

SIEMENS AKTIENGESELLSCHAFT

Form 6-K

April 24, 2003

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FORM 6-K
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Report of Foreign Private Issuer

**Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934**

For April 24, 2003

Commission File Number: 1-15174

Siemens Aktiengesellschaft

(Translation of registrant's name into English)

Wittelsbacherplatz 2
D-80333 Munich
Federal Republic of Germany
(Address of principal executive offices)

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

Form 20-F 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

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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Note: The term Group profit from Operations replaces EBIT from Operations in the following table. This change, made in response to new rules issued by the SEC, is explained on the following page.

| | 2 nd quarter ⁽¹⁾ | | first six months ⁽²⁾ | |
|--|--|--------------|---------------------------------|-----------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Net income <i>(in millions of euros)</i> | 568 | 1,281 | 1,089⁽³⁾ | 1,819 |
| Earnings per share <i>(in euros)</i> | 0.64 | 1.44 | 1.22 | 2.05 |
| Net cash from operating and investing activities <i>(in millions of euros)</i> | 1,398 | 1,433 | 261 | 1,740 |
| <i>therein: Net cash provided by operating activities</i> | <i>1,957</i> | <i>2,339</i> | <i>1,272</i> | <i>2,253</i> |
| <i>Net cash used in investing activities</i> | <i>(559)</i> | <i>(906)</i> | <i>(1,011)</i> | <i>(513)</i> |
| <i>Supplemental contributions to pension trusts (included in net cash from operating activities)</i> | | | <i>(442)</i> | |
| Group profit from Operations <i>(in millions of euros)</i> | 1,073 | 1,086 | 2,170 | 1,951 |
| New orders <i>(in millions of euros)</i> | 19,084 | 22,431 | 39,229 | 47,821 ⁽⁴⁾ |
| Sales <i>(in millions of euros)</i> | 18,230 | 21,258 | 37,075 | 42,244 ⁽⁴⁾ |

| | March 31, 2003 | September 30, 2002 |
|---------------------------------|-------------------|-----------------------|
| Employees (in thousands) | 420 | 426 |
| Germany | 173 | 175 |
| International | 247 | 251 |

(1) January 1 – March 31.

(2) October 1 – March 31.

(3) Includes a positive effect of 36 million (or 0.04 per share) due to the adoption of SFAS 143, *Accounting for Asset Retirement Obligations*.

(4) Beginning December 5, 2001 Infineon is accounted for under the equity method of accounting and is no longer consolidated in the financial statements of Siemens. Therefore, in fiscal year 2002, Infineon's orders and sales are included only for the approximately two months in which Infineon was consolidated in the financial statements of Siemens.

Group profit from Operations is reconciled to Income before income taxes of Operations under Reconciliation to financial statements on the table Segment information.

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Terminology update

As a result of the implementation of the new rule *Conditions for Use of Non-GAAP Financial Measures* of the U.S. Securities and Exchange Commission (SEC), Siemens changed the terminology and definition of certain terms used in its financial reporting especially relating to its Groups.

Summarized information specifying the changes is provided in the table below:

| New terminology/definition | Previous terminology/definition |
|---|--|
| <p>Group</p> <p><i>Designates a reportable segment.</i></p> | <p>Segment/group</p> <p><i>Previously both terms were used.</i></p> |
| <p>Group profit</p> <p><i>Measure of individual segment profit or loss.</i></p> <p><i>Definition remains unchanged: Earnings before financing interest, certain pension costs, income taxes and certain one-time items, which do not relate to the business performance of the Groups.</i></p> | <p>EBIT</p> |
| <p>Other operations</p> <p><i>New line item within the Segment information table which primarily refers to certain centrally-held equity investments (such as BSH Bosch und Siemens Hausgeräte) and other operating activities not associated with a Group.</i></p> | <p><i>No comparable previous line item. Other operations was part of the former line item Corporate, eliminations .</i></p> |
| <p>Group profit from Operations</p> <p><i>Total of the individual Groups profit including Other operations .</i></p> <p><i>Definition changed. The former line item Corporate, eliminations is now separated into Other operations which is included in Group profit from Operations, and Corporate items, pensions and eliminations which is included in Reconciliation to financial statements .</i></p> | <p>EBIT from Operations</p> <p><i>No longer acceptable Non-GAAP Siemens measure under new SEC rules.</i></p> <p><i>EBIT from Operations had been the total of the segments EBIT and Corporate, eliminations .</i></p> <p><i>EBIT from Operations can be calculated as total of Group profit from Operations plus Corporate items, pensions and eliminations ⁽¹⁾.</i></p> |
| <p>Corporate items, pensions and eliminations</p> <p><i>New element of the line item Reconciliation to financial statements within the Segment information table.</i></p> <p><i>Includes all other items of the former Corporate, eliminations which refer to centrally managed items unrelated to operating activities. These comprise, among others, corporate charges such as personnel cost, corporate projects, certain non-allocated pension costs and corporate-related derivative activities. Also included are certain centrally-held investments, primarily the equity investment in Infineon which is not considered under an operating perspective since Siemens intends to divest its remaining interest in Infineon over time.</i></p> | <p><i>No comparable previous line item. Corporate items, pensions and eliminations was part of the former line item Corporate, eliminations ⁽²⁾.</i></p> |

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- (1) Reconciliation from Group profit from Operations to EBIT from Operations
 (2) Reconciliation from Corporate items, pensions and eliminations to Corporate, eliminations :

| <i>(in millions of euros)</i> | 2nd quarter | | first six months | | <i>(in millions of euros)</i> | 2nd quarter | | first six months | |
|--|-------------------------------|-------------|-------------------------|-------------|--|-------------------------------|-------------|-------------------------|-------------|
| | 2003 | 2002 | 2003 | 2002 | | 2003 | 2002 | 2003 | 2002 |
| Group profit from Operations | 1,073 | 1,086 | 2,170 | 1,951 | Corporate items, pensions and eliminations | (386) | (167) | (879) | (545) |
| Corporate items, pensions and eliminations | (386) | (167) | (879) | (545) | Other operations | 87 | 99 | 122 | 132 |
| EBIT from Operations | 687 | 919 | 1,291 | 1,406 | Corporate, eliminations | (299) | (68) | (757) | (413) |

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Press Presse Prensa

For the business and financial press
Bournemouth, April 24, 2003

Siemens in the second quarter (January 1 to March 31) of fiscal 2003

Net income for the second quarter of fiscal 2003 was 568 million. Second-quarter net income of 1.281 billion a year earlier included a gain of 604 million from sales of shares in Infineon Technologies AG. Net income for the first six months was 1.089 billion. First-half net income a year ago was 1.819 billion, including 936 million in gains from sales of Infineon shares.

Group profit from Operations was 1.073 billion, compared to 1.086 billion in the second quarter a year ago. Anticipated lower earnings at Power Generation were offset by earnings growth at Siemens VDO Automotive, Automation and Drives, Power Transmission and Distribution, and Osram. Group profit from Operations for the first six months was 2.170 billion, up 11% from 1.951 billion in the same period a year earlier.

