

SIEMENS AKTIENGESELLSCHAFT

Form 6-K

January 31, 2014

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**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**

**January 31, 2014**

**Commission File Number: 1-15174**

**Siemens Aktiengesellschaft**

(Translation of registrant's name into English)

Wittelsbacherplatz 2

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 ☐ Form 40-F ☐

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 ☐ No ☒

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 ☐ No ☒

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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 ☐ No ☒

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

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<b>A. INTRODUCTION</b>	

Siemens AG's Interim Report for the Siemens Group complies with the applicable legal requirements of the German Securities Trading Act (Wertpapierhandelsgesetz - WpHG) regarding quarterly financial reports, and comprises Condensed Interim Consolidated Financial Statements and an Interim group management report in accordance with section 37x (3) 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), 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 2013, which includes a 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**B. Key figures Q1 2014<sup>1,2</sup>**

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

<b>Volume</b>					% Change
	Q1 2014	Q1 2013	Actual	Adjusted <sup>3</sup>	
<b>Continuing operations</b>					
Orders	20,836	19,173	9%	12%	
Revenue	17,325	17,925	(3)%	(1)%	
<b>Profitability and Capital efficiency</b>					% Change
	Q1 2014	Q1 2013			
<b>Total Sectors</b>					
Adjusted EBITDA	2,249	2,148			5%
Total Sectors profit	1,789	1,560			15%
in % of revenue (Total Sectors)	10.2%	8.6%			
<b>Continuing operations</b>					
Adjusted EBITDA	2,449	2,239			9%
Income from continuing operations	1,386	1,150			21%
Basic earnings per share (in € <sup>4</sup> )	1.61	1.34			20%
Return on capital employed (ROCE (adjusted))	18.0%	14.9%			
<b>Continuing and discontinued operations</b>					
Net income	1,457	1,214			20%
Basic earnings per share (in € <sup>4</sup> )	1.70	1.42			20%
Return on capital employed (ROCE (adjusted))	18.6%	14.5%			
<b>Capital structure and Liquidity</b>					
	December 31, 2013		September 30, 2013		
Cash and cash equivalents	8,885		9,190		
Total equity (Shareholders of Siemens AG)	29,856		28,111		
Adjusted industrial net debt	2,998		2,805		
	Q1 2014		Q1 2013		
<b>Continuing operations</b>					
Free cash flow	(658)		(1,416)		
<b>Continuing and discontinued operations</b>					
Free cash flow	(699)		(1,395)		
<b>Employees</b>					
	December 31, 2013		September 30, 2013		
	Continuing operations	Total <sup>6</sup>	Continuing operations	Total <sup>6</sup>	
<b>Employees (in thousands)</b>	360	364	362	367	
Germany	117	118	118	119	
Outside Germany	243	246	244	248	

<sup>1</sup> Orders; Adjusted or organic growth rates of revenue and orders; Total Sectors profit; ROCE (adjusted); Free cash flow; Adjusted EBITDA; and adjusted industrial net debt are or may be non-GAAP financial measures. Definitions of these supplemental financial measures, a discussion of the most directly comparable IFRS financial measures, information regarding the usefulness of Siemens' supplemental financial measures, the limitations associated with these measures and reconciliations to the most comparable IFRS financial measures are available on our Investor Relations website under

[WWW.SIEMENS.COM/NONGAAP](http://WWW.SIEMENS.COM/NONGAAP).

<sup>2</sup> October 1, 2013 - December 31, 2013.

<sup>3</sup> Adjusted for currency translation and portfolio effects.

<sup>4</sup> Basic earnings per share - attributable to shareholders of Siemens AG. For fiscal 2014 and 2013 weighted average shares outstanding (basic) (in thousands) for the first quarter amounted to 844,115 and 845,527 shares, respectively.

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**5** Calculated by dividing adjusted industrial net debt as of December 31, 2013 and 2012 by annualized adjusted EBITDA.

**6** Continuing and discontinued operations.

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### C. INTERIM GROUP MANAGEMENT REPORT

#### C.1 OVERVIEW FOR THE FIRST QUARTER OF FISCAL 2014

(THREE MONTHS ENDED DECEMBER 31, 2013)

Siemens delivered solid results in the first quarter, even though strong currency effects held back volume and income development.

Orders for the first quarter rose 9% year-over-year, to 20.836 billion, while revenue came in 3% lower, at 17.325 billion. On an organic basis, excluding currency translation and portfolio effects, orders were up 12% and revenue was just 1% below the prior-year level.

Total Sectors profit rose 15%, to 1.789 billion, highlighted by a strong performance in Infrastructure & Cities, and income from continuing operations climbed 21%.

Net income and basic earnings per share (EPS) for the first quarter rose 20% year-over-year, to 1.457 billion and 1.70, respectively.

**Management's perspective on first-quarter results.** We believe that we delivered a sound quarter to start our fiscal year. As expected, market conditions were not in our favor. We continue to focus on our productivity program for the year, and on the actions we will take beyond 2014.

**Large orders, strong headwinds from currency translation.** Orders rose 9% compared to the first quarter a year ago, on a higher volume from large orders, while revenue came in 3% lower. The euro was stronger against all major currencies compared to the same period a year earlier, which took five percentage points from order growth and four percentage points from revenue development. On a comparable basis, excluding currency and portfolio effects, orders rose 12% and revenue declined 1% year-over-year. The book-to-bill ratio for Siemens overall was 1.20. The order backlog (defined as the sum of the order backlogs of the Sectors) again reached the record level of 102 billion.

**Rail and wind orders drive double-digit organic growth.** Infrastructure & Cities led the Sectors in order growth with a 1.6 billion subway order. Industry orders also rose on major contract wins, while lower orders in Energy and Healthcare included negative currency effects. Orders rose strongly in the region comprising Europe, the Commonwealth of Independent States (C.I.S.), Africa and the Middle East, including the subway and two large wind farms orders. A large onshore wind order drove growth in the Americas, while orders in Asia, Australia included double-digit growth in China. Globally, emerging markets (according to the International Monetary Fund's definition of Emerging Market and Developing Economies) grew faster than orders overall, at 21% year-over-year, and climbed to 8.486 billion, representing 41% of total orders for the quarter. Organic orders in emerging markets rose 27% year-over-year.

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**Organic revenue nearly level, strong currency effects.** Infrastructure & Cities delivered 5% revenue growth year-over-year due in part to its acquisition of Invensys Rail between the periods under review. The other Sectors posted declines. On a comparable basis, excluding the currency effects mentioned above, first-quarter revenue rose 1% in Healthcare, was stable in Industry, and came in 4% lower in Energy. First-quarter revenue declined in the Americas and Europe, C.I.S., Africa, Middle East regions, while a double-digit increase in China kept revenue in Asia, Australia level with the prior-year period. Emerging markets reported a 4% decline year-over-year and accounted for 5.691 billion, or 33%, of total revenue for the quarter. Organic revenue growth in emerging markets was 1% for the quarter.

**Infrastructure & Cities drives Total Sectors profit improvement.** First-quarter Total Sectors profit rose to 1.789 billion, up from 1.560 billion a year earlier, which included 50 million in charges associated with the Siemens 2014 program. This improvement was due to the Infrastructure & Cities Sector, where profit climbed to 330 million from 141 million a year earlier on a solid performance across the Sector's Businesses. For comparison, profit in Infrastructure & Cities a year earlier was burdened by 116 million in project charges related mainly to high-speed trains. Profit in Energy also rose, to 506 million from 410 million in the prior-year period, which was burdened by a 157 million loss in the Sector's solar business and 46 million in charges related to compliance with sanctions on Iran. Charges related to grid connection projects were 67 million in the current period and 28 million a year earlier. Healthcare profit came in at 471 million compared to 503 million a year earlier. Profit at Industry was also lower year-over-year at 482 million, down from 506 million in the prior-year quarter. These decreases include burdens on profit from currency effects, which are expected to continue based on the strength of the euro compared to fiscal 2013.

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**Higher Total Sectors profit lifts net income.** Income from continuing operations rose to 1.386 billion, up from 1.150 billion a year earlier. The increase year-over-year was driven primarily by higher Total Sectors profit and to a lesser extent was also supported by overall improvement outside the Sectors, particularly including considerably higher disposal gains at Siemens Real Estate (SRE) year-over-year. First-quarter net income increased to 1.457 billion, up from 1.214 billion a year earlier, and corresponding basic EPS rose 20% to 1.70 compared to 1.42 in the prior-year period. Within these numbers, income from discontinued operations was 71 million, up from 64 million a year earlier. While income from discontinued operations in the current period benefited from a positive 65 million tax effect related to former Communications activities, the prior-year period included income from discontinued operations of 79 million related to OSRAM.

**First-quarter Free cash flow improves year-over-year.** First-quarter Free cash flow from continuing operations improved to a negative 658 million compared to a negative 1.416 billion a year earlier. The current quarter included a build-up of operating net working capital totaling 1.4 billion, compared to 2.6 billion in the prior-year period. The main factors in the build-up in the current quarter were increased inventories and decreased trade payables. Within the Sectors, the largest build-up was in Energy.

**ROCE (adjusted) back in target range.** On a continuing basis, ROCE (adjusted) climbed to 18.0% in the current quarter, well within the target range of 15% to 20%. In the prior-year quarter, ROCE (adjusted) on a continuing basis was 14.9%.

**Pension plan underfunding improves.** The underfunding of Siemens pension plans as of December 31, 2013 amounted to 8.0 billion, compared to an underfunding of 8.5 billion at the end of fiscal 2013. Favorable factors including an increase in the discount rate assumption, a positive actual return on plan assets and employer contributions were only partly offset by accrued service and interest costs.

## **C.2 RESULTS OF OPERATIONS**

### **C.2.1 SIEMENS GROUP**

#### **C.2.1.1 Orders and revenue**

In the first three months of fiscal 2014, orders increased to 20.836 billion, up 9% from the prior-year period, due mainly to a higher volume from large orders. In contrast, three-month revenue came in 3% lower year-over-year. The euro was stronger against all major currencies compared to a year earlier, which took five percentage points from order growth and four percentage points from revenue development.



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The book-to-bill ratio for Siemens overall was 1.20. The order backlog (defined as the sum of the order backlogs of the Sectors) increased to 102 billion.

