the same period a year earlier. The cash conversion rate for continuing operations, calculated as Free cash flow from continuing operations divided by income from continuing operations, was a positive 0.66 for the six months of fiscal 2010, compared to a negative 0.20 in the prior-year period.

On a sequential basis Free cash flow during fiscal 2009 and the first two quarters of fiscal 2010 were as follows:

Financing activities from continuing and discontinued operations used net cash of 2.139 billion in the first six months of fiscal 2010, compared to a net cash inflow of 2.279 billion in the prior-year period, which benefited from the issuance of 4.0 billion in medium term notes in the first half of fiscal 2009. In the current period changes in short-term debt and other financing activities used net cash of 519 million, resulting mainly from the repayment of outstanding commercial paper. For comparison in the prior-year period we received net cash inflows of 72 million due to an increase in outstanding commercial paper of 1.1 billion, largely offset by payments related to the settlements of financial derivatives used to hedge currency exposure regarding our financing activities. Dividends paid to shareholders (for fiscal 2009) in the current six months period amounted to 1.388 billion, compared to 1.380 billion (paid for fiscal 2008) in the prior-year period.

Capital resources and requirements

Our **capital resources** consist of a variety of short- and long-term financial instruments including loans from financial institutions, commercial paper, medium-term notes and bonds. In addition, other capital resources consist of liquid resources such as cash and cash equivalents, future cash flows from operating activities and current Available-for-sale financial assets.

Our **capital requirements** include, among others, scheduled debt service, regular capital spending, ongoing cash requirements from operating and SFS financing activities, dividend payments, pension plan funding, portfolio activities and capital requirements for our share buyback plan, if continued in fiscal 2010. Other expected capital requirements include cash outflows in connection with restructuring measures.

For further information see Financial position Capital resources and requirements and Notes to Consolidated Financial Statements in our Annual Report for fiscal 2009.

Table of Contents

Total debt comprises our notes and bonds, loans from banks, obligations under finance leases and other financial indebtedness such as commercial paper. Total debt comprises short-term debt and current maturities of long-term debt as well as long-term debt, as stated on the Consolidated Statements of Financial Position. **Total liquidity** refers to the liquid financial assets we had available at the respective balance sheet dates to fund our business operations and pay for near-term obligations. Total liquidity comprises Cash and cash equivalents as well as current Available-for-sale financial assets, as stated on the Consolidated Statements of Financial Position. **Net debt** results from total debt less total liquidity. Management uses the Net debt measure for internal corporate finance management, as well as for external communication with rating agencies, and accordingly we believe that presentation of Net debt is useful for investors. Net debt should not, however, be considered in isolation or as an alternative to short-term debt and long-term debt as presented in accordance with IFRS. For further information to Net debt, please refer to the end of this Interim group management report.

Net debt

(in millions of)	**March 31, 2010**	**September 30, 2009**
Short-term debt and current maturities of long-term debt	395	698
Long-term debt	19,174	18,940
Total debt	**19,569**	**19,638**
Cash and cash equivalents	9,753	10,159
Available-for-sale financial assets (current)	292	170
Total liquidity	**10,045**	**10,329**
Net debt[(1)]	**9,524**	**9,309**

(1) We typically need a considerable portion of our cash and cash equivalents as well as current 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.

Net debt was 9.524 billion as of March 31, 2010, compared to 9.309 billion as of September 30, 2009. Within Net debt, Short-term debt and current maturities of long-term debt decreased by 303 million compared to the end of the prior fiscal year, mainly due to the repayment of commercial paper. Our long-term debt increased by 234 million compared to the end of the prior fiscal year, primarily due to foreign currency translation effects partly offset by a reduction in other financial indebtedness. For further information regarding the decrease in cash and cash equivalents please refer to Cash flow First six months of fiscal 2010 compared to first six months of fiscal 2009 above.