Sales of 18.230 billion and orders of 19.084 billion were down 14% and 15%, respectively, from the second quarter a year earlier. Excluding currency translation effects and the net effect of acquisitions and dispositions, sales and orders decreased 5% and 7%, respectively. First-half sales were 37.075 billion, down 12% year-over-year, and orders were 39.229 billion, down 18%. Excluding currency and deconsolidation effects, sales and orders were down 4% and 11%, respectively.

Net cash from operating and investing activities was 1.398 billion, compared to second-quarter net cash of 1.433 billion a year earlier. Net cash from operating and investing activities for the first six months was 261 million after a supplemental cash contribution of 442 million to Siemens pension trusts in Germany and the U.K. In contrast, first-half net cash of 1.740 billion a year earlier included 945 million in net proceeds from portfolio activities.

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Note: Siemens' implementation of new Securities and Exchange Commission (SEC) rules, effective March 28, 2003, includes the use of certain new terms. These terms are defined in a separate document titled "Terminology Update," which is included with the Key Figures table accompanying this Earnings Release.

For the second quarter of fiscal 2003, Group profit from Operations was 1.073 billion, nearly unchanged compared to 1.086 billion in the prior-year period. During the current quarter an anticipated, volume-driven reduction in earnings at Power Generation (PG), due to the end of the gas turbine energy boom in the U.S., was offset by rising profits and higher margins despite falling sales at a majority of Siemens' operating Groups, led by Siemens VDO Automotive (SV), Automation and Drives (A&D), Power Transmission and Distribution (PTD), and Osram. Medical Solutions (Med) also maintained earnings and margins at a high level. Despite falling demand that continues to challenge the entire telecommunications and networking industry, Siemens' three Information and Communications Groups held their aggregate bottom line stable year-over-year.

Second-quarter net income of 568 million was lower than 1.281 billion a year earlier primarily due to a gain of 604 million in the prior-year period from the sale of shares in Infineon. In addition, Siemens' equity share of Infineon's net loss was higher in the current period, at 127 million, as was non-allocated pension expense, at 187 million. The comparable effects a year earlier were a negative 43 million and a negative 55 million, respectively. Earnings per share in the current quarter were 0.64, compared to 1.44 in the prior-year period.

Net cash from operating and investing activities in the second quarter rebounded strongly from the first quarter, to 1.398 billion, benefiting from effective asset management and planned reductions in capital expenditures. Net cash in the same quarter a year ago was 1.433 billion, including a negative 327 million related to transactions involving Infineon and Atecs Mannesmann. For the first six months of this year, net cash from operating and investing activities was 261 million, after supplemental pension trust contributions of 442 million in the first quarter. Net cash for the first six months a year earlier was 1.740 billion, including 945 million of net proceeds from the above-mentioned portfolio transactions.

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Sales and orders were lower year-over-year, due primarily to weaker macroeconomic conditions in Europe and the U.S. The comparison with the prior-year period also includes strong currency effects, particularly related to the U.S. dollar, as well as divestments that reduced Siemens overall business volume. These effects accounted for nine percentage points of the 14% year-over-year decline in sales and eight percentage points of the 15% decline in orders, to 18.230 billion and 19.084 billion, respectively.

Despite the difficult macroeconomic conditions and declining business volumes, many of the Groups are on track to achieve their Operation 2003 earnings targets, said Siemens CEO Heinrich v. Pierer. I am satisfied with our results, including another positive development in net cash. However, the ongoing weakness in capital spending across our major regions and markets is a concern. We will adjust our resources and investment plans appropriately in the event that it becomes necessary.

Operations in the second quarter of fiscal 2003

In the Information and Communications business area, Information and Communication Networks (ICN) narrowed its second-quarter Group loss from 158 million a year ago to 147 million in the current period. The Group continued to adjust its cost structure to address industry-wide declines in business volume, taking charges for severance and capacity adjustments totaling 44 million. While the Enterprise Networks division contributed 49 million to Group profit on sales of 887 million, substantially lower business volume as well as pricing pressures contributed to a 180 million quarterly loss on 797 million in sales at the Carrier Networks and Services division. For the Group as a whole, sales dropped 37% to 1.679 billion from 2.657 billion in the prior-year period. In addition to ongoing adverse market conditions, ICN's year-over-year decline in second-quarter sales also reflects currency translation effects of negative 6 percentage points and the divestment of various businesses between the two periods under review. Correspondingly, orders were down 22% to 1.689 billion from 2.174 billion in the same quarter a year ago, including negative currency effects of 7 percentage points. ICN anticipates ongoing charges in the second half of fiscal 2003, particularly related to its PACT program.

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Information and Communication Mobile (ICM) improved its Group profit to 55 million in the second quarter from 44 million in the prior-year period. Second-quarter sales were 2.329 billion, down 15% from 2.731 billion, and orders were 2.300 billion, down 31% from 3.325 billion. Currency effects contributed five percentage points to the decline in sales. The Mobile Phones division contributed 2 million to Group profit, generating 983 million in sales on a volume of 8.0 million handsets in a seasonally slow quarter. These results reflect ongoing margin pressures in the mobile phone market compared to a year ago, partly offset by a better-performing product mix. For comparison the division sold 8.3 million units and earned 13 million on sales of 1.052 billion in the same quarter a year earlier. Market conditions were particularly challenging at the Mobile Networks division, where earnings of 44 million on sales of 1.067 billion included a net positive effect of 66 million related primarily to a reduction in customer financing exposure. For comparison, the division's earnings a year earlier were 33 million. The Cordless Products and Wireless Modules divisions again contributed to Group profit. Anticipating further volume erosion in the second half of the year, particularly at Mobile Networks, ICM is intensifying its Top-on-Air productivity program.

Siemens Business Systems (SBS) posted Group profit of 25 million, down from 38 million in the second quarter a year earlier. Sales declined 8%, to 1.338 billion, and orders fell 12%, to 1.291 billion, as the market for information technology (IT) services grappled with increasing overcapacity, particularly in the Group's important German and European Union markets.

In the Automation and Control business area, Automation & Drives (A&D) was again a top earnings performer among Siemens Groups. A&D's Group profit of 184 million and margin of 9% were up substantially from the same quarter a year ago, and maintained the pace of more recent quarters. The Industrial Automation Systems and Motion Control Systems divisions delivered the strongest contributions to Group profit. Second-quarter sales were 2.034 billion, down 5% year-over-year, and orders were 2.155 billion, level with the prior year. Currency effects cut seven percentage points from both sales and order growth.

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While Industrial Solutions and Services (I&S) was in the black in the second quarter, due to a net positive effect of 9 million related to revised estimates of project performance, the Group continues to reduce capacity as the market for industrial solutions continues to weaken. Second-quarter sales declined 7%, to 990 million, including five percentage points due to currency effects, and orders were level at 1.018 billion.