	Orders (location of customer)					
	First three months of fiscal		% Change		therein	
	2014 (in millions of €)	2013	Actual	Adjusted <sup>(1)</sup>	Currency	Portfolio
Europe, C.I.S. <sup>(2)</sup> , Africa, Middle East	11,322	10,021	13%	15%	(3)%	1%
therein Germany	3,165	2,821	12%	12%	0%	0%
Americas	5,674	5,349	6%	10%	(7)%	3%
therein U.S.	4,182	3,327	26%	28%	(6)%	4%
Asia, Australia	3,840	3,803	1%	6%	(6)%	1%
therein China	1,892	1,534	23%	23%	(1)%	1%
<b>Siemens</b>	<b>20,836</b>	<b>19,173</b>	<b>9%</b>	<b>12%</b>	<b>(5)%</b>	<b>1%</b>

(1) Excluding currency translation and portfolio effects.

(2) Commonwealth of Independent States.

**Orders related to external customers** increased 9% compared to the prior-year period. Infrastructure & Cities led the Sectors in order growth, including a 1.6 billion order for two driverless subway lines in Saudi Arabia. In a stabilizing market environment, Industry reported an increase in orders year-over-year. Primarily due to negative currency translation effects, orders in Energy and Healthcare came in below their prior-year levels.

In the region comprising **Europe, C.I.S., Africa, and the Middle East**, three-month orders increased significantly as the large subway order mentioned above more than offset declines at the other Sectors. Two major orders for offshore wind farms were the main driver for order growth in Germany. A large onshore wind order in the U.S. drove order growth in the **Americas**, which also recorded higher orders in Infrastructure & Cities and Industry. While orders were stable in the region **Asia, Australia**, China showed double-digit growth, mainly on large orders for Infrastructure & Cities. A higher volume from major orders in Industry further supported growth in China and for the region. Emerging markets grew faster than orders overall, at 21%, and increased to 8.486 billion, representing 41% of total orders for the period. Organic orders in emerging markets rose 27% year-over-year.

	Revenue (location of customer)					
	First three months of fiscal		% Change		therein	
	2014 (in millions of €)	2013	Actual	Adjusted <sup>(1)</sup>	Currency	Portfolio
Europe, C.I.S. <sup>(2)</sup> , Africa, Middle East	9,303	9,441	(1)%	0%	(2)%	1%
therein Germany	2,614	2,580	1%	1%	0%	0%
Americas	4,642	5,111	(9)%	(5)%	(6)%	2%
therein U.S.	3,221	3,540	(9)%	(7)%	(4)%	2%
Asia, Australia	3,379	3,373	0%	5%	(7)%	2%
therein China	1,481	1,333	11%	11%	(1)%	1%
<b>Siemens</b>	<b>17,325</b>	<b>17,925</b>	<b>(3)%</b>	<b>(1)%</b>	<b>(4)%</b>	<b>1%</b>

(1) Excluding currency translation and portfolio effects.

(2) Commonwealth of Independent States.

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**Revenue related to external customers** declined 3% compared to the same period a year earlier. Infrastructure & Cities posted revenue growth year-over-year, due in part to its acquisition of Invensys Rail between the periods under review. Three-month revenue in Energy was lower year-over-year, including the currency translation effects mentioned above. Impacted by these effects, Healthcare and Industry also reported declines in revenue for the period.

Revenue declined slightly in the region **Europe, C.I.S., Africa, Middle East**, where a significant decline in Energy was partially offset by increases in Infrastructure & Cities and Industry year-over-year. In the

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**Americas**, revenue declined in all Sectors. A double-digit revenue increase in China, supported by all Sectors, kept three-month revenue in **Asia, Australia** level with the prior-year period. Emerging markets reported a 4% decline year-over-year and accounted for 5.691 billion, or 33%, of total revenue for the period. Organic three-month revenue growth in emerging markets was 1% year-over-year.

**C.2.1.2 Consolidated Statements of Income**

	<b>First three months of fiscal</b>		<b>% Change</b>
	<b>2014</b>	<b>2013</b>	
	<b>(in millions of )</b>		
Gross profit	5,239	5,187	1%
<i>as percentage of revenue</i>	30.2%	28.9%	
Research and development expenses	(959)	(994)	4%
<i>as percentage of revenue</i>	5.5%	5.5%	
Selling and general administrative expenses	(2,594)	(2,601)	0%
<i>as percentage of revenue</i>	15.0%	14.5%	
Other operating income	315	139	126%
Other operating expenses	(164)	(137)	(20)%
Income from investments accounted for using the equity			
method, net	154	95	62%
Interest income	256	233	10%
Interest expenses	(189)	(189)	0%
Other financial income (expenses), net	(92)	(34)	(173)%
<b>Income from continuing operations before income taxes</b>	<b>1,967</b>	<b>1,700</b>	<b>16%</b>
Income tax expenses	(581)	(550)	(6)%
<i>as percentage of income from continuing operations before</i>			
<i>income taxes</i>	30%	32%	
<b>Income from continuing operations</b>	<b>1,386</b>	<b>1,150</b>	<b>21%</b>
<b>Income from discontinued operations, net of income taxes</b>	<b>71</b>	<b>64</b>	<b>11%</b>
<b>Net income</b>	<b>1,457</b>	<b>1,214</b>	<b>20%</b>
Net income attributable to non-controlling interests	25	16	
Net income attributable to shareholders of Siemens AG	1,432	1,197	20%
<b>Income from continuing operations before income taxes</b> for the first three months of fiscal 2014 increased to 1.967 billion from 1.700 billion in the first three months of fiscal 2013.			

Gross profit was slightly higher due in part to sharply lower project charges year-over-year which are explained in more detail in C.2.2 Segment information. In addition, the prior year included charges for the Siemens 2014 program in all Sectors totaling 50 million and charges of 46 million in the Energy Sector related to compliance with sanctions on Iran. In contrast, as explained in C.2.1.1 Orders and revenue, revenue declined year-over-year due mainly to the appreciation of the euro against all major currencies and, as a result, had a negative influence on gross profit.

Other operating income more than doubled year-over-year, due in part to substantially higher gains from disposals of real estate at SRE.

Income from investments accounted for using the equity method, net increased compared to the prior-year period. The prior-year amount included impairments in the solar business in the Energy Sector that were partially offset by income of 51 million related to Siemens stake in NSN. This stake was sold between the periods under review. Other financial income (expenses), net in the first three months of fiscal 2014 included expenses resulting from changes in the fair value of warrants issued together with US\$3 billion bonds in fiscal 2012.

Including the developments described above, Income from continuing operations before income taxes increased 16% year-over-year. Due to a lower effective tax rate compared to the first three months of fiscal 2013, **Income from continuing operations** increased 21% year-over-year.

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**Income from discontinued operations, net of income taxes** in the first three months of fiscal 2014 was 71 million compared to 64 million in the same period a year earlier. While income from discontinued operations in the current period benefited from a positive 65 million tax effect related to former Communications activities, the prior-year period included income from discontinued operations of 79 million related to OSRAM, which was spun off in the fourth quarter of fiscal 2013.

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As a result of the increases in both income from continuing operations and income from discontinued operations, **Net income** and Net income attributable to shareholders were 20% higher than in the same period a year earlier.

Corresponding **basic earnings per share** rose 20% to 1.70 compared to 1.42 in the prior-year period, reflecting higher Net income attributable to shareholders of Siemens AG.

### C.2.2 SEGMENT INFORMATION

#### C.2.2.1 Energy

Sector	First three months of fiscal		% Change		therein	
	2014	2013	Actual	Adjusted <sup>(1)</sup>	Currency	Portfolio
	(in millions of €)					
Profit	506	410	23%			
Profit margin	8.8%	6.5%				
Orders	7,217	7,372	(2)%	3%	(4)%	0%
Revenue	5,782	6,303	(8)%	(4)%	(4)%	0%

(1) Excluding currency translation and portfolio effects.

**Energy** generated profit of 506 million in the first three months of fiscal 2014 in a market environment that remained highly competitive. Profit was held back by 67 million in charges related to grid connection projects. A year earlier, total burdens included 28 million in grid-connection charges, a loss of 157 million in the solar business, and 46 million in charges related to compliance with sanctions on Iran. In the first three months of fiscal 2014, Power Generation and Wind Power increased their profit year-over-year, while Power Transmission posted a higher loss due in part to continuing project execution challenges.

In the first three months of fiscal 2014, revenue for the Sector came in 8% lower than a year ago, and orders were down 2%. On a comparable basis, revenue came in 4% lower and orders rose 3%. Power Generation and Power Transmission posted volume declines compared to the prior-year period. Wind Power increased revenue significantly, and its orders nearly doubled including a major order in the U.S. that is the Division's largest onshore order ever. This contract win lifted order intake in the Americas region, while Europe, C.I.S., Africa, Middle East and Asia, Australia reported declines. Revenue declines in Europe, C.I.S., Africa, Middle East and the Americas more than offset growth in Asia, Australia. The book-to-bill ratio for Energy was 1.25, and its order backlog was 55 billion at the end of the period.

#### Businesses

	First three months of fiscal		Orders		therein	
	2014	2013	Actual	Adjusted <sup>(1)</sup>	Currency	Portfolio
	(in millions of €)					
Power Generation	3,825	4,598	(17)%	(12)%	(4)%	(1)%
Wind Power	2,258	1,162	94%	100%	(6)%	0%
Power Transmission	1,189	1,386	(14)%	(9)%	(5)%	0%

(1) Excluding currency translation and portfolio effects.

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Businesses	First three months of fiscal		Revenue			
			% Change		therein	
	2014	2013	Actual	Adjusted <sup>(1)</sup>	Currency	Portfolio
	(in millions of   )					
Power Generation	3,224	3,794	(15)%	(11)%	(3)%	0%
Wind Power	1,310	1,137	15%	20%	(6)%	0%
Power Transmission	1,267	1,384	(8)%	(3)%	(5)%	0%

(1) Excluding currency translation and portfolio effects.

**Businesses**

Businesses	Profit			Profit margin	
	First three months of fiscal		% Change	First three months of fiscal	
	2014	2013		2014	2013
	(in millions of €)				
Power Generation	536	531	1%	16.6%	14.0%
Wind Power	63	52	20%	4.8%	4.6%
Power Transmission	(84)	(16)	>(200)%	(6.6)%	(1.2)%

Beginning in fiscal 2014, the former Fossil Power Generation and Oil & Gas Divisions are combined into a single Division under the name Power Generation.