Pension plan funding

At the end of the first six months of fiscal 2010, the combined funded status of Siemens principal pension plans showed an underfunding of 4.6 billion, compared to an underfunding of 4.0 billion at the end of fiscal 2009. The decline in funded status was due primarily to a decrease in the discount rate assumption as of March 31, 2010, which increased Siemens estimated defined benefit obligation (DBO). To a lesser extent, DBO and underfunding increased due to accrued service and interest cost. The decline in funded status was partly offset by a positive actual return on plan assets, employer contributions, which included supplemental employer contributions in the U.K. in the second quarter, and a reduction in the DBO of 192 million due to a curtailment of pension plans in the U.S. The actual return on plan assets for the first six months of fiscal 2010, resulting both from equity and fixed-income investments, amounted to 1,210 million, compared to the expected return for the first six months of 666 million, which represents a 6.4% expected annual return.

The fair value of plan assets of Siemens principal funded pension plans as of March 31, 2010, was 22.5 billion, compared to 21.1 billion on September 30, 2009. In the first six months of fiscal 2010, employer contributions amounted to 408 million compared to 70 million in the prior-year period. The increase in plan assets was due primarily to the positive actual return on plan assets and to a lesser extent due to currency translation effects and employer contributions. These effects more than offset the benefits paid during the first six months.

The estimated DBO for Siemens principal pension plans amounted to 27.1 billion as of March 31, 2010, 2.0 billion higher than the DBO of 25.1 billion as of September 30, 2009. The difference is primarily due to a decrease in the discount rate assumption as of March 31, 2010, and to a minor extent, due to currency translation effects and the net of service and interest cost less benefits paid during the six-months period. These effects were partially offset by the positive impact of the curtailment of pension plans in the U.S.

For more information on our pension plans, see Notes to Condensed Interim Consolidated Financial Statements.

Report on risks and opportunities

Within the scope of its entrepreneurial activities and the variety of its operations, Siemens encounters numerous risks and opportunities which could negatively or positively affect business development. For the early recognition and successful management of relevant risks and opportunities we employ a number of coordinated risk management and control systems. Risk management facilitates the sustainable protection of our future corporate success and is an integral part of all our decisions and business processes.

In our Annual Report for fiscal 2009 we described certain risks which could have a material adverse effect on our financial condition or results of operations and the design of our risk management system.

As previously disclosed, we conduct business with customers in countries that are subject to export controls, embargos or other forms of trade restrictions imposed by the U.S., the European Union or other countries or organizations, including with customers in Iran. Even though we have decided, as a general rule, not to enter into new contracts with customers in Iran, we may still conduct certain business activities and provide products and services to customers in Iran under certain circumstances in accordance with the detailed policies implementing this general rule, as described in more detail in the section of this Interim Report entitled Results of Siemens. If new export controls, embargos or other forms of trade restrictions should be imposed on Iran or the other sanctioned countries in which we do business, or if existing sanctions and controls are tightened, our existing business in such countries may be curtailed or lead to reputational harm and we may become subject to penalties, customer claims and other actions.

During the first six months of fiscal 2010 we identified no further significant risks and opportunities besides those presented in our Annual Report for fiscal 2009 and in the sections of this Interim Report entitled Overview of financial results for the second quarter of fiscal 2010 , Segment information analysis , Legal proceedings and Outlook. Additional risks not known to us or that we currently consider immaterial could also impair our business operations. We do not expect to incur any risks that alone or in combination would appear to jeopardize the continuity of our business.

For information concerning forward-looking statements and additional information, please also refer to the Disclaimer at the end of this Interim group management report.

Legal proceedings

For information on legal proceedings, see Notes to Condensed Interim Consolidated Financial Statements.

Subsequent events

Since March 31, 2010, no events of special significance have occurred that are expected to have a material impact on the financial position or results of operations of Siemens.