Siemens Dematic (SD) held its Group profit level with the second quarter a year earlier, at 12 million, despite price erosion in the U.S. and European markets and the ongoing slump in the telecommunications equipment market, which affects SD's Electronics Assembly Systems division. Second-quarter sales of 658 million were down 12% year-over-year, and orders were down 10%, to 614 million. Currency effects cut 12 percentage points from sales growth and 14 percentage points from order growth.

Group profit at Siemens Building Technologies (SBT) was 2 million after 16 million in charges for severance and associated write-downs. For comparison, Group profit in the second quarter a year earlier was 40 million. Slower economic growth in the U.S. and Europe combined with an 8% currency effect pushed sales down 13% year-over-year, to 1.228 billion, and orders down 16%, to 1.238 billion. SBT anticipates further charges to reduce capacity and divest under-performing units in the second half of fiscal 2003.

In the Power business area, PG led all Siemens operating segments with Group profit of 262 million and a margin well above 15%. This result includes charges of 23 million for planned consolidation of manufacturing capacity. Furthermore, while the current period includes net gains of 46 million from customer cancellations, the prior-year period benefited from a 75 million gain related to revised estimates of project performance. PG's business volume, as expected, reflects the effects of radically reduced demand in the U.S. and a loss of ten percentage points to currency translation against sales between the two periods under review. As a result, sales of 1.691 billion and orders of 2.213 billion were both 35% lower than in the prior-year period. On a consecutive-quarter basis, business volumes declined more modestly. Success in winning new service contracts enabled PG to keep its backlog at 14.3 billion plus reservations of 4.1 billion nearly the same composition as at the end of the first quarter.

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Power Transmission and Distribution (PTD) increased its quarterly Group profit to 50 million, well above the 30 million level in the second quarter a year ago. The prior period included losses at the Group's Metering division, which PTD divested between the two periods under review. PTD's margin improved three points year-over-year and nearly a full point compared to the previous quarter. Sales decreased 16%, to 846 million, and orders declined 20%, to 811 million. The aggregate effects of currency and the divestment of Metering strongly influenced sales and orders by a negative 21% and 22%, respectively.

In the Transportation business area, Transportation Systems (TS) held Group profit and margin steady at 64 million and 5.8%, respectively, led by strong earnings at the Rail Automation division. Sales for TS overall rose 4%, to 1.101 billion, as the Group converted previous orders, particularly for railcars in the United Kingdom, into current sales. TS continued to win new business in Europe and Asia, including contracts for Spain's first driverless metropolitan transit system, in Barcelona, and 35 double-deck trains for the Swiss national railway system. The resulting 33% increase in second-quarter orders year-over-year, to 1.424 billion, drove the Group's order backlog up to 11.6 billion.

Siemens VDO Automotive (SV) continued its improvement in quarterly profitability since completing the integration of its merger with VDO. Group profit of 119 million was a new high for SV, far above the 18 million level posted in the second quarter a year ago. Diesel injection systems continued to fuel earnings growth at SV, helped by a significant earnings improvement in onboard information and entertainment (infotainment) systems. Both sales and orders were 2.185 billion, down 1% year-over-year, including negative currency translation effects of 7%.

In the Medical business area, Medical Solutions (Med) maintained a margin of nearly 14%, with a somewhat lower Group profit of 255 million compared to 262 million a year earlier. Sales slid 2%, to 1.830 billion, and orders fell 14%, to 1.845 billion, including currency effects of 14% and 12%, respectively.

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In the Lighting business area, Osram's Group profit of 101 million and margin of 9.5% in a difficult market represented solid increases compared to 90 million and 7.9% in the second quarter a year earlier. The Group continued the success of recent quarters by combining stringent cost-cutting and investment in higher-margin new products, including offerings that contributed to rapid volume growth and earnings improvement at the Opto Semiconductors division. Volume development in the Group's important U.S. market, however, remains difficult. Second-quarter sales and orders were 1.063 billion, down 7% year-over-year, including negative currency effects of 12%, particularly related to the U.S. dollar.

Other operations consists of items previously included in Corporate, eliminations. The new category aggregates results for certain centrally held equity investments such as Bosch und Siemens Hausgeräte GmbH (BSH) and other operating activities not associated with a Group. In the second quarter of fiscal 2003, Other operations generated Group profit of 87 million, compared to 99 million in the same period a year ago.

Corporate items, pensions and eliminations

Corporate items, pensions, and eliminations consist primarily of corporate personnel costs, corporate projects, certain non-allocated pension costs, and the net equity result of Infineon. For the second quarter of fiscal 2003, this line item was a negative 386 million compared to a negative 167 million in the same period a year ago. Corporate costs in the second quarter were 147 million, compared to 163 million last year. Siemens' equity share of Infineon's net loss was 127 million in the current quarter, compared to 43 million a year earlier, and non-allocated pension expense was also higher in the current period, at 187 million, compared to 55 million a year earlier.

Financing and Real Estate

Siemens Financial Services (SFS) increased earnings before income taxes to 58 million, up from 41 million in the second quarter year earlier, on higher income at the Equity division from an equity investment. Second-quarter results for Siemens Real Estate (SRE) declined year-over-year, to 55 million from 79 million, due to lower disposal gains and increasing vacancy rates brought on by economic uncertainty in the U.S. and Europe.

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Siemens in the first six months

Net income for the first six months of fiscal 2003 was 1.089 billion. First-half net income of 1.819 billion a year earlier included a non-taxable gain of 936 million related to the sale of shares in Infineon. On a comparable basis, net income improved year-over-year. The improvement was driven by an 11% increase in Group profit from Operations, which rose to 2.170 billion from 1.951 billion. Orders for the first six months were 39.229 billion, down 18% from 47.821 billion a year earlier, and sales fell 12% to 37.075 billion from 42.244 billion. Excluding currency and the net effect of acquisitions and dispositions, the declines in orders and sales were 11% and 4%, respectively. Earnings per share for the first six months of this year were 1.22 compared to 2.05 for the same period a year ago.

International trends for the first half of fiscal 2003

Orders in Germany for the first half were 8.708 billion, down 9% compared to the same period a year earlier. Sales in Germany decreased 8% to 8.315 billion. International orders dropped 20% year-over-year, to 30.521 billion. Excluding currency and deconsolidation effects, the decline was 11%. International sales of 28.760 billion declined 13% year-over-year. Excluding currency and deconsolidation effects, international sales slid 2%.

First-half orders in the U.S. were down 42%, to 7.546 billion, and sales declined 24%, to 7.924 billion, driven by expected volume declines at PG following the end of the gas turbine energy boom and also by currency effects of 18%. Asia-Pacific orders fell 16% to 4.899 billion and sales fell 15% year-over-year, to 4.293 billion, due largely to currency effects and the net effect of acquisitions and dispositions. China continued to account for the region's largest share of sales. While sales in China fell 19% to 1.358 billion in the first half of the current fiscal year, sales growth excluding currency effects and the net effect of acquisitions and dispositions would have been 4% year-over-year.