In the first three months of fiscal 2014, profit at **Power Generation** was stable year-over-year at 536 million. For comparison, profit in the prior-year period included 46 million in charges related to compliance with sanctions on Iran. The Division's service business was able to increase its earnings contribution compared to the prior-year period. In contrast, lower revenue took profit down in the fossil solutions and gas turbine businesses. Revenue for the Division as a whole decreased 15% from the first three months of fiscal 2013, due to a number of factors including a global shift in the markets for gas turbines to low-price countries with fewer turnkey opportunities. On a regional basis, revenue declined in Europe, C.I.S., Africa, Middle East and the Americas. Order intake was significantly below the level of the prior-year period on declines in all three reporting regions, including Europe, C.I.S., Africa, Middle East where Power Generation had taken in a higher volume from large orders, particularly including a combined-cycle power plant in Germany.

In the first three months of fiscal 2014, profit at **Wind Power** increased to 63 million year-over-year, lifted by a 15% increase in revenue that included expansion of the Division's service business compared to a year earlier. For comparison, profit in the prior-year period benefited from positive effects related to project completions and the settlement of a claim related to an offshore wind-farm project. Orders nearly doubled in the first three months of fiscal 2014 compared to the low level of the prior-year period, when demand in the U.S. stalled due to potential expiration of tax incentives. Large orders for wind-farms in Europe, C.I.S., Africa, Middle East included two major offshore contracts in Germany, while order growth in the Americas included the contract win in the U.S. for the Division's largest onshore wind order to date.

**Power Transmission** posted a loss of 84 million in the first three months of fiscal 2014, due in part to continuing project execution challenges. Charges of 67 million related mainly to grid connections to offshore wind-farms in Germany, resulting from revised estimates of required resources and personnel as well as delays associated with the projects' complex marine environment. In the same period a year earlier, the Division's loss of 16 million included grid-connection project charges of 28 million. Profit was also held back by a higher proportion of projects with low or negligible profit margins. As in prior quarters, orders declined year-over-year, due mainly to selective order intake primarily in the solutions business. This in turn held back revenue development compared to the prior-year quarter. On a regional basis, revenue and orders declined in all three reporting regions. The Division expects continuing challenges in coming quarters.

**Table of Contents****C.2.2.2 Healthcare**

Sector	First three months of fiscal		% Change		therein	
	2014 (in millions of €)	2013	Actual	Adjusted <sup>(1)</sup>	Currency	Portfolio
Profit	471	503	(6)%			
Profit margin	15.2%	15.5%				
Orders	3,199	3,286	(3)%	4%	(7)%	0%
Revenue	3,094	3,252	(5)%	1%	(6)%	0%

(1) Excluding currency translation and portfolio effects.

**Healthcare** delivered first-quarter profit of 471 million compared to 503 million a year earlier. The decrease includes burdens on profit from currency effects, which are expected to continue based on the strength of the euro compared to fiscal 2013. The Sector also faced ongoing market challenges, including weak economic conditions in Europe, uncertainty in the healthcare market and an excise tax on medical devices in the U.S., and slowing growth in China.

Profit at Diagnostics came in at 100 million compared to 111 million in the prior-year period. Purchase price allocation (PPA) effects related to past acquisitions at Diagnostics were 41 million in the first quarter. A year earlier, Diagnostics recorded 43 million in PPA effects.

Reported revenue and orders for Healthcare were moderately lower than in the prior-year period, with most businesses and all reporting regions posting declines. On a comparable basis, revenue rose 1% and orders were up 4% compared to the prior-year period. The book-to-bill ratio was 1.03, and Healthcare's order backlog was 7 billion at the end of the first quarter.

The Diagnostics business reported revenue of 909 million in the first-quarter, a 5% decrease from 961 million a year earlier including declines in all regions. On a comparable basis, Diagnostics revenue was up 1% compared to the prior-year period.

**C.2.2.3 Industry**

Sector	First three months of fiscal		% Change		therein	
	2014 (in millions of €)	2013	Actual	Adjusted <sup>(1)</sup>	Currency	Portfolio
Profit	482	506	(5)%			
Profit margin	11.2%	11.5%				
Orders	4,611	4,289	8%	10%	(3)%	1%
Revenue	4,319	4,411	(2)%	0%	(3)%	1%

(1) Excluding currency translation and portfolio effects.

In the first three months of fiscal 2014, **Industry** reported a profit of 482 million, down from 506 million in the prior-year period. The decrease includes burdens on profit from currency effects, which are expected to continue based on the strength of the euro compared to fiscal 2013. Higher profit at Industry Automation was more than offset by lower earnings at Drive Technologies, where continuing stagnation in its short-cycle businesses led to a less favorable business mix.

Three-month revenue came in 2% below the prior-year level, including unfavorable currency translation effects. Order growth of 8% year-over-year was driven by a substantially higher volume from major orders in the Sector's long-cycle businesses compared to the prior-year period. On a comparable basis, three-month revenue was stable year-over-year and orders increased 10%. On a geographic basis, revenue growth in Europe, C.I.S., Africa, Middle East was more than offset by a decline in the Americas compared to the prior-year period. Revenue was flat in Asia, Australia despite growth in China. In contrast, orders grew significantly in Asia, Australia, driven by China, and showed a clear increase in the Americas. This order growth was partly offset by a clear decline in Europe, C.I.S., Africa, Middle East. The Sector's book-to-bill

ratio was 1.07 and its order backlog was 10 billion at the end of the period.



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### Businesses

Businesses			Orders			
	First three months of fiscal		% Change		therein	
	2014	2013	Actual	Adjusted <sup>(1)</sup>	Currency	Portfolio
	(in millions of \$)					
Industry Automation	2,102	1,961	7%	7%	(4)%	3%
Drive Technologies	2,321	2,253	3%	6%	(3)%	0%

(1) Excluding currency translation and portfolio effects.

### Businesses

Businesses			Revenue			
	First three months of fiscal		% Change		therein	
	2014	2013	Actual	Adjusted <sup>(1)</sup>	Currency	Portfolio
	(in millions of \$)					
Industry Automation	2,017	1,995	1%	2%	(4)%	3%
Drive Technologies	2,044	2,092	(2)%	1%	(3)%	0%

(1) Excluding currency translation and portfolio effects.

### Businesses

	Profit		Profit margin	
	First three months of fiscal		First three months of fiscal	
	2014	2013	% Change	
	(in millions of )			
Industry Automation	338	313	8%	16.8%
Drive Technologies	133	169	(21)%	8.1%

Three-month profit for **Industry Automation** rose to 338 million on a more favorable business mix. The Division recorded PPA effects of 11 million related to LMS International NV (LMS), acquired in the second quarter of fiscal 2013. PPA effects related to the acquisition of UGS Corp. in fiscal 2007 were 35 million in the current period compared to 37 million a year earlier. Revenue for Industry Automation came in slightly higher year-over-year, with increases in Asia, Australia and Europe, C.I.S., Africa, Middle East partially offset by a decline in the Americas. Three-month orders rose 7% compared to the prior-year period, on growth in Asia, Australia and the Americas.

Profit at **Drive Technologies** came in at 133 million in the first three months of fiscal 2014, substantially below the same period a year earlier, on declines in all businesses. The revenue mix was less favorable, as market conditions held back demand for higher-margin offerings in the Division's short-cycle businesses. Revenue was down slightly, primarily including a decline in the Americas due in part to unfavorable currency translation effects. Orders for the Division increased moderately, due mainly to large internal orders. On an organic basis, three-month revenue was up 1% and orders grew 6% year-over-year.

**Table of Contents****C.2.2.4 Infrastructure & Cities**

Sector	First three months of fiscal		% Change		therein	
	2014	2013	Actual	Adjusted <sup>(1)</sup>	Currency	Portfolio
	(in millions of €)					
Profit	330	141	133%			
Profit margin	7.6%	3.4%				
Orders	6,323	4,364	45%	45%	(5)%	5%
Revenue	4,364	4,141	5%	4%	(4)%	5%

(1) Excluding currency translation and portfolio effects.

First-quarter profit for **Infrastructure & Cities** rose to € 330 million, on improved results across the Sector. Key factors included improved project execution in the Transportation & Logistics Business, which delivered a profit in the current quarter compared to a loss in the prior-year quarter, when it recorded € 116 million in project charges. Sector profit also rose on a more favorable business mix, particularly within Power Grid Solutions & Products. Positive results from the execution of the Siemens 2014 program were most evident at the Building Technologies Division.

First-quarter orders rose 45% compared to the prior-year period. The increase was due mainly to a sharply higher volume from major orders, including an order worth € 1.6 billion for two driverless subway lines in Saudi Arabia, which will be delivered by the Transportation & Logistics and the Power Grid Solutions & Products Businesses. First-quarter revenue rose 5% year-over-year, driven by a double-digit increase in Transportation & Logistics. On a geographic basis, Infrastructure & Cities achieved double-digit increases in orders in all three regions. Higher revenue year-over-year in Asia, Australia and Europe, C.I.S., Africa, Middle East was slightly offset by a moderate decrease in the Americas. The Sector's book-to-bill ratio was 1.45 and its order backlog at the end of the quarter was € 30 billion.

Beginning with the first quarter of fiscal 2014, Siemens shares in Atos S.A. have been transferred from Infrastructure & Cities to Equity Investments. Prior-period results are presented on a comparable basis.

**Businesses**

	First three months of fiscal		Orders		therein	
	2014	2013	Actual	Adjusted <sup>(1)</sup>	Currency	Portfolio
	(in millions of €)					
Transportation & Logistics	3,233	1,357	138%	129%	(7)%	16%
Power Grid Solutions & Products	1,820	1,709	7%	12%	(5)%	0%
Building Technologies	1,347	1,367	(1)%	1%	(3)%	0%

(1) Excluding currency translation and portfolio effects.

**Businesses**

	First three months of fiscal		Revenue		therein	
	2014	2013	Actual	Adjusted <sup>(1)</sup>	Currency	Portfolio
	(in millions of €)					
Transportation & Logistics	1,672	1,370	22%	10%	(4)%	16%
Power Grid Solutions & Products	1,408	1,435	(2)%	4%	(5)%	0%
Building Technologies	1,340	1,402	(4)%	(2)%	(3)%	0%

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(1) Excluding currency translation and portfolio effects.