Outlook

While market conditions for our shorter-cycle businesses have started to improve, we anticipate that conditions for our late-cycle businesses will remain challenging in the second half of the fiscal year. We continue to expect a mid-single-digit percentage decline in organic revenue in fiscal 2010 due in part to the stabilizing effect of our strong order backlog. We expect Total Sectors profit for fiscal 2010 above the prior-year level of 7.466 billion. This increase from our earlier guidance of 6.0 to 6.5 billion correspondingly raises our expectation for after-tax growth in income from continuing operations. This outlook excludes major impacts that may arise from restructuring, portfolio transactions, impairments, and legal and regulatory matters.

Table of Contents

New orders and order backlog; adjusted or organic growth rates of Revenue and new orders; book-to-bill ratio; return on equity, or ROE; return on capital employed, or ROCE; Free cash flow; cash conversion rate, or CCR; EBITDA (adjusted); EBIT (adjusted); earnings effect from purchase price allocation (PPA effects) and integration costs; net debt and adjusted industrial net debt are or may be non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation as alternatives to measures of Siemens financial condition, results of operations or cash flows 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. A definition of these supplemental financial measures, a reconciliation to the most directly comparable IFRS financial measures and information regarding the usefulness and limitations of these supplemental financial measures can be found on Siemens Investor Relations website at www.siemens.com/nonGAAP. For additional information, see Supplemental financial measures and the related discussion in Siemens annual report on Form 20-F, which can be found on Siemens Investor Relations website or via the EDGAR system on the website of the United States Securities and Exchange Commission.

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 the current expectations and certain assumptions of Siemens management, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens control, affect Siemens 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 Siemens, particular uncertainties arise, among others, from changes in general economic and business conditions (including margin developments in major business areas and recessionary trends); the possibility that customers may delay the conversion of booked orders into revenue or that prices will decline as a result of continued adverse market conditions to a greater extent than currently anticipated by Siemens management; developments in the financial markets, including fluctuations in interest and exchange rates, commodity and equity prices, debt prices (credit spreads) and financial assets generally; continued volatility and a further deterioration of the capital markets; a worsening in the conditions of the credit business and, in particular, additional uncertainties arising out of the subprime, financial market and liquidity crises; future financial performance of major industries that Siemens serves, including, without limitation, the Sectors Industry, Energy and Healthcare; the challenges of integrating major acquisitions and implementing joint ventures and other significant portfolio measures; the introduction of competing products or technologies by other companies; a 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 and actions resulting from the findings of these investigations; the potential impact of such investigations and proceedings on Siemens ongoing business including its relationships with governments and other customers; the potential impact of such matters on Siemens financial statements; as well as various other factors. More detailed information about certain of the risk factors affecting Siemens is contained throughout this report and in Siemens 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.

SIEMENS
CONSOLIDATED STATEMENTS OF INCOME (unaudited)
For the three and six months ended March 31, 2010 and 2009
(in millions of , per share amounts in)

	Note	**Three months ended March 31, 2010**	**Three months ended March 31, 2009**	**Six months ended March 31, 2010**	**Six months ended March 31, 2009**
Revenue		18,227	18,955	35,579	38,589
Cost of goods sold and services rendered		(12,960)	(13,994)	(25,018)	(27,988)
Gross profit		5,267	4,961	10,561	10,601
Research and development expenses		(920)	(972)	(1,742)	(1,886)
Marketing, selling and general administrative expenses		(2,527)	(2,520)	(5,070)	(5,388)
Other operating income	**3**	299	99	468	284
Other operating expense	**4**	(34)	(168)	(90)	(285)
Income (loss) from investments accounted for using the equity method, net		(64)	(49)	51	68
Interest income	**5**	530	529	1,047	1,106
Interest expense	**5**	(470)	(562)	(936)	(1,191)
Other financial income (expense), net	**5**	(49)	17	(63)	(239)
Income from continuing operations before income taxes		2,032	1,335	4,226	3,070
Income taxes		(548)	(380)	(1,216)	(855)
Income from continuing operations		1,484	955	3,010	2,215
Income from discontinued operations, net of income taxes		14	58	19	28
Net income		1,498	1,013	3,029	2,243
Attributable to:					
Non-controlling interests		20	51	74	78
Shareholders of Siemens AG		1,478	962	2,955	2,165
Basic earnings per share	**14**				
Income from continuing operations		1.69	1.05	3.38	2.48
Income from discontinued operations		0.01	0.06	0.03	0.03
Net income		1.70	1.11	3.41	2.51
Diluted earnings per share	**14**				
Income from continuing operations		1.67	1.04	3.35	2.46
Income from discontinued operations		0.01	0.06	0.02	0.03
Net income		1.68	1.10	3.37	2.49