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Income Statement highlights for the second quarter of fiscal 2003

Net sales for Siemens worldwide were 18.230 billion in the second quarter, compared to 21.258 billion in the same period a year earlier. Net income for Siemens worldwide was 568 million. Net income of 1.281 billion in the same quarter a year ago included a gain of 604 million from the sale of shares in Infineon.

In Operations, net sales were 18.113 billion, down from 21.067 billion a year earlier. Gross profit margin remained steady at 27.8%, as lower margins due to charges taken for capacity adjustment at PG were offset by increases at ICN, A&D, PTD, TS, SV, Med and Osram. Research and development expense was 7.1% of sales, compared to 6.8% in the second quarter a year earlier. Marketing, selling, and general administration expense was 17.4% of sales, up from 17.1% a year ago. Other operating income (expense) was a positive 69 million, compared to a negative 74 million in the second quarter of fiscal 2002. Income from investments in other companies was 3 million, down from 96 million in the prior year period due primarily to higher losses associated with Siemens equity interest in Infineon. The prior-year period also includes a 604 million gain from the sales of shares in Infineon.

Liquidity and balance sheet highlights for the first half of fiscal 2003

Net cash from operating and investing activities for the first six months of fiscal 2003 was 261 million. Operating activities provided net cash of 1.272 billion, after a 442 million supplemental cash contribution to Siemens pension trusts in Germany and the U.K. The current period reflects a substantial reduction in trade accounts receivable, particularly at ICN, A&D, SBT, and PTD. As part of a planned phase-out of sales of accounts receivable, the decrease in outstanding balance of receivables sold was 537 million in the current period, compared to a decrease of 190 million in the first six months of last year. Accounts payable decreased, but at a lower level than in the prior six-month period.

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Net cash used in investing activities was 1.011 billion compared to net cash used of 513 million in the first half of last year. The current period reflects lower cash outlays for capital expenditures compared to the prior year across all Groups, in particular ICN. Investing activities in the first six months of the prior year included transactions related to Siemens' acquisition of Atecs Mannesmann. Also in the first six months of last year, a cash payment of 3.7 billion to Vodafone AG was partially offset by approximately 3.1 billion received from disposition of Atecs businesses held for sale. Sales of Infineon shares in the prior-year six-month period generated proceeds totaling 1.522 billion.

Net cash used in financing activities was 2.077 billion. Within that total was 727 million in repayment of debt, including the buyback of 500 million of a bond exchangeable into shares of Infineon and having a nominal value of 2.5 billion. The net change in short-term debt resulted in cash outflow of 594 million. During the six-month period, dividends paid to shareholders totaled 888 million. Total assets decreased to 73.878 billion from 77.939 billion at September 30, 2002, due primarily to currency effects and lower accounts receivable.

Pension Plan Funding

During the six month period ended March 31, 2003, the funding status of Siemens' principal pension plans improved by approximately 50 million from September 30, 2002. The change is due primarily to supplemental cash contributions of 442 million plus a contribution of 377 million in real estate made at the beginning of the current fiscal year, largely offset by a slight decline in the market value of the pension plan assets and the half-year development of service and interest cost.

Economic Value Added

Siemens worldwide EVA for the first half of fiscal 2003 was positive but lower compared to the same period a year ago, due primarily to gains of 936 million on sales of shares in Infineon during the first six months a year earlier. Excluding these gains, EVA increased compared to the prior-year period.

Note: Siemens CEO Heinrich v. Pierer and CFO Heinz-Joachim Neubürger will hold an English-language telephone conference with analysts on April, 24, 2003 at 3.00 p.m. CET. You can follow this conference live on the Internet by going to www.siemens.com/analytscall. A recording of the telephone conference will be available later at the same location.

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This press release report contains forward-looking statements based on beliefs of Siemens management. The words anticipate, believe, estimate, forecast, expect, intend, plan, should and project are used to identify forward-looking statements. Such statements reflect the company's views with respect to future events and are subject to risks and uncertainties. Many factors could cause the actual results to be materially different, including, among others, changes in general economic and business conditions, changes in currency exchange rates and interest rates, introduction of competing products, lack of acceptance of new products or services and changes in business strategy. Actual results may vary materially from those projected here. Siemens does not intend or assume any obligation to update these forward-looking statements.

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As of and for the three months ended March 31, 2003 and 2002 and as of September 30, 2002
(in millions of)

| | New orders | | External sales | | Intersegment sales | | Total sales | | Group profit ⁽¹⁾ | |
|---|---------------|---------------|----------------|---------------|--------------------|--------------|---------------|---------------|-----------------------------|--------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Operations Groups | | | | | | | | | | |
| Information and Communication Networks (ICN) | 1,689 | 2,174 | 1,587 | 2,504 | 92 | 153 | 1,679 | 2,657 | (147) | (158) |
| Information and Communication Mobile (ICM) | 2,300 | 3,325 | 2,287 | 2,693 | 42 | 38 | 2,329 | 2,731 | 55 | 44 |
| Siemens Business Services (SBS) | 1,291 | 1,459 | 1,015 | 1,091 | 323 | 370 | 1,338 | 1,461 | 25 | 38 |
| Automation and Drives (A&D) | 2,155 | 2,168 | 1,735 | 1,823 | 299 | 310 | 2,034 | 2,133 | 184 | 138 |
| Industrial Solutions and Services (I&S) | 1,018 | 1,017 | 685 | 781 | 305 | 288 | 990 | 1,069 | 4 | (39) |
| Siemens Dematic (SD) | 614 | 684 | 617 | 734 | 41 | 13 | 658 | 747 | 12 | 12 |
| Siemens Building Technologies (SBT) | 1,238 | 1,473 | 1,158 | 1,320 | 70 | 86 | 1,228 | 1,406 | 2 | 40 |
| Power Generation (PG) | 2,213 | 3,405 | 1,691 | 2,601 | | 13 | 1,691 | 2,614 | 262 | 450 |
| Power Transmission and Distribution (PTD) | 811 | 1,020 | 790 | 938 | 56 | 67 | 846 | 1,005 | 50 | 30 |
| Transportation Systems (TS) | 1,424 | 1,070 | 1,095 | 1,056 | 6 | 4 | 1,101 | 1,060 | 64 | 62 |
| Siemens VDO Automotive (SV) | 2,185 | 2,211 | 2,183 | 2,204 | 2 | 3 | 2,185 | 2,207 | 119 | 18 |
| Medical Solutions (Med) | 1,845 | 2,141 | 1,817 | 1,864 | 13 | 6 | 1,830 | 1,870 | 255 | 262 |
| Osram | 1,063 | 1,139 | 1,056 | 1,134 | 7 | 4 | 1,063 | 1,138 | 101 | 90 |
| Other operations ⁽⁵⁾ | 383 | 494 | 294 | 284 | 129 | 225 | 423 | 509 | 87 | 99 |
| Total Operations Groups | 20,229 | 23,780 | 18,010 | 21,027 | 1,385 | 1,580 | 19,395 | 22,607 | 1,073 | 1,086 |
| Reconciliation to financial statements | | | | | | | | | | |
| Corporate items, pensions and eliminations | (1,679) | (1,912) | 56 | 42 | (1,338) | (1,582) | (1,282) | (1,540) | (386) | (167) |
| Other interest expense | | | | | | | | | (24) | (26) |
| Gains on sales and dispositions of significant business interests | | | | | | | | | | 604 |
| Other assets related reconciling items | | | | | | | | | | |
| Total Operations (for columns Group) | 18,550 | 21,868 | 18,066 | 21,069 | 47 | (2) | 18,113 | 21,067 | 663 | 1,497 |