Businesses	Profit			Profit margin	
	First three months of fiscal			First three months of fiscal	
	2014	2013	% Change	2014	2013
	(in millions of )				
Transportation & Logistics	83	(54)	n/a	5.0%	(3.9)%
Power Grid Solutions & Products	127	100	27%	9.0%	6.9%
Building Technologies	115	92	24%	8.6%	6.6%

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**Transportation & Logistics** posted a profit of 83 million in the first quarter. For comparison, the loss of 54 million in the prior-year period included the 116 million in project charges mentioned above, related mainly to high-speed trains. Transportation & Logistics recorded PPA effects of 13 million related to its acquisition of Invensys Rail which closed in the third quarter of fiscal 2013. First-quarter orders rose sharply year-over-year, due mainly to a higher volume from major orders including a large share of the Saudi Arabia order mentioned above. Revenue was up 22% compared to the prior-year period. Progress in executing large rolling stock projects included regulatory approval for high-speed trains in Germany, four of which were delivered to Deutsche Bahn during the current quarter. Growth in both orders and revenue benefited from the acquisition of Invensys Rail between the periods under review.

First-quarter profit at **Power Grid Solutions & Products** rose to 127 million from 100 million a year earlier. The improvement was due mainly to a more favorable business mix. Revenue was down slightly year-over-year, while order growth of 7% was driven by major orders for rail electrification, including a share in the Saudi Arabia order mentioned above. On a comparable basis, revenue was up 4% and orders rose 12% year-over-year. On a geographic basis, double-digit order growth in Europe, C.I.S., Africa, Middle East was partly offset by slight declines in the Americas and Asia, Australia, while revenue growth in Asia, Australia and Europe, C.I.S., Africa, Middle East was more than offset by a decline in the Americas.

**Building Technologies** contributed 115 million to Sector profit in the first quarter, up from 92 million in the same period a year ago. The increase was driven mainly by productivity improvements from successful implementation of the Siemens 2014 program, and by a more favorable business mix resulting from Building Technologies' strategy of selective order intake in prior periods. Due in part to this ongoing strategy, first-quarter revenue was 4% lower year-over-year and orders came in near the prior-year level.

### C.2.2.5 Equity Investments

Profit at **Equity Investments** was 81 million in the first quarter. For comparison, profit of 122 million a year earlier included 51 million related to Siemens' stake in NSN. This stake was sold between the periods under review.

### C.2.2.6 Financial Services (SFS)

	First three months of fiscal		% Change
	2014 (in millions of )	2013	
Income before income taxes	110	117	(7)%
	Dec. 31, 2013	Sep. 30, 2013	
Total assets	18,981	18,661	2%

**SFS** made a solid contribution to profit in the first quarter, with 110 million in income before income taxes compared to 117 million in the prior-year period. SFS also continued to successfully execute its growth strategy despite substantial early terminations of financings and negative currency translation effects. Total assets rose to 18.981 billion from 18.661 billion at the end of fiscal 2013.

### C.2.2.7 Reconciliation to Consolidated Financial Statements

Reconciliation to Consolidated Financial Statements includes Centrally managed portfolio activities, Siemens Real Estate and various categories of items which are not allocated to the Sectors and to SFS because Management has determined that such items are not indicative of their respective performance.

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### **Centrally managed portfolio activities**

**Centrally managed portfolio activities** reported a profit of 10 million in the first three months of fiscal 2014, compared to a profit of 1 million in the same period a year earlier.

### **Siemens Real Estate (SRE)**

Income before income taxes at **SRE** was 132 million in the first quarter compared to 45 million in the same period a year earlier. As in the past, income from SRE continues to be highly dependent on disposals of real estate.

### **Corporate items and pensions**

**Corporate items and pensions** reported a loss of 186 million in the first quarter compared to a loss of 166 million in the same period a year earlier. Within these figures, the loss at Corporate items was 88 million compared to a loss of 68 million in the prior-year period. Centrally carried pension expense for the first quarter totaled 98 million, unchanged compared to the prior-year period.

### **Eliminations, Corporate Treasury and other reconciling items**

Income before income taxes from **Eliminations, Corporate Treasury and other reconciling items** increased to 32 million from 20 million in the prior-year quarter. The improvement included higher interest income from liquidity at Corporate Treasury.

**Table of Contents****C.2.3 Reconciliation to adjusted EBITDA**

The following table gives additional information on topics included in Profit and Income before income taxes and provides a reconciliation to adjusted EBITDA based on continuing operations.

For the first three months of fiscal 2014 and 2013 ended December 31, 2013 and 2012 (in millions of €)

	Profit <sup>(1)</sup>		Income (loss) from investments accounted for using the equity method, net <sup>(2)</sup>		Financial income (expenses), net <sup>(3)</sup>		Adjusted EBIT <sup>(4)</sup>		Amortization <sup>(5)</sup>		Depreciation and impairments of property, plant and equipment and goodwill <sup>(6)</sup>		Adjusted EBITDA		Adjusted EBITDA margin	
	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
<b>Sectors</b>																
<b>Energy Sector</b>	<b>506</b>	<b>410</b>	<b>28</b>	<b>(77)</b>	<b>(13)</b>	<b>(8)</b>	<b>490</b>	<b>495</b>	<b>26</b>	<b>27</b>	<b>95</b>	<b>116</b>	<b>612</b>	<b>638</b>	<b>10.6%</b>	<b>10.1%</b>
therein:																
Power Generation	536	531	8	14	(7)	(6)	535	523	15	17	49	53	599	593		
Wind Power	63	52	2	(3)	(5)	(1)	65	56	8	6	25	21	97	83		
Power Transmission	(84)	(16)	7	5	(2)	(2)	(89)	(19)	3	3	21	26	(64)	10		
<b>Healthcare Sector</b>	<b>471</b>	<b>503</b>	<b>2</b>	<b>2</b>	<b>4</b>		<b>465</b>	<b>501</b>	<b>71</b>	<b>83</b>	<b>77</b>	<b>79</b>	<b>613</b>	<b>663</b>	<b>19.8%</b>	<b>20.4%</b>
therein:																
Diagnostics	100	111			3	3	97	108	47	51	50	53	193	212		
<b>Industry Sector</b>	<b>482</b>	<b>506</b>		<b>2</b>	<b>(1)</b>	<b>(2)</b>	<b>483</b>	<b>507</b>	<b>74</b>	<b>64</b>	<b>73</b>	<b>76</b>	<b>630</b>	<b>646</b>	<b>14.6%</b>	<b>14.7%</b>
therein:																
Industry Automation	338	313				(1)	339	314	61	49	27	27	427	391		
Drive Technologies	133	169		2	(1)	(1)	133	168	11	12	42	45	187	226		
<b>Infrastructure &amp; Cities Sector</b>	<b>330</b>	<b>141</b>	<b>10</b>	<b>12</b>	<b>(3)</b>	<b>(4)</b>	<b>323</b>	<b>133</b>	<b>32</b>	<b>29</b>	<b>39</b>	<b>39</b>	<b>395</b>	<b>201</b>	<b>9.0%</b>	<b>4.8%</b>
therein:																
Transportation & Logistics	83	(54)	7	9	(2)	(2)	79	(61)	17	3	13	10	108	(48)		
Power Grid Solutions & Products	127	100	2	2	(1)	(1)	125	98	5	9	16	17	146	124		
Building Technologies	115	92	1		(1)	(1)	115	93	10	16	10	11	135	121		
<b>Total Sectors</b>	<b>1,789</b>	<b>1,560</b>	<b>41</b>	<b>(62)</b>	<b>(13)</b>	<b>(14)</b>	<b>1,761</b>	<b>1,636</b>	<b>204</b>	<b>201</b>	<b>284</b>	<b>310</b>	<b>2,249</b>	<b>2,148</b>		
<b>Equity Investments</b>	<b>81</b>	<b>122</b>	<b>75</b>	<b>133</b>	<b>4</b>	<b>(11)</b>	<b>1</b>						<b>1</b>			
<b>Financial Services (SFS)</b>	<b>110</b>	<b>117</b>	<b>24</b>	<b>25</b>	<b>145</b>	<b>110</b>	<b>(60)</b>	<b>(18)</b>	<b>1</b>	<b>1</b>	<b>50</b>	<b>57</b>	<b>(9)</b>	<b>41</b>		
<b>Reconciliation to Consolidated Financial Statements</b>																
Centrally managed portfolio activities	10	1	14	1	(1)		(4)	1		1			(3)	2		
Siemens Real Estate (SRE)	132	45			(27)	(28)	159	73			61	65	220	138		
Corporate items and pensions	(186)	(166)			(185)	(78)	(1)	(87)	5	4	14	13	17	(70)		

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Eliminations,  
Corporate  
Treasury and  
other reconciling  
items

32 20 (1) 51 32 (19) (11) (8) (9) (27) (20)

<b>Siemens</b>	<b>1,967</b>	<b>1,700</b>	<b>154</b>	<b>95</b>	<b>(24)</b>	<b>10</b>	<b>1,837</b>	<b>1,594</b>	<b>210</b>	<b>208</b>	<b>402</b>	<b>436</b>	<b>2,449</b>	<b>2,239</b>
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- (1) Profit of the Sectors as well as of Equity Investments 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 (expenses), net comprises Interest income, Interest expenses and Other financial income (expenses), net as reported in the Consolidated Statements of Income.
- (4) Adjusted EBIT is Income from continuing operations before income taxes less Financial income (expenses), net and Income (loss) from investments accounted for using the equity method, net.
- (5) Amortization and impairments, net of reversals, of intangible assets other than goodwill.
- (6) Depreciation and impairments of property, plant and equipment, net of reversals. Includes impairments of goodwill of      million and      million for the first three months ended December 31, 2013 and 2012, respectively.