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)
For the three and six months ended March 31, 2010 and 2009
(in millions of)

	Three months ended March 31,		Six months ended March 31,	
	2010	**2009**	**2010**	**2009**
Net income	1,498	1,013	3,029	2,243
Currency translation differences	755	148	992	(308)
Available-for-sale financial assets	14	2	27	9
Derivative financial instruments	(209)	(105)	(317)	(11)
Actuarial gains and losses on pension plans and similar commitments	(417)	(626)	(629)	(2,177)
Other comprehensive income, net of tax [1]	143	(581)	73	(2,487)
Total comprehensive income	**1,641**	**432**	**3,102**	**(244)**
Attributable to:				
Non-controlling interests	68	67	126	110
Shareholders of Siemens AG	1,573	365	2,976	(354)

(1) Includes income (expense) resulting from investments accounted for using the equity method of 8 and (46), respectively, for the three months ended March 31, 2010 and 2009, and 4 and (9) for the six months ended March 31, 2010 and 2009, respectively.

The accompanying Notes are an integral part of these Interim Consolidated Financial Statements.

Table of Contents

SIEMENS
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
As of March 31, 2010 (unaudited) and September 30, 2009
(in millions of)

	Note	3/31/10	9/30/09
ASSETS			
Current assets			
Cash and cash equivalents		9,753	10,159
Available-for-sale financial assets		292	170
Trade and other receivables		14,697	14,449
Other current financial assets (1)		2,418	2,407
Inventories		15,244	14,129
Income tax receivables		603	612
Other current assets		1,326	1,191
Assets classified as held for disposal	**2**	645	517
Total current assets		44,978	43,634
Goodwill	**6**	16,889	15,821
Other intangible assets	**7**	5,178	5,026
Property, plant and equipment		11,469	11,323
Investments accounted for using the equity method		5,006	4,679
Other financial assets (1)		10,302	10,525
Deferred tax assets		3,329	3,291
Other assets		681	627
Total assets		97,832	94,926
LIABILITIES AND EQUITY			
Current liabilities			
Short-term debt and current maturities of long-term debt	**8**	395	698
Trade payables		7,142	7,593
Other current financial liabilities (1)		1,717	1,600
Current provisions		4,538	4,191
Income tax payables		1,933	1,936
Other current liabilities		20,358	20,311
Liabilities associated with assets classified as held for disposal		121	157
Total current liabilities		36,204	36,486
Long-term debt	**8**	19,174	18,940
Pension plans and similar commitments	**9**	6,532	5,938
Deferred tax liabilities		794	776
Provisions		2,932	2,771
Other financial liabilities (1)		976	706
Other liabilities		2,251	2,022

Total liabilities		68,863	67,639
Equity	**10**		
Common stock, no par value [(2)]		2,743	2,743
Additional paid-in capital		5,914	5,946
Retained earnings		23,549	22,646
Other components of equity		(410)	(1,057)
Treasury shares, at cost [(3)]		(3,456)	(3,632)
Total equity attributable to shareholders of Siemens AG		28,340	26,646
Non-controlling interests		629	641
Total equity		28,969	27,287
Total liabilities and equity		97,832	94,926

(1) Due to the retrospective application of an amended accounting pronouncement in fiscal 2010, certain derivatives, not qualifying for hedge accounting, were reclassified from current to non-current (see Note 1 to Interim Consolidated Financial Statements).

(2) Authorized: 1,111,513,421 and 1,111,513,421 shares, respectively. Issued: 914,203,421 and 914,203,421 shares, respectively.