profit/Net capital
employed, i.e.
Income before
income taxes/Total
assets)

| | | | | | | | | | | Income before income taxes |
|---|---------------|---------------|---------------|---------------|------------|------------|---------------|---------------|------------|-------------------------------|
| Financing and Real Estate Groups | | | | | | | | | | |
| Siemens Financial Services (SFS) | 139 | 154 | 105 | 120 | 34 | 35 | 139 | 155 | 58 | 41 |
| Siemens Real Estate (SRE) | 395 | 408 | 59 | 69 | 336 | 339 | 395 | 408 | 55 | 79 |
| Eliminations | | | | | (2) | (2) | (2) | (2) | | |
| Total Financing and Real Estate | 534 | 562 | 164 | 189 | 368 | 372 | 532 | 561 | 113 | 120 |
| Eliminations, reclassifications and Corporate Treasury | | 1 | | | (415) | (370) | (415) | (370) | 28 | 52 |
| Siemens worldwide | 19,084 | 22,431 | 18,230 | 21,258 | | | 18,230 | 21,258 | 804 | 1,669 |

[Additional columns below]

[Continued from above table, first column(s) repeated]

| | Net capital employed ⁽²⁾ | | Net cash from operating and investing activities | | Capital spending ⁽³⁾ | | Amortization, depreciation and impairments ⁽⁴⁾ | |
|--|-------------------------------------|---------|--|------|---------------------------------|------|---|------|
| | 3/31/03 | 9/30/02 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Operations Groups | | | | | | | | |
| Information and Communication Networks (ICN) | 694 | 1,100 | 19 | 227 | 53 | 99 | 125 | 98 |
| Information and Communication Mobile (ICM) | 1,908 | 1,973 | 279 | 425 | 73 | 86 | 66 | 92 |
| Siemens Business Services (SBS) | 462 | 264 | (67) | (15) | 27 | 56 | 64 | 68 |
| Automation and Drives (A&D) | 2,079 | 2,197 | 275 | 272 | 65 | 59 | 51 | 56 |
| Industrial Solutions and Services (I&S) | 271 | 315 | (10) | (71) | 9 | 19 | 12 | 15 |
| Siemens Dematic (SD) | 1,199 | 975 | (149) | (40) | 14 | 23 | 13 | 17 |
| Siemens Building Technologies (SBT) | 1,620 | 1,778 | 212 | 112 | 24 | 30 | 39 | 39 |
| Power Generation (PG) | 430 | (144) | 117 | 484 | 29 | 30 | 34 | 38 |
| Power Transmission and Distribution (PTD) | 894 | 928 | 60 | 89 | 17 | 29 | 16 | 18 |
| Transportation Systems (TS) | (177) | (741) | (245) | 73 | 22 | 23 | 14 | 13 |
| Siemens VDO Automotive (SV) | 3,912 | 3,746 | 81 | 20 | 75 | 119 | 106 | 94 |
| Medical Solutions (Med) | 3,400 | 3,414 | 214 | 170 | 66 | 80 | 48 | 47 |
| Osram | 2,188 | 2,436 | 169 | 155 | 51 | 71 | 64 | 73 |
| Other operations ⁽⁵⁾ | 892 | 535 | 1 | 11 | 15 | 13 | 14 | 14 |

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| | | | | | | | | |
|---|---------|---------|----------------------|----------------------|-----|-------|-----|-----|
| Total Operations Groups | 19,772 | 18,776 | 956 | 1,912 | 540 | 737 | 666 | 682 |
| Reconciliation to financial statements | | | | | | | | |
| Corporate items, pensions and eliminations | (2,614) | (3,021) | (100) ⁽⁶⁾ | (130) ⁽⁶⁾ | 17 | 3,670 | (6) | 45 |
| Other interest expense | | | | | | | | |
| Gains on sales and dispositions of significant business interests | | | | | | | | |
| Other assets related reconciling items | 45,483 | 51,944 | | | | | | |
| Total Operations (for columns Group profit/Net capital employed, i.e. Income before income taxes/Total assets) | | | | | | | | |
| | 62,641 | 67,699 | 856 | 1,782 | 557 | 4,407 | 660 | 727 |
| Total assets | | | | | | | | |
| Financing and Real Estate Groups | | | | | | | | |
| Siemens Financial Services (SFS) | 8,420 | 8,681 | 150 | 41 | 39 | 81 | 54 | 62 |
| Siemens Real Estate (SRE) | 3,710 | 4,090 | 84 | 114 | 39 | 82 | 50 | 49 |
| Eliminations | (556) | (561) | (24) ⁽⁶⁾ | (32) ⁽⁶⁾ | | | | |
| Total Financing and Real Estate | 11,574 | 12,210 | 210 | 123 | 78 | 163 | 104 | 111 |
| Eliminations, reclassifications and Corporate Treasury | | | | | | | | |
| | (337) | (1,970) | 332 ⁽⁶⁾ | (472) ⁽⁶⁾ | | | | |
| Siemens worldwide | 73,878 | 77,939 | 1,398 | 1,433 | 635 | 4,570 | 764 | 838 |

- (1) Group profit of the Operations Groups is earnings before financing interest, certain pension costs, income taxes and certain one-time items, which in management's view do not relate to the business performance of the Groups.
- (2) Net capital employed of the Operations Groups represents total assets less tax assets, certain accruals and non-interest bearing liabilities other than tax liabilities.
- (3) Intangible assets, property, plant and equipment, acquisitions, and investments.
- (4) Includes amortization and impairments of intangible assets, depreciation of property, plant and equipment, and write-downs of investments.
- (5) Other operations primarily refer to certain centrally-held equity investments and other operating activities not associated with a Group.
- (6) Includes (for Eliminations within Financing and Real Estate consists of) cash paid for income taxes according to the allocation of income taxes to Operations, Financing and Real Estate, and Eliminations, reclassifications and Corporate Treasury in the Consolidated Statements of Income.