**Table of Contents****C.3 FINANCIAL POSITION****C.3.1 CAPITAL STRUCTURE**

As of December 31, 2013 and September 30, 2013 the capital structure ratios were as follows:

	December 31, 2013	September 30, 2013
	(in millions of €)	
Short-term debt and current maturities of long-term debt <sup>(1)</sup>	2,883	1,944
Plus: Long-term debt <sup>(1)</sup>	18,377	18,509
Less: Cash and cash equivalents	(8,885)	(9,190)
Less: Current available-for-sale financial assets	(666)	(601)
<b>Net debt</b>	<b>11,709</b>	<b>10,663</b>
Less: SFS Debt <sup>(2)</sup>	(16,022)	(15,600)
Plus: Post-employment benefits <sup>(3)</sup>	8,771	9,265
Plus: Credit guarantees	605	622
Less: 50% nominal amount hybrid bond <sup>(4)</sup>	(900)	(899)
Less: Fair value hedge accounting adjustment <sup>(5)</sup>	(1,166)	(1,247)
<b>Adjusted industrial net debt</b>	<b>2,998</b>	<b>2,805</b>
<b>Adjusted EBITDA (continuing operations)</b>	<b>2,449</b>	<b>8,215</b>
<b>Adjusted industrial net debt / adjusted EBITDA (continuing operations)<sup>(6)</sup></b>	<b>0.31</b>	<b>0.34</b>

(1) The item Short-term debt and current maturities of long-term debt as well as the item Long-term debt included in total fair value hedge accounting adjustments of 1,166 million as of December 31, 2013 and 1,247 million as of September 30, 2013.

(2) The adjustment considers that both Moody's and S&P view SFS as a captive finance company. These rating agencies generally recognize and accept higher levels of debt attributable to captive finance subsidiaries in determining credit ratings. Following this concept, we exclude SFS Debt in order to derive an adjusted industrial net debt which is not affected by SFS's financing activities.

(3) To reflect Siemens' total pension liability, adjusted industrial net debt includes line item Post-employment benefits as presented in D.3 Consolidated Statements of Financial Position.

(4) The adjustment for our hybrid bond considers the calculation of this financial ratio applied by rating agencies to classify 50% of our hybrid bond as equity and 50% as debt. This assignment reflects the characteristics of our hybrid bond such as a long maturity date and subordination to all senior and debt obligations.

(5) Debt is generally reported with a value representing approximately the amount to be repaid. However, for debt designated in a hedging relationship (fair value hedges), this amount is adjusted by changes in market value mainly due to changes in interest rates. Accordingly we deduct these changes in market value in order to end up with an amount of debt that approximately will be repaid. We believe this is a more meaningful figure for the calculation presented above. For further information on fair value hedges see Note 31 in D.6 Notes to



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Consolidated Financial Statements in our Annual Report for fiscal 2013.

(6) In order to calculate this ratio, adjusted EBITDA (continuing operations) for the current period needs to be annualized.

## C.3.2 CASH FLOWS

The following discussion presents an analysis of our cash flows from operating, investing and financing activities for the first three months of fiscal 2014 and 2013 for both continuing and discontinued operations.

### Cash flows

Cash flows					Continuing and discontinued operations	
	Continuing operations		Discontinued operations			
			First three months of fiscal			
	2014	2013	2014	2013	2014	2013
	(in millions of \$)					
Cash flows from:						
Operating activities	(303)	(1,044)	(36)	68	(339)	(976)
Investing activities	(905)	(576)	(71)	(56)	(976)	(632)
therein: Additions to intangible assets and property, plant and equipment	(355)	(372)	(5)	(48)	(360)	(420)
Free cash flow	(658)	(1,416)	(41)	20	(699)	(1,395)
Financing activities	938	(1,412)	107	(12)	1,045	(1,424)

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**Cash flows from operating activities** After a strong cash performance at the end of fiscal 2013, continuing operations used cash of 303 million in the first quarter of fiscal 2014, a reduced cash outflow compared to 1.044 billion in the same period a year earlier. While the cash outflows in both periods were due mainly to a build-up of operating net working capital, the total was 1.4 billion in the current period compared to a considerably higher amount of 2.6 billion in the prior-year period. In the current period, the primary factors in the build-up were a decrease in trade payables and an increase in inventories. Within the Sectors, Energy recorded the largest increase in operating net working capital. Cash outflows in both periods were partly offset by cash inflows related to income from continuing operations of 1.386 billion in the first three months of fiscal 2014 and 1.150 billion in the same period of fiscal 2013, respectively.

Discontinued operations used cash of 36 million in the first three months of fiscal 2014, compared to cash provided of 68 million in the prior-year period, which included larger cash inflows at OSRAM.

**Cash flows from investing activities** Cash used in investing activities for continuing operations amounted to 905 million in the first quarter, compared to cash used of 576 million in the prior-year period. The increase in cash outflows from investing activities was due mainly to a higher new business volume at SFS, despite substantial early terminations of financings. Cash outflows for receivables from financing activities were 597 million in the first quarter, compared to 119 million in the prior-year period. Cash inflows from disposal of investments, intangibles and property, plant and equipment were 193 million, up from 56 million in the prior-year period due mainly to higher proceeds from disposals of real estate at SRE.

**Free cash flow** from continuing and discontinued operations amounted to a negative 699 million in the first three months of fiscal 2014, compared to a negative 1.395 billion a year earlier. The reduction year-over-year resulted primarily from lower cash outflows from operating activities for continuing operations as discussed above.

On a sequential basis, Free cash flow during the first quarter of fiscal 2014 and during fiscal 2013 was as follows:

**Cash flows from financing activities** Financing activities for continuing operations provided cash of 938 million in the first quarter, compared to cash used of 1.412 billion in the same period a year earlier. The change in cash flows year-over-year was due mainly to two factors. Firstly, in the current period we recorded cash inflows of 1.138 billion from the change in short-term debt and other financing activities, primarily from the issuance of commercial paper, compared to cash outflows of 21 million in the prior-year period. Secondly, we had no cash outflows for the purchase of treasury shares in the first quarter, compared to 1.219 billion for these transactions in the same period a year earlier.

### **C.3.3 POST-EMPLOYMENT BENEFITS**

At the end of the first quarter of fiscal 2014, the funded status of Siemens' defined benefit plans showed an underfunding of 8.6 billion, compared to an underfunding of 9.1 billion at the end of fiscal 2013. Therein included is an underfunding for pension plans of 8.0 billion and 8.5 billion as of December 31, 2013, and September 30, 2013, respectively. Siemens' defined benefit obligation (DBO) decreased in the first three months of fiscal 2014 while the fair value of Siemens' plan assets increased.

The DBO of Siemens' defined benefit plans, which takes into account future compensation and pension increases, amounted to 32.8 billion on December 31, 2013, compared to 33.2 billion on September 30, 2013. The DBO decreased in the first quarter primarily due to an increase in the discount rate assumption and also due to benefits paid. These effects were partly offset by accrued service and interest costs.

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The fair value of Siemens plan assets as of December 31, 2013 was 24.2 billion compared to 24.1 billion on September 30, 2013. The actual return on plan assets for the first quarter of fiscal 2014 amounted to 421 million, resulting mainly from equity investments. Employer contributions amounted to 147 million in the first three months of fiscal 2014. These effects were partly offset by benefits paid.

For more information on Siemens post-employment benefits, see Note 6 in D.6 Notes to Condensed Interim Consolidated Financial Statements.

### **C.4 NET ASSETS POSITION**

While our total assets were influenced by negative currency translation effects of 1.245 billion, both total current assets and total non-current assets as of December 31, 2013 remained nearly unchanged from the same level as of September 30, 2013, due mainly to an increase in other financial assets and inventories. Whereas other financial assets increased mainly due to higher loans receivable at SFS in connection with its growth strategy, inventories increased particularly in Energy.

Total current liabilities at the end of the first quarter of fiscal 2014 decreased moderately by 1.347 billion compared to the end of fiscal 2013 due mainly to a decrease of 1.065 billion in trade payables, particularly in Energy, and a decrease of 983 million in other current liabilities, due mainly to a decrease in personnel-related liabilities. The overall decrease in total current liabilities was partly offset by an increase of 939 million in short-term debt and current maturities of long-term debt, which was due mainly to the issuance of commercial paper.

Total non-current liabilities decreased modestly by 664 million in the first quarter, due mainly to a decrease of 0.5 billion in the pension plan underfunding.

Total equity increased by 1.747 billion compared with September 30, 2013, due mainly to a net income of 1.457 billion in the current quarter.

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### **C.5 SUBSEQUENT EVENT**

After the end of the first quarter of fiscal 2014, Siemens closed the sale of its business for treating and processing municipal and industrial water and wastewater that were bundled in the Siemens Water Technologies Business Unit, as well as the related service activities, to funds managed by AEA Investors LP, U.S. for a preliminary consideration of 0.6 billion. This transaction is not expected to result in significant effects on income from discontinued operations in coming quarters, but will result in a net cash inflow in the second quarter of fiscal 2014.

### **C.6 OUTLOOK**

We expect our markets to remain challenging in fiscal 2014. Our short-cycle businesses are not anticipating a recovery until late in the fiscal year. We expect orders to exceed revenue, for a book-to-bill ratio above 1. Assuming that revenue on an organic basis remains level year-over-year, we expect basic earnings per share (Net income) for fiscal 2014 to grow by at least 15% from 5.08 in fiscal 2013.

This outlook is based on shares outstanding of 843 million as of September 30, 2013. Furthermore, it excludes impacts related to legal and regulatory matters.

### **C.7 RISKS AND OPPORTUNITIES**

In our Annual Report for fiscal 2013 we described certain risks which could have a material adverse effect on our business, financial condition (including effects on assets, liabilities and cash flows), results of operations and reputation, our most significant opportunities as well as the design of our risk management system.

During the first three months of fiscal 2014, we identified no further significant risks and opportunities besides those presented in our Annual Report for fiscal 2013 and in C.1 Overview for the first quarter of fiscal 2014, C.2.2 Segment information, and in legal proceedings in Note 9 in D.6 Notes to Condensed Interim Consolidated Financial Statements. Additional risks and opportunities not known to us or that we currently consider immaterial could also affect our business operations. We do not expect to incur any risks that either individually or in combination could endanger our ability to continue as a going concern. We refer also to C.8 Notes and forward-looking statements.