(3) 45,468,997 and 47,777,661 shares, respectively.

The accompanying Notes are an integral part of these Interim Consolidated Financial Statements.

Table of Contents

SIEMENS
CONSOLIDATED STATEMENTS OF CASH FLOW (unaudited)
For the six months ended March 31, 2010 and 2009
(in millions of)

	Note	Six months ended March 31, 2010	2009
Cash flows from operating activities			
Net income		3,029	2,243
Adjustments to reconcile net income to cash provided			
Amortization, depreciation and impairments (1)		1,365	1,389
Income taxes		1,224	862
Interest (income) expense, net (2)		(109)	78
(Gains) losses on sales and disposals of businesses, intangibles and property, plant and equipment, net		(229)	10
(Gains) losses on sales of investments, net (3)		(20)	(22)
(Gains) losses on sales and impairments of current available-for-sale financial assets, net		(2)	7
(Income) losses from investments (1)(3)		(63)	(74)
Other non-cash (income) expenses		(98)	238
Change in current assets and liabilities			
(Increase) decrease in inventories		(514)	(1,212)
(Increase) decrease in trade and other receivables		239	524
(Increase) decrease in other current assets (4)		(329)	(466)
Increase (decrease) in trade payables		(663)	(948)
Increase (decrease) in current provisions		92	(979)
Increase (decrease) in other current liabilities (4)		(520)	(611)
Change in other assets and liabilities (2)(4)		24	(156)
Additions to assets held for rental in operating leases (5)		(238)	(229)
Income taxes paid		(821)	(717)
Dividends received		52	159
Interest received		325	413
Net cash provided by (used in) operating activities continuing and discontinued operations		2,744	509
Net cash provided by (used in) operating activities continuing operations		**2,791**	**621**
Cash flows from investing activities			
Additions to intangible assets and property, plant and equipment (5)		(815)	(1,057)
Acquisitions, net of cash acquired		(440)	(172)
Purchases of investments (3)		(104)	(644)
Purchases of current available-for-sale financial assets		(121)	(26)
(Increase) decrease in receivables from financing activities		111	(180)
Proceeds from sales of investments, intangibles and property, plant and equipment (3)		169	296
Proceeds and (payments) from disposals of businesses		25	(244)
Proceeds from sales of current available-for-sale financial assets		31	12

Net cash provided by (used in) investing activities continuing and discontinued operations		(1,144)	(2,015)
Net cash provided by (used in) investing activities continuing operations		**(1,100)**	**(1,797)**
Cash flows from financing activities			
Proceeds from re-issuance of treasury stock	**10**	69	134
Proceeds from issuance of long-term debt			3,973
Change in short-term debt and other financing activities		(519)	72
Interest paid		(220)	(432)
Dividends paid	**10**	(1,388)	(1,380)
Dividends paid to non-controlling interest holders		(81)	(88)
Net cash provided by (used in) financing activities continuing and discontinued operations		(2,139)	2,279
Net cash provided by (used in) financing activities continuing operations		**(2,230)**	**1,949**
Effect of exchange rates on cash and cash equivalents		184	33
Net increase (decrease) in cash and cash equivalents		(355)	806
Cash and cash equivalents at beginning of period		10,204	6,929
Cash and cash equivalents at end of period		9,849	7,735
Less: Cash and cash equivalents of assets classified as held for disposal and discontinued operations at end of period		96	51
Cash and cash equivalents at end of period (Consolidated Statements of Financial Position)		9,753	7,684

(1) Impairments, net of reversals of impairments, on investments accounted for using the equity method and non-current available-for-sale investments are reclassified retrospectively to conform to the current year presentation.

(2) Pension related interest income (expense) is reclassified retrospectively to conform to the current year

presentation.

(3) Investments include equity instruments either classified as non-current available-for-sale financial assets, accounted for using the equity method or classified as held for disposal. *Purchases of Investments* includes certain loans to Investments accounted for using the equity method.