Table of Contents**SIEMENS AG****SEGMENT INFORMATION (unaudited)**

As of and for the six months ended March 31, 2003 and 2002 and as of September 30, 2002
(in millions of)

| | New orders | | External sales | | Intersegment sales | | Total sales | | Group profit ⁽¹⁾ | |
|---|---------------|---------------|----------------|---------------|--------------------|--------------|---------------|---------------|-----------------------------|--------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Operations Groups | | | | | | | | | | |
| Information and Communication Networks (ICN) | 3,629 | 4,801 | 3,301 | 4,941 | 182 | 256 | 3,483 | 5,197 | (298) | (282) |
| Information and Communication Mobile (ICM) | 4,809 | 6,643 | 5,115 | 5,786 | 70 | 72 | 5,185 | 5,858 | 114 | 81 |
| Siemens Business Services (SBS) | 2,685 | 3,359 | 1,989 | 2,163 | 616 | 765 | 2,605 | 2,928 | 37 | 70 |
| Automation and Drives (A&D) | 4,389 | 4,533 | 3,418 | 3,515 | 598 | 576 | 4,016 | 4,091 | 363 | 311 |
| Industrial Solutions and Services (I&S) | 2,085 | 2,182 | 1,414 | 1,594 | 505 | 515 | 1,919 | 2,109 | (29) | (37) |
| Siemens Dematic (SD) | 1,226 | 1,447 | 1,206 | 1,527 | 74 | 24 | 1,280 | 1,551 | 24 | 23 |
| Siemens Building Technologies (SBT) | 2,492 | 2,870 | 2,313 | 2,563 | 121 | 155 | 2,434 | 2,718 | 45 | 85 |
| Power Generation (PG) | 4,483 | 7,498 | 3,458 | 4,730 | 18 | 18 | 3,476 | 4,748 | 671 | 752 |
| Power Transmission and Distribution (PTD) | 1,920 | 2,669 | 1,547 | 1,872 | 101 | 135 | 1,648 | 2,007 | 90 | 50 |
| Transportation Systems (TS) | 2,524 | 2,923 | 2,171 | 2,014 | 10 | 7 | 2,181 | 2,021 | 132 | 112 |
| Siemens VDO Automotive (SV) | 4,318 | 4,234 | 4,313 | 4,231 | 5 | 3 | 4,318 | 4,234 | 192 | 12 |
| Medical Solutions (Med) | 3,803 | 4,111 | 3,632 | 3,629 | 29 | 11 | 3,661 | 3,640 | 500 | 474 |
| Osram | 2,186 | 2,238 | 2,174 | 2,188 | 12 | 49 | 2,186 | 2,237 | 207 | 168 |
| Other operations ⁽⁵⁾ | 922 | 924 | 596 | 606 | 316 | 367 | 912 | 973 | 122 | 132 |
| Total Operations Groups | 41,471 | 50,432 | 36,647 | 41,359 | 2,657 | 2,953 | 39,304 | 44,312 | 2,170 | 1,951 |
| Reconciliation to financial statements | | | | | | | | | | |
| Corporate items, pensions and eliminations | (3,309) | (4,188) | 89 | 64 | (2,592) | (2,906) | (2,503) | (2,842) | (879) | (545) |
| Other interest expense | | | | | | | | | (26) | (92) |
| Gains on sales and dispositions of significant business interests | | | | | | | | | | 936 |
| Other assets related reconciling items | | | | | | | | | | |
| Total Operations (for columns Group profit/Net capital) | 38,162 | 46,244 | 36,736 | 41,423 | 65 | 47 | 36,801 | 41,470 | 1,265 | 2,250 |

employed, i.e.
Income before
income taxes/Total
assets)

| | | | | | | | | | | Income before income taxes |
|---|---------------|---------------|---------------|---------------|--------------|--------------|---------------|---------------|--------------|-------------------------------|
| Financing and Real Estate Groups | | | | | | | | | | |
| Siemens Financial Services (SFS) | 275 | 276 | 214 | 214 | 61 | 62 | 275 | 276 | 142 | 83 |
| Siemens Real Estate (SRE) | 791 | 805 | 124 | 117 | 667 | 688 | 791 | 805 | 110 | 167 |
| Eliminations | | | | | (6) | (4) | (6) | (4) | | |
| Total Financing and Real Estate | 1,066 | 1,081 | 338 | 331 | 722 | 746 | 1,060 | 1,077 | 252 | 250 |
| Eliminations, reclassifications and Corporate Treasury | 1 | 496 | 1 | 490 | (787) | (793) | (786) | (303) | 101 | (273) |
| Siemens worldwide | 39,229 | 47,821 | 37,075 | 42,244 | | | 37,075 | 42,244 | 1,618 | 2,227 |

[Additional columns below]

[Continued from above table, first column(s) repeated]

| | Net capital employed ⁽²⁾ | | Net cash from operating and investing activities | | Capital spending ⁽³⁾ | | Amortization, depreciation and impairments ⁽⁴⁾ | |
|--|-------------------------------------|---------------|--|--------------|---------------------------------|--------------|---|--------------|
| | 3/31/03 | 9/30/02 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Operations Groups | | | | | | | | |
| Information and Communication Networks (ICN) | 694 | 1,100 | 52 | 40 | 88 | 233 | 236 | 232 |
| Information and Communication Mobile (ICM) | 1,908 | 1,973 | 167 | 29 | 146 | 155 | 138 | 174 |
| Siemens Business Services (SBS) | 462 | 264 | (168) | (103) | 64 | 95 | 125 | 140 |
| Automation and Drives (A&D) | 2,079 | 2,197 | 438 | 259 | 104 | 106 | 106 | 112 |
| Industrial Solutions and Services (I&S) | 271 | 315 | (53) | (171) | 21 | 35 | 24 | 26 |
| Siemens Dematic (SD) | 1,199 | 975 | (238) | (103) | 23 | 39 | 28 | 32 |
| Siemens Building Technologies (SBT) | 1,620 | 1,778 | 176 | 28 | 47 | 68 | 74 | 75 |
| Power Generation (PG) | 430 | (144) | 71 | 883 | 85 | 91 | 66 | 74 |
| Power Transmission and Distribution (PTD) | 894 | 928 | 118 | 71 | 29 | 50 | 32 | 36 |
| Transportation Systems (TS) | (177) | (741) | (406) | 149 | 50 | 68 | 29 | 24 |
| Siemens VDO Automotive (SV) | 3,912 | 3,746 | (3) | (23) | 255 | 214 | 195 | 179 |
| Medical Solutions (Med) | 3,400 | 3,414 | 194 | 337 | 140 | 174 | 98 | 94 |
| Osram | 2,188 | 2,436 | 314 | 144 | 118 | 157 | 133 | 143 |
| Other operations ⁽⁵⁾ | 892 | 535 | (56) | (108) | 23 | 22 | 28 | 26 |
| Total Operations Groups | 19,772 | 18,776 | 606 | 1,432 | 1,193 | 1,507 | 1,312 | 1,367 |