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### **C.8 NOTES AND FORWARD-LOOKING STATEMENTS**

This document includes supplemental financial measures that are or may be non-GAAP financial measures. Orders and order backlog; adjusted or organic growth rates of revenue and orders; book-to-bill ratio; Total Sectors profit; return on equity (after tax), or ROE (after tax); return on capital employed (adjusted), or ROCE (adjusted); Free cash flow, or FCF; adjusted EBITDA; adjusted EBIT; adjusted EBITDA margins, earnings effects from purchase price allocation, or PPA effects; net debt and adjusted industrial net debt are or may be such non-GAAP financial measures. These supplemental financial measures should not be viewed in isolation or as alternatives to measures of Siemens' net assets and financial positions or results of operations as presented in accordance with IFRS in its Consolidated Financial Statements. Other companies that report or describe similarly titled financial measures may calculate them differently. Definitions of these supplemental financial measures, a discussion of the most directly comparable IFRS financial measures, information regarding the usefulness of Siemens' supplemental financial measures, the limitations associated with these measures and reconciliations to the most comparable IFRS financial measures are available on Siemens' Investor Relations website at [www.siemens.com/nonGAAP](http://www.siemens.com/nonGAAP). For additional information, see supplemental financial measures and the related discussion in Siemens' most recent annual report on Form 20-F, which can be found on our Investor Relations website or via the EDGAR system on the website of the United States Securities and Exchange Commission.

This document contains statements related to our future business and financial performance and future events or developments involving Siemens that may constitute forward-looking statements. These statements may be identified by words such as "expect," "look forward to," "anticipate," "intend," "plan," "believe," "seek," "estimate," "will," "project" or words of similar meaning. We may also make forward-looking statements in other reports, in presentations, in material delivered to shareholders and in press releases. In addition, our representatives may from time to time make oral forward-looking statements. Such statements are based on the current expectations and certain assumptions of Siemens' management, 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 or anticipated on the basis of historical trends. These factors include in particular, but are not limited to, the matters described in Item 3: Key information Risk factors of our most recent annual report on Form 20-F filed with the SEC, in the chapter C.9.3 Risks of our most recent annual report prepared in accordance with the German Commercial Code, and in the chapter C.7 Risks and opportunities of our most recent interim report.

Further information about risks and uncertainties affecting Siemens is included throughout our most recent annual and interim reports, as well as our most recent earnings release, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and throughout our most recent annual report on Form 20-F and in our other filings with the SEC, which are available on the Siemens website, [www.siemens.com](http://www.siemens.com), and on the SEC's website, [www.sec.gov](http://www.sec.gov). Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results, performance or achievements of Siemens may vary materially from those described in the relevant forward-looking statement as being expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens neither intends, nor assumes any obligation, to update or revise these forward-looking statements in light of developments which differ from those anticipated.

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****SIEMENS****D. CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****D.1 CONSOLIDATED STATEMENTS OF INCOME (unaudited)****For the first three months of fiscal 2014 and 2013 ended December 31, 2013 and 2012****(in millions of €, per share amounts in €)**

	<b>Note</b>	<b>2014</b>	<b>2013</b>
Revenue		17,325	17,925
Cost of sales		(12,086)	(12,738)
Gross profit		5,239	5,187
Research and development expenses		(959)	(994)
Selling and general administrative expenses		(2,594)	(2,601)
Other operating income	<b>3</b>	315	139
Other operating expenses		(164)	(137)
Income from investments accounted for using the equity method, net		154	95
Interest income	<b>4</b>	256	233
Interest expenses	<b>4</b>	(189)	(189)
Other financial income (expenses), net	<b>4</b>	(92)	(34)
<b>Income from continuing operations before income taxes</b>		<b>1,967</b>	<b>1,700</b>
Income tax expenses		(581)	(550)
<b>Income from continuing operations</b>		<b>1,386</b>	<b>1,150</b>
Income from discontinued operations, net of income taxes	<b>2</b>	71	64
<b>Net income</b>		<b>1,457</b>	<b>1,214</b>
Attributable to:			
Non-controlling interests		25	16
Shareholders of Siemens AG		1,432	1,197
Basic earnings per share	<b>12</b>		
Income from continuing operations		1.61	1.34
Income from discontinued operations		0.08	0.07
<b>Net income</b>		<b>1.70</b>	<b>1.42</b>
Diluted earnings per share	<b>12</b>		
Income from continuing operations		1.60	1.33
Income from discontinued operations		0.08	0.07
<b>Net income</b>		<b>1.68</b>	<b>1.40</b>

**D.2 CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)****For the first three months of fiscal 2014 and 2013 ended December 31, 2013 and 2012**

(in millions of €)

	2014	2013
Net income	1,457	1,214
<b>Items that will not be reclassified to profit or loss:</b>		
Remeasurements of defined benefit plans	376	(95)
<b>Items that may be reclassified subsequently to profit or loss:</b>		
Currency translation differences	(368)	(375)
Available-for-sale financial assets	223	1
Derivative financial instruments	9	74
	(136)	(300)
<b>Other comprehensive income, net of income taxes<sup>(1)</sup></b>	<b>240</b>	<b>(395)</b>
<b>Total comprehensive income</b>	<b>1,697</b>	<b>818</b>
Attributable to:		
Non-controlling interests	26	2
Shareholders of Siemens AG	1,671	817

(1) Includes income (expenses) resulting from investments accounted for using the equity method of (48) million and (66) million, respectively, for the three months ended December 31, 2013 and 2012 of which 1 million and (59) million, respectively, are attributable to items that will not be reclassified to profit or loss.

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

**Table of Contents****SIEMENS****D.3 CONSOLIDATED STATEMENTS OF FINANCIAL POSITION****As of December 31, 2013 (unaudited) and September 30, 2013****(in millions of €)**

	<b>Note</b>	<b>12/31/13</b>	<b>09/30/13</b>
<b>ASSETS</b>			
Cash and cash equivalents		8,885	9,190
Available-for-sale financial assets		666	601
Trade and other receivables		14,621	14,853
Other current financial assets		3,226	3,250
Inventories		16,060	15,560
Current income tax assets		637	794
Other current assets		1,407	1,297
Assets classified as held for disposal	<b>2</b>	1,246	1,393
<b>Total current assets</b>		<b>46,748</b>	<b>46,937</b>
Goodwill		17,623	17,883
Other intangible assets		4,889	5,057
Property, plant and equipment		9,608	9,815
Investments accounted for using the equity method		3,085	3,022
Other financial assets		15,760	15,117
Deferred tax assets		3,008	3,234
Other assets		952	872
<b>Total non-current assets</b>		<b>54,924</b>	<b>54,999</b>
<b>Total assets</b>		<b>101,672</b>	<b>101,936</b>
<b>LIABILITIES AND EQUITY</b>			
Short-term debt and current maturities of long-term debt	<b>5</b>	2,883	1,944
Trade payables		6,534	7,599
Other current financial liabilities		1,724	1,515
Current provisions		4,290	4,485
Current income tax liabilities		1,953	2,151
Other current liabilities		18,719	19,701
Liabilities associated with assets classified as held for disposal	<b>2</b>	418	473
<b>Total current liabilities</b>		<b>36,521</b>	<b>37,868</b>
Long-term debt	<b>5</b>	18,377	18,509
Post-employment benefits	<b>6</b>	8,771	9,265
Deferred tax liabilities		527	504
Provisions		3,843	3,907
Other financial liabilities		1,260	1,184
Other liabilities		2,000	2,074
<b>Total non-current liabilities</b>		<b>34,779</b>	<b>35,443</b>



<b>Total liabilities</b>	<b>71,300</b>	<b>73,312</b>
Equity	7	
Issued capital, no par value <sup>(1)</sup>	2,643	2,643
Capital reserve	5,458	5,484
Retained earnings	24,461	22,663
Other components of equity	131	268
Treasury shares, at cost <sup>(2)</sup>	(2,837)	(2,946)
<b>Total equity attributable to shareholders of Siemens AG</b>	<b>29,856</b>	<b>28,111</b>
Non-controlling interests	516	514
<b>Total equity</b>	<b>30,372</b>	<b>28,625</b>
<b>Total liabilities and equity</b>	<b>101,672</b>	<b>101,936</b>

(1) Authorized: 1,084,600,000 and 1,084,600,000 shares, respectively. Issued: 881,000,000 and 881,000,000 shares, respectively.

(2) 36,583,797 and 37,997,595 shares, respectively.

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

**Table of Contents****SIEMENS****D.4 CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)****For the first three months of fiscal 2014 and 2013 ended December 31, 2013 and 2012****(in millions of )**

	<b>2014</b>	<b>2013</b>
Cash flows from operating activities		
Net income	1,457	1,214
Adjustments to reconcile net income to cash flows from operating activities continuing operations		
Income from discontinued operations, net of income taxes	(71)	(64)
Amortization, depreciation and impairments	612	644
Income tax expenses	581	550
Interest (income) expenses, net	(67)	(44)
(Gains) losses on disposals of assets related to investing activities, net <sup>(1)</sup>	(126)	(37)
Other (income) losses from investments <sup>(1)</sup>	(154)	(83)
Other non-cash (income) expenses	268	129
Change in assets and liabilities		
Inventories	(682)	(447)
Trade and other receivables	70	(684)
Trade payables	(962)	(1,479)
Other assets and liabilities	(1,054)	(323)
Additions to assets leased to others in operating leases	(79)	(92)
Income taxes paid	(423)	(569)
Dividends received	102	25
Interest received	227	216
<b>Cash flows from operating activities continuing operations</b>	<b>(303)</b>	<b>(1,044)</b>
Cash flows from operating activities discontinued operations	(36)	68
<b>Cash flows from operating activities continuing and discontinued operations</b>	<b>(339)</b>	<b>(976)</b>
Cash flows from investing activities		
Additions to intangible assets and property, plant and equipment	(355)	(372)
Acquisitions of businesses, net of cash acquired	1	(29)
Purchase of investments <sup>(1)</sup>	(104)	(85)
Purchase of current available-for-sale financial assets	(74)	(6)
Change in receivables from financing activities	(597)	(119)
Disposal of investments, intangibles and property, plant and equipment <sup>(1)</sup>	193	56
Disposal of businesses, net of cash disposed	12	(41)
Disposal of current available-for-sale financial assets	20	20
<b>Cash flows from investing activities continuing operations</b>	<b>(905)</b>	<b>(576)</b>
Cash flows from investing activities discontinued operations	(71)	(56)
<b>Cash flows from investing activities continuing and discontinued operations</b>	<b>(976)</b>	<b>(632)</b>
Cash flows from financing activities		
Purchase of treasury shares		(1,219)
Other transactions with owners	(6)	(4)
Repayment of long-term debt (including current maturities of long-term debt)	(5)	(8)
Change in short-term debt and other financing activities	1,138	(21)
Interest paid	(78)	(123)
Dividends attributable to non-controlling interests	(4)	(42)

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Financing discontinued operations <sup>(2)</sup>	(107)	6
<b>Cash flows from financing activities continuing operations</b>	<b>938</b>	<b>(1,412)</b>
Cash flows from financing activities discontinued operations	107	(12)
<b>Cash flows from financing activities continuing and discontinued operations</b>	<b>1,045</b>	<b>(1,424)</b>
Effect of changes in exchange rates on cash and cash equivalents	(53)	(43)
<b>Change in cash and cash equivalents</b>	<b>(323)</b>	<b>(3,075)</b>
Cash and cash equivalents at beginning of period	9,234	10,950
<b>Cash and cash equivalents at end of period</b>	<b>8,911</b>	<b>7,875</b>
Less: Cash and cash equivalents of assets classified as held for disposal and discontinued operations at end of period	25	52
<b>Cash and cash equivalents at end of period (Consolidated Statements of Financial Position)</b>	<b>8,885</b>	<b>7,823</b>

(1) 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.