(4) Due to the retrospective application of an amended accounting pronouncement in fiscal 2010, certain derivatives, not qualifying for hedge accounting, were reclassified from current to non-current.

(5) Following a change in accounting pronouncements with the beginning of fiscal year 2010 additions to assets held for rental in operating leases, in previous years reported under additions to

intangible assets and property, plant and equipment, were retrospectively reclassified from net cash provided by (used in) investing activities to net cash provided by (used in) operating activities. For further information, see Notes to Condensed Interim Consolidated Financial Statements.

The accompanying Notes are an integral part of these Interim Consolidated Financial Statements.

Table of Contents

SIEMENS
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)
For the six months ended March 31, 2010 and 2009
(in millions of)

				Total comprehensive income — Other components of equity						
	Common stock	Additional paid-in capital	Retained earnings[1]	Currency translation differences	Available-for-sale financial assets	Derivative financial instruments	Total	Treasury shares at cost	Total equity attributable to shareholders of Siemens AG	Non-controlling interests
t October 1, 2008	2,743	5,997	22,989	(789)	4	(168)	22,036	(4,002)	26,774	606
nsive income			(12)[1]	(340)	9	(11)	(354)		(354)	110
			(1,380)				(1,380)		(1,380)	(67)
f common stock and share-based payment		39							39	
f common stock										
ce of treasury stock		(113)						370	257	
nges in equity										(11)
t March 31, 2009	**2,743**	**5,923**	**21,597**	**(1,129)**	**13**	**(179)**	**20,302**	**(3,632)**	**25,336**	**638**
t October 1, 2009	2,743	5,946	22,646	(1,294)	76	161	21,589	(3,632)	26,646	641
nsive income			2,329[1]	940	27	(320)	2,976		2,976	126
			(1,388)				(1,388)		(1,388)	(113)
f common stock and share-based payment		(12)	(17)				(17)		(29)	
f common stock										
ce of treasury stock		(20)						176	156	
nges in equity			(21)				(21)		(21)	(25)
t March 31, 2010	**2,743**	**5,914**	**23,549**	**(354)**	**103**	**(159)**	**23,139**	**(3,456)**	**28,340**	**629**

(1) Retained earnings includes actuarial gains and losses on pension plans and similar commitments of (626) and (2.177), respectively, in the six months ended

March 31, 2010 and 2009.

(2) In the six months ended March 31, 2010 and 2009, Total comprehensive income is net of tax. In the six months ended March 31, 2010, Total comprehensive income in Total equity includes non controlling interests of (3) relating to Actuarial gains and losses on pension plans and similar commitments, 52 relating to Currency translation differences, relating to Available-for-sale financial assets and 3 relating to Derivative financial instruments.

The accompanying Notes are an integral part of these Interim Consolidated Financial Statements.

Table of Contents

SIEMENS
SEGMENT INFORMATION (continuing operations unaudited)
As of and for the three months ended March 31, 2010 and 2009 and as of September 30, 2009
(in millions of)

	New orders[1]		External revenue		Intersegment revenue		Total revenue		Profit[2]		Assets[3]		Free flo
	2010	***2009***	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**3/31/10**	**9/30/09**	**2010**
	8,023	*8,801*	8,026	8,371	272	274	8,298	8,645	783	671	10,529	10,551	1,015
	6,081	*8,206*	6,105	6,265	77	99	6,182	6,364	863	818	1,657	1,594	930
	2,945	*2,951*	2,948	2,972	19	12	2,968	2,984	492	355	13,477	12,813	627
	17,049	***19,958***	**17,080**	**17,608**	**369**	**385**	**17,448**	**17,993**	**2,138**	**1,844**	**25,663**	**24,958**	**2,572**
									(87)	(113)	3,838	3,833	7
s	*959*	*1,081*	752	859	242	277	994	1,136	(10)	25	392	241	(79)
	197	*191*	186	171	13	20	198	191	97	117	11,958	11,704	93
ancial Statements ties	*108*	*129*	56	123		4	55	127	(25)	(96)	(486		