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| Reconciliation to financial statements | | | | | | | | |
|---|---------------------|----------------|--------------------------|----------------------------|--------------|--------------|--------------|--------------|
| Corporate items, pensions and eliminations | (2,614) | (3,021) | (987) ⁽⁶⁾ | 724 ⁽⁶⁾ | (7) | 3,666 | 32 | 43 |
| Other interest expense | | | | | | | | |
| Gains on sales and dispositions of significant business interests | | | | | | | | |
| Other assets related reconciling items | 45,483 | 51,944 | | | | | | |
| Total Operations (for columns Group profit/Net capital employed, i.e. Income before income taxes/Total assets) | 62,641 | 67,699 | (381) | 2,156 | 1,186 | 5,173 | 1,344 | 1,410 |
| | Total assets | | | | | | | |
| Financing and Real Estate Groups | | | | | | | | |
| Siemens Financial Services (SFS) | 8,420 | 8,681 | (7) | 340 | 81 | 151 | 108 | 122 |
| Siemens Real Estate (SRE) | 3,710 | 4,090 | 134 | 138 | 67 | 126 | 98 | 100 |
| Eliminations | (556) | (561) | (74) ⁽⁶⁾ | (74) ⁽⁶⁾ | | | | |
| Total Financing and Real Estate | 11,574 | 12,210 | 53 | 404 | 148 | 277 | 206 | 222 |
| Eliminations, reclassifications and Corporate Treasury | (337) | (1,970) | 589⁽⁶⁾ | (820)⁽⁶⁾ | | 214 | | 209 |
| Siemens worldwide | 73,878 | 77,939 | 261 | 1,740 | 1,334 | 5,664 | 1,550 | 1,841 |

- (1) Group profit of the Operations Groups is earnings before financing interest, certain pension costs, income taxes and certain one-time items, which in management's view do not relate to the business performance of the Groups.
- (2) Net capital employed of the Operations Groups represents total assets less tax assets, certain accruals and non-interest bearing liabilities other than tax liabilities.
- (3) Intangible assets, property, plant and equipment, acquisitions, and investments.
- (4) Includes amortization and impairments of intangible assets, depreciation of property, plant and equipment, and write-downs of investments.
- (5) Other operations primarily refer to certain centrally-held equity investments and other operating activities not associated with a Group.
- (6) Includes (for Eliminations within Financing and Real Estate consists of) cash paid for income taxes according to the allocation of income taxes to Operations, Financing and Real Estate, and Eliminations, reclassifications and Corporate Treasury in the Consolidated Statements of Income.

Table of Contents**SIEMENS AG**

CONSOLIDATED STATEMENTS OF INCOME (unaudited)
For the three months ended March 31, 2003 and 2002
(in millions of €, per share amounts in €)

| | Siemens worldwide | | Eliminations, reclassifications and Corporate Treasury | | Operations | | Financing and Real Estate | |
|--|-------------------|----------|--|-------|------------|----------|---------------------------------|-------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Net sales | 18,230 | 21,258 | (415) | (370) | 18,113 | 21,067 | 532 | 561 |
| Cost of sales | (13,062) | (15,267) | 415 | 371 | (13,079) | (15,198) | (398) | (440) |
| Gross profit on sales | 5,168 | 5,991 | | 1 | 5,034 | 5,869 | 134 | 121 |
| Research and development expenses | (1,278) | (1,426) | | | (1,278) | (1,426) | | |
| Marketing, selling and general administrative expenses | (3,232) | (3,666) | 1 | (1) | (3,157) | (3,610) | (76) | (55) |
| Other operating income (expense), net | 69 | 549 | (21) | 582 | 69 | (74) | 21 | 41 |
| Income from investments in other companies, net | 24 | 97 | | 1 | 3 | 96 | 21 | |
| Income (expense) from financial assets and marketable securities, net | 10 | 75 | 11 | 89 | 8 | (3) | (9) | (11) |
| Interest income of Operations, net | 8 | 67 | | | 8 | 67 | | |
| Other interest income (expense), net | 35 | (18) | 37 | (16) | (24) | (26) | 22 | 24 |
| Gains on sales and dispositions of significant business interests | | | | (604) | | 604 | | |
| Income before income taxes | 804 | 1,669 | 28 | 52 | 663 | 1,497 | 113 | 120 |
| Income taxes | (216) | (353) | (5) | (82) | (182) | (255) | (29) | (16) |
| Minority interest | (20) | (35) | | | (20) | (35) | | |
| Income (loss) before cumulative effect of change in accounting principle | 568 | 1,281 | 23 | (30) | 461 | 1,207 | 84 | 104 |
| Cumulative effect of change in accounting principle, net of income taxes | | | | | | | | |
| Net income (loss) | 568 | 1,281 | 23 | (30) | 461 | 1,207 | 84 | 104 |
| Basic earnings per share | | | | | | | | |
| Income before cumulative effect of change in accounting principle | 0.64 | 1.44 | | | | | | |
| Cumulative effect of change in accounting principle, net of income taxes | | | | | | | | |
| Net income | 0.64 | 1.44 | | | | | | |
| Diluted earnings per share | | | | | | | | |
| Income before cumulative effect of change in accounting principle | 0.64 | 1.44 | | | | | | |
| Cumulative effect of change in accounting principle, net of income taxes | | | | | | | | |

| | | |
|------------|-------------|-------------|
| Net income | <u>0.64</u> | <u>1.44</u> |
|------------|-------------|-------------|

Table of Contents**SIEMENS AG**

CONSOLIDATED STATEMENTS OF INCOME (unaudited)
For the six months ended March 31, 2003 and 2002
(in millions of \$, per share amounts in \$)

| | Siemens worldwide | | Eliminations, reclassifications and Corporate Treasury ⁽²⁾ | | Operations | | Financing and Real Estate | |
|---|-------------------|----------|---|-------|------------|----------|------------------------------|-------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Net sales | 37,075 | 42,244 | (786) | (303) | 36,801 | 41,470 | 1,060 | 1,077 |
| Cost of sales | (26,625) | (30,611) | 787 | 227 | (26,614) | (30,022) | (798) | (816) |
| Gross profit on sales | 10,450 | 11,633 | 1 | (76) | 10,187 | 11,448 | 262 | 261 |
| Research and development expenses | (2,573) | (2,973) | | (168) | (2,573) | (2,805) | | |
| Marketing, selling and general administrative expenses | (6,740) | (7,567) | | (88) | (6,593) | (7,352) | (147) | (127) |
| Other operating income (expense), net | 284 | 940 | (37) | 886 | 266 | (27) | 55 | 81 |
| Income (loss) from investments in other companies, net | 28 | 75 | | (16) | (15) | 88 | 43 | 3 |
| Income (expense) from financial assets and marketable securities, net | 37 | 46 | 42 | 50 | (2) | 5 | (3) | (9) |
| Interest income of Operations, net | 21 | 49 | | | 21 | 49 | | |
| Other interest income (expense), net | 111 | 24 | 95 | 75 | (26) | (92) | 42 | 41 |
| Gains on sales and dispositions of significant business interests | | | | (936) | | 936 | | |
| Income (loss) before income taxes | 1,618 | 2,227 | 101 | (273) | 1,265 | 2,250 | 252 | 250 |
| Income taxes ⁽¹⁾ | (518) | (450) | (32) | 56 | (405) | (455) | (81) | (51) |
| Minority interest | (47) | 42 | | 2 | (47) | 40 | | |
| Income (loss) before cumulative effect of change in accounting principle | 1,053 | 1,819 | 69 | (215) | 813 | 1,835 | 171 | 199 |
| Cumulative effect of change in accounting principle, net of income taxes | 36 | | | | 39 | | (3) | |
| Net income (loss) | 1,089 | 1,819 | 69 | (215) | 852 | 1,835 | 168 | 199 |
| Basic earnings per share | | | | | | | | |
| Income before cumulative effect of change in accounting principle | 1.18 | 2.05 | | | | | | |
| Cumulative effect of change in accounting principle, net of income taxes | 0.04 | | | | | | | |
| Net income | 1.22 | 2.05 | | | | | | |
| Diluted earnings per share | | | | | | | | |
| Income before cumulative effect of change in accounting principle | 1.18 | 2.05 | | | | | | |
| Cumulative effect of change in accounting principle, net of income taxes | 0.04 | | | | | | | |