(2) Discontinued operations are financed generally through Corporate Treasury.  
The accompanying Notes are an integral part of these Interim Consolidated Financial Statements.

**Table of Contents****SIEMENS****D.5 CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (unaudited)****For the first three months of fiscal 2014 and 2013 ended December 31, 2013 and 2012****(in millions of €)**

	Total comprehensive income Other components of equity Items that may be reclassified subsequently to profit or loss							Total equity attributable to shareholders of Siemens AG			
	Issued capital	Capital reserve	Retained earnings	Currency translation differences	Available-for-sale financial assets	Derivative financial instruments	Total	Treasury shares at cost	Non-controlling interests	Total equity	
Balance as of October 1, 2012 (as previously reported)	2,643	6,173	22,756	857	245	(44)	23,814	(1,897)	30,733	569	31,302
Effect of retrospectively adopting IAS 19R			122				122		122		122
Balance as of October 1, 2012 <sup>(1)</sup>	2,643	6,173	22,877	857	245	(44)	23,936	(1,897)	30,855	569	31,424
Net income			1,197				1,197		1,197	16	1,214
Other comprehensive income, net of income taxes			(95) <sup>(2)</sup>	(360)	1	73	(381)		(381)	(15)	(395) <sup>(3)</sup>
Dividends										(48)	(48)
Share-based payment		(11)	(22)				(22)		(33)		(33)
Purchase of treasury shares								(1,174)	(1,174)		(1,174)
Re-issuance of treasury shares								116	116		116
Transactions with non-controlling interests			(1)				(1)		(1)	3	2
Other changes in equity		(553)	(2)				(2)		(555)		(555)
<b>Balance as of December 31, 2012</b>	<b>2,643</b>	<b>5,610</b>	<b>23,954</b>	<b>497</b>	<b>246</b>	<b>30</b>	<b>24,727</b>	<b>(2,955)</b>	<b>30,025</b>	<b>526</b>	<b>30,551</b>
Balance as of October 1, 2013	2,643	5,484	22,663	(160)	428	(1)	22,930	(2,946)	28,111	514	28,625
Net income			1,432				1,432		1,432	25	1,457
Other comprehensive income, net of income taxes			376 <sup>(2)</sup>	(368)	223	9	239		239		240 <sup>(3)</sup>
Dividends										(14)	(14)
Share-based payment		(28)	(7)				(7)		(36)		(36)
	3							110	113		113

Re-issuance of treasury shares												
Transactions with non-controlling interests				(4)		(4)		(4)		(9)		(13)
Other changes in equity				2		2		2				2
<b>Balance as of December 31, 2013</b>	<b>2,643</b>	<b>5,458</b>	<b>24,461</b>	<b>(528)</b>	<b>651</b>	<b>8</b>	<b>24,592</b>	<b>(2,837)</b>	<b>29,856</b>	<b>516</b>		<b>30,372</b>

- (1) Adjusted for effects of adopting IAS 19R, see Note 1 Basis of presentation in D.6 Notes to Condensed Interim Consolidated Financial Statements.
- (2) Items of Other comprehensive income that will not be reclassified to profit or loss consist of Remeasurements of defined benefit plans of 376 million and (95) million, respectively in the three months ended December 31, 2013 and 2012. Remeasurements of defined benefit plans are included in line item Retained earnings.
- (3) In the three months ended December 31, 2013 and 2012, Other comprehensive income, net of income taxes, includes non-controlling interests of - million and - million relating to Remeasurements of defined benefit plans, - million and (15) million relating to Currency translation differences, - million and - million relating to Available-for-sale financial assets and - million and 1 million relating to Derivative financial instruments.

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

**Table of Contents****SIEMENS****D.6 NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS****SEGMENT INFORMATION (continuing operations unaudited)**

As of and for the first three months of fiscal 2014 and 2013 ended December 31, 2013 and 2012 and as of September 30, 2013

(in millions of €)

	<b>Orders<sup>(1)</sup></b>		<b>External revenue</b>		<b>Intersegment revenue</b>		<b>Total revenue</b>		<b>Profit<sup>(2)</sup></b>		<b>Assets<sup>(3)</sup></b>		<b>Free cash flow<sup>(4)</sup></b>		<b>Additions to intangible assets and property, plant and equipment</b>		<b>Amortization and depreciation</b>
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>12/31/13</b>	<b>9/30/13</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>	<b>2014</b>
	7,217	7,372	5,717	6,240	65	63	5,782	6,303	506	410	2,902	1,621	(702)	(790)	71	73	122
	3,199	3,286	3,087	3,246	7	5	3,094	3,252	471	503	11,005	11,023	288	225	71	52	148
	4,611	4,289	3,949	4,044	370	367	4,319	4,411	482	506	6,899	6,549	79	201	57	54	147
ure &	6,323	4,364	4,221	3,983	143	158	4,364	4,141	330	141	5,363	4,973	(103)	(366)	44	49	72
tors	21,350	19,311	16,974	17,512	585	594	17,559	18,106	1,789	1,560	26,169	24,166	(438)	(730)	244	228	488
ts									81	122	2,752	2,488	(4)				
SFS)	226	203	183	192	44	12	226	203	110	117	18,981	18,661	106	95	9	43	51
tion dated																	
s																	
	61	67	58	64	3	3	61	67	10	1	(289)	(267)	35	(17)	2		1
Real (RE)	587	600	61	75	526	525	587	600	132	45	4,626	4,747	(74)	(93)	83	87	61
items	83	126	49	82	35	45	83	126	(186)	(166)	(10,502)	(11,252)	(339)	(435)	18	15	18
ons, and																	
g	(1,472)	(1,134)			(1,192)	(1,178)	(1,192)	(1,178)	32	20	59,936	63,393	56	(235)	(1)		(8)
	20,836	19,173	17,325	17,925			17,325	17,925	1,967	1,700	101,672	101,936	(658)	(1,416)	355	372	612

(1) This supplementary information on Orders is provided on a voluntary basis. It is not part of the Interim Consolidated Financial Statements subject to the review opinion.

(2)

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Profit of the Sectors as well as of Equity Investments 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.

- (3) Assets of the Sectors as well as of Equity Investments and Centrally managed portfolio activities is defined as Total assets less income tax assets, less non-interest bearing liabilities other than tax liabilities. Assets of SFS and SRE is Total assets.
- (4) Free cash flow represents Cash flows from operating activities less Additions to intangible assets and property, plant and equipment. Free cash flow of the Sectors, Equity Investments and Centrally managed portfolio activities primarily exclude income tax, financing interest and certain pension related payments and proceeds. Free cash flow of SFS, a financial services business, and of SRE includes related financing interest payments and proceeds; income tax payments and proceeds of SFS and SRE are excluded.
- (5) Amortization, depreciation and impairments contains amortization and impairments, net of reversals of impairments, of intangible assets other than goodwill as well as depreciation and impairments of property, plant and equipment, net of reversals of impairments.

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### **1. BASIS OF PRESENTATION**

The accompanying Condensed Interim Consolidated Financial Statements (Interim Consolidated Financial Statements) present the operations of Siemens AG and its subsidiaries (the Company or Siemens). The 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), as adopted by the European Union (EU). The Interim Consolidated Financial Statements also comply with IFRS as issued by the IASB.

Siemens prepares and reports its Interim Consolidated Financial Statements in euros (€). Due to rounding, numbers presented may not add up precisely to totals provided. Siemens is a German based multinational corporation with a business portfolio of activities predominantly in the fields of electronics and electrical engineering.

**Interim Consolidated Financial Statements** The accompanying Consolidated Statements of Financial Position as of December 31, 2013, the Consolidated Statements of Income for the three months ended December 31, 2013 and 2012, the Consolidated Statements of Comprehensive Income for the three months ended December 31, 2013 and 2012, the Consolidated Statements of Cash Flows for the three months ended December 31, 2013 and 2012, the Consolidated Statements of Changes in Equity for the three months ended December 31, 2013 and 2012 and the explanatory Notes to Consolidated Financial Statements are unaudited and have been prepared for interim financial information. These Interim Consolidated Financial Statements are condensed and prepared in compliance with International Accounting Standard (IAS) 34 Interim Financial Reporting, and shall be read in connection with Siemens' Annual IFRS Consolidated Financial Statements as of September 30, 2013. The interim financial statements apply the same accounting principles and practices as those used in the 2013 annual financial statements except as described at recently adopted accounting pronouncements. In the opinion of management, these unaudited Interim Consolidated Financial Statements include all adjustments of a normal and recurring nature necessary for a fair presentation of results for the interim periods. Results for the three months ended December 31, 2013, are not necessarily indicative of future results. The Interim Consolidated Financial Statements were authorized for issue by the Managing Board on January 31, 2014.

**Financial statement presentation** Information disclosed in the Notes relates to Siemens unless stated otherwise.

**Use of estimates** The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent amounts at the date of the financial statements as well as reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

**Income taxes** In interim periods, income tax expenses are based on the current estimated annual effective tax rate of Siemens.

**Reclassification** The presentation of certain prior-year information has been reclassified to conform to the current year presentation.

### **RECENTLY ADOPTED ACCOUNTING PRONOUNCEMENTS**

As of October 1, 2013, Siemens adopted IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, IFRS 12, Disclosure of Interests in Other Entities and consequential amendments to IAS 27, Separate Financial Statements (amended 2011) and IAS 28, Investments in Associates and Joint Ventures (amended 2011). IFRS 10 provides a comprehensive concept of control in determining whether an entity is to be consolidated, IFRS 11 provides guidance on accounting for joint arrangements by focusing on rights and obligations of the arrangement and IFRS 12 provides comprehensive disclosure requirements for all forms of interests in other entities. The standards are applied on a retrospective basis. The adoption of the new standards did not have a material impact on the Company's Consolidated Financial Statements; disclosures according to IFRS 12 will be provided in the Notes to the annual Consolidated Financial Statements.

As of October 1, 2013, Siemens adopted IFRS 13, Fair Value Measurement. The new standard defines fair value and standardizes disclosures on fair value measurements of both financial and non-financial instrument items. The standard is applied on a prospective basis. The adoption of IFRS 13 did not have a material impact on the Company's Consolidated Financial Statements.



**Table of Contents****RECENT ACCOUNTING PRONOUNCEMENTS, NOT YET ADOPTED**

In November 2013, the IASB issued IFRS 9, Financial Instruments (Hedge Accounting and amendments to IFRS 9, IFRS 7 and IAS 39), which introduces new regulations regarding the application of hedge accounting and which provides corresponding additional disclosure requirements, to better reflect an entities' risk management activities especially with regard to managing non-financial risks, and to provide enhanced information on these activities. The amendments permit to separately adopt the requirement of IFRS 9 to present the effects of own credit risk on liabilities designated at fair value through profit or loss in other comprehensive income without adopting IFRS 9 in its entirety. The mandatory effective date of IFRS 9 of annual reporting periods beginning on or after January 1, 2015 was removed, however, early application is still permitted. The European Financial Reporting Advisory Group postponed its endorsement advice on IFRS 9. The Company is currently assessing the impacts of adopting IFRS 9 on the Company's Consolidated Financial Statements.

**2. ACQUISITIONS, DISPOSITIONS AND DISCONTINUED OPERATIONS****Dispositions not qualifying for discontinued operations: held for disposal**

The Consolidated Statements of Financial Position as of December 31, 2013 include assets held for disposal of 487 million and liabilities held for disposal of 186 million, respectively, that do not qualify as discontinued operations. As of December 31, 2013, the assets and liabilities mainly include the Business Unit TurboCare of the Energy Sector.

**Discontinued operations****General**

Net income from discontinued operations presented in the Consolidated Statements of Income for the three months ended December 31, 2013 and 2012 amount to 71 million (thereof 64 million income tax) and 64 million (thereof (71) million income tax), respectively.

Net income from discontinued operations attributable to shareholders of Siemens AG for the three months ended December 31, 2013 and 2012 amount to 70 million and 61 million, respectively.

**Water Technologies discontinued operations, assets and liabilities held for disposal**

The Business Unit Water Technologies is classified as held for disposal and discontinued operations since the fourth quarter of fiscal 2013. In the three months ended December 31, 2013, Siemens signed an agreement to sell the disposal group to funds managed by American European Associates Investors LP (AEA), U.S., for a preliminary consideration of 612 million. In January 2014, Siemens closed the transaction.

Accordingly, the results of Water Technologies are disclosed as discontinued operations in the Company's Consolidated Statements of Income for all periods presented:

	<b>Three months ended December 31, 2013      2012 (in millions of €)</b>	
Revenue	198	225
Expenses	(197)	(231)
Income on the measurement to fair value less costs to sell or on the disposal of the disposal group constituting the discontinued operations	2	
<b>Pretax income (loss) from discontinued operations</b>	<b>2</b>	<b>(6)</b>
Income taxes on ordinary activities	(2)	2
Income taxes on the income on the measurement to fair value less costs to sell or on the disposal of the disposal group constituting the discontinued operations	(1)	

**Loss from discontinued operations, net of income taxes**

**(1)**

**(5)**

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The assets and liabilities of Water Technologies are presented as held for disposal in the Consolidated Statements of Financial Position as of December 31, 2013 and September 30, 2013. The carrying amounts of the major classes of assets and liabilities of Water Technologies were as follows:

	December 31, 2013	September 30, 2013
	(in millions of )	
Trade and other receivables	139	155
Inventories	141	144
Financial assets	36	35
Goodwill	152	155
Other intangible assets	103	103
Property, plant and equipment	162	157
Other assets	25	19
<b>Assets classified as held for disposal</b>	<b>758</b>	<b>768</b>
Trade payables	62	79
Current provisions	36	36
Other current liabilities	79	92
Post-employment benefits	8	13
Other liabilities	46	37
<b>Liabilities associated with assets classified as held for disposal</b>	<b>232</b>	<b>258</b>

**OSRAM, Siemens IT Solutions and Services, SV and Com discontinued operations**

Net results of discontinued operations of OSRAM, Siemens IT Solutions and Services, SV activities and the former operating segment Com presented in the Consolidated Statements of Income in the three months ended December 31, 2013 and 2012 amounted to 72 million (thereof 68 million income tax) and 68 million (thereof (72) million income tax), respectively. Income tax includes 65 million related to former Communications activities in the three months ended December 31, 2013 and (67) million for OSRAM in the three months ended December 31, 2012.

**3. OTHER OPERATING INCOME**

Other operating income in the three months ended December 31, 2013 and 2012 includes 119 million and 34 million, respectively, in gains from the disposal of property, plant and equipment including gains from partially leased back real estate under operating leases.

**4. INTEREST INCOME, INTEREST EXPENSES AND OTHER FINANCIAL INCOME (EXPENSES), NET**

	Three months ended December 31, 2013 2012 (in millions of )	
Interest income from post-employment benefits		2
Interest income other than from post-employment benefits	256	231
<b>Interest income</b>	<b>256</b>	<b>233</b>
Interest expenses from post-employment benefits	(78)	(76)

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Interest expenses other than from post-employment benefits	(111)	(114)
<b>Interest expenses</b>	<b>(189)</b>	<b>(189)</b>
Income (expenses) from available-for-sale financial assets, net	1	(5)
Miscellaneous financial income (expenses), net	(93)	(28)
<b>Other financial income (expenses), net</b>	<b>(92)</b>	<b>(34)</b>

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Total amounts of item interest income and (expenses) other than from post-employment benefits were as follows:

	Three months ended December 31, 2013      2012 (in millions of )	
Interest income other than from post-employment benefits	256	231
Interest expenses other than from post-employment benefits	(111)	(114)
<b>Interest income (expenses), net, other than from post-employment benefits</b>	<b>145</b>	<b>117</b>

<i>Thereof: Interest income (expenses) of operations, net</i>	(8)	
<i>Thereof: Other interest income (expenses), net</i>	153	118

Item Interest income (expenses) of operations, net includes interest income and expenses primarily related to receivables from customers and payables to suppliers, interest on advances from customers and advanced financing of customer contracts. Item Other interest income (expenses), net includes all other interest amounts primarily consisting of interest relating to corporate debt and related hedging activities, as well as interest income on corporate assets.

In the three months ended December 31, 2013, the fair value of warrants issued together with US\$3 billion bonds in fiscal 2012 increased mainly due to an increase in the underlying Siemens and OSRAM share prices, resulting in a pretax loss of 125 million disclosed in Other financial income (expenses), net and in Corporate items for segment reporting purposes.

## 5. DEBT

	Dec. 31, 2013	Sept. 30, 2013
	(in millions of )	
<b>Short-term</b>		
Notes and bonds	1,419	1,431
Loans from banks	322	412
Other financial indebtedness	1,121	82
Obligations under finance leases	20	20
<b>Short-term debt and current maturities of long-term debt</b>	<b>2,883</b>	<b>1,944</b>
<b>Long-term</b>		
Notes and bonds (maturing until 2066)	16,878	17,060
Loans from banks (maturing until 2023)	1,223	1,233
Other financial indebtedness (maturing until 2027)	165	106
Obligations under finance leases	111	110
<b>Long-term debt</b>	<b>18,377</b>	<b>18,509</b>
	<b>21,260</b>	<b>20,453</b>

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As of December 31, 2013, commercial papers of 942 million were outstanding; as of September 30, 2013, none were outstanding.

### 6. POST-EMPLOYMENT BENEFITS

Unless otherwise stated, all numbers presented below refer only to continuing operations.

#### COMPONENTS OF DEFINED BENEFIT COST RECOGNIZED IN THE CONSOLIDATED STATEMENTS OF INCOME:

	Three months ended December 31,	
	2013 Total	2012 Total
	(in millions of )	
Current service cost	120	129
Net interest expenses	78	76
Net interest income		(2)
Amendments / Curtailments / Settlements		(5)
Liability administration expenses	3	5
<b>Defined benefit cost (income)</b>	<b>200</b>	<b>202</b>

#### FUNDED STATUS OF POST-EMPLOYMENT BENEFITS

At the end of the first three months of fiscal 2014, the funded status of Siemens defined benefit plans states an underfunding of 8.6 billion, compared to an underfunding of 9.1 billion at the end of fiscal 2013. This includes an underfunding for pension plans of 8.0 billion and 8.5 billion as of December 31, 2013, and September 30, 2013, respectively.

The weighted-average discount rate used to determine the estimated DBO of Siemens defined benefit plans as of December 31, 2013, and September 30, 2013, is 3.5% and 3.4%, respectively.

Contributions made by the Company to its post-employment benefit plans during the three months ended December 31, 2013 and 2012 were 147 million and 266 million, respectively.

### 7. SHAREHOLDERS EQUITY

#### TREASURY STOCK

In November 2013, Siemens announced a share buyback of up to 4 billion ending latest on October 31, 2015. The buybacks will be made under the current authorization granted at the Annual Shareholders Meeting on January 25, 2011, which allows for further share repurchases of a maximum of 47.8 million shares under this program. Shares repurchased may be used for cancelling and reducing capital stock, for issuing shares to current and former employees, to members of the Managing Board and board members of affiliated companies and for meeting obligations from or in connection with convertible bonds or warrant bonds.

In the three months ended December 31, 2013 and 2012, Siemens transferred a total of 1,413,798 and 1,497,978 of treasury stock, respectively, in connection with share-based payment plans. In the three months ended December 31, 2012, Siemens repurchased 15,022,634 treasury shares at a weighted average share price of 78.15.

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**CHANGES AFTER PERIOD-END**

At the Annual Shareholders' Meeting on January 28, 2014, the Company's shareholders passed a resolution on the appropriation of net income of Siemens AG, approving and authorizing a dividend of 3.00 per share, representing a 2