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| | | |
|------------|------|------|
| Net income | 1.22 | 2.05 |
|------------|------|------|

-
- (1) The income taxes of Eliminations, reclassifications and Corporate Treasury, Operations, and Financing and Real Estate are based on the consolidated effective corporate tax rate applied to income before income taxes.
 - (2) As of December 5, 2001, Siemens deconsolidated Infineon. The results of operations from Infineon for the first two months of the fiscal year 2002 period are included in Eliminations, reclassifications and Corporate Treasury. As of December 5, 2001, the share in earnings (loss) from Infineon is included in Income (loss) from investments in other companies, net in Operations.
-

Table of Contents**SIEMENS AG**

CONSOLIDATED STATEMENTS OF CASH FLOW (unaudited)
For the six months ended March 31, 2003 and 2002
(in millions of)

| | Siemens worldwide | | Eliminations, reclassifications and Corporate Treasury | | Operations | | Financing and Real Estate | |
|---|-------------------|--------------|--|--------------|------------|--------------|---------------------------------|------------|
| | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 | 2003 | 2002 |
| Cash flows from operating activities | | | | | | | | |
| Net income (loss) | 1,089 | 1,819 | 69 | (215) | 852 | 1,835 | 168 | 199 |
| Adjustments to reconcile net income to cash provided | | | | | | | | |
| Minority interest | 47 | (42) | | (2) | 47 | (40) | | |
| Amortization, depreciation and impairments | 1,550 | 1,841 | | 209 | 1,344 | 1,410 | 206 | 222 |
| Deferred taxes | 64 | (215) | 3 | (190) | 55 | (1) | 6 | (24) |
| Gains on sales and disposals of businesses and property, plant and equipment, net | (61) | (999) | | (936) | (40) | (8) | (21) | (55) |
| Losses (gains) on sales of investments, net | 3 | (77) | | 7 | 3 | (84) | | |
| Gains on sales and dispositions of significant business interests | | | | 936 | | (936) | | |
| Losses (gains) on sales and impairments of marketable securities, net | 21 | (4) | 9 | (2) | 11 | (6) | 1 | 4 |
| (Income) loss from equity investees, net of dividends received | (53) | 14 | | 16 | (19) | (4) | (34) | 2 |
| Change in current assets and liabilities | | | | | | | | |
| (Increase) decrease in inventories, net | (721) | (37) | | 86 | (731) | (146) | 10 | 23 |
| (Increase) decrease in accounts receivable, net | 1,027 | 874 | 60 | 289 | 968 | 559 | (1) | 26 |
| Increase (decrease) in outstanding balance of receivables sold | (537) | (190) | (259) | (190) | (278) | | | |
| (Increase) decrease in other current assets | 316 | 333 | 152 | (241) | 187 | 593 | (23) | (19) |
| Increase (decrease) in accounts payable | (581) | (1,127) | (9) | (256) | (585) | (835) | 13 | (36) |
| Increase (decrease) in accrued liabilities | 148 | (143) | | 48 | 159 | (172) | (11) | (19) |
| Increase (decrease) in other current liabilities | (1,211) | (484) | 388 | (598) | (1,469) | 53 | (130) | 61 |
| Supplemental contributions to pension trusts | (442) | | | | (442) | | | |
| Change in other assets and liabilities | 613 | 690 | 195 | 577 | 407 | 116 | 11 | (3) |
| Net cash provided by (used in) operating activities | 1,272 | 2,253 | 608 | (462) | 469 | 2,334 | 195 | 381 |
| Cash flows from investing activities | | | | | | | | |
| Additions to intangible assets and property, plant and equipment | (1,210) | (1,806) | | (149) | (1,067) | (1,383) | (143) | (274) |
| Acquisitions, net of cash acquired | (32) | (3,695) | | | (32) | (3,695) | | |
| Purchases of investments | (92) | (163) | | (65) | (87) | (95) | (5) | (3) |
| Purchases of marketable securities | (15) | (21) | (11) | (12) | (2) | (8) | (2) | (1) |
| Increase in receivables from financing activities | (121) | (12) | (283) | (338) | | | 162 | 326 |

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| | | | | | | | | |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| Increase (decrease) in outstanding balance of receivables sold by SFS | | | 259 | 190 | | | (259) | (190) |
| Proceeds from sales of long-term investments, intangibles and property, plant and equipment | 366 | 524 | | | 262 | 363 | 104 | 161 |
| Proceeds from sales and dispositions of businesses | 59 | 4,602 | | | 59 | 4,602 | | |
| Proceeds from sales of marketable securities | 34 | 58 | 16 | 16 | 17 | 38 | 1 | 4 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net cash (used in) provided by investing activities | (1,011) | (513) | (19) | (358) | (850) | (178) | (142) | 23 |
| Cash flows from financing activities | | | | | | | | |
| Proceeds from issuance of capital stock | | 155 | | | | 155 | | |
| Purchase of common stock of Company | | (148) | | | | (148) | | |
| Proceeds from issuance of treasury shares | 4 | 81 | | | 4 | 81 | | |
| Proceeds from issuance of debt | 202 | 256 | 202 | 256 | | | | |
| Repayment of debt | (727) | | (727) | | | | | |
| Change in short-term debt | (594) | 645 | (334) | 413 | (201) | 267 | (59) | (35) |
| Change in restricted cash | | (2) | | (2) | | | | |
| Dividends paid | (888) | (888) | | | (888) | (888) | | |
| Dividends paid to minority shareholders | (74) | (80) | | | (74) | (80) | | |
| Intracompany financing | | | (1,496) | 1,731 | 1,508 | (1,369) | (12) | (362) |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Net cash (used in) provided by financing activities | (2,077) | 19 | (2,355) | 2,398 | 349 | (1,982) | (71) | (397) |
| Effect of deconsolidation of Infineon on cash and cash equivalents | | (383) | | (383) | | | | |
| Effect of exchange rates on cash and cash equivalents | (210) | 67 | (160) | 41 | (49) | 25 | (1) | 1 |
| Net (decrease) increase in cash and cash equivalents | (2,026) | 1,443 | (1,926) | 1,236 | (81) | 199 | (19) | 8 |
| Cash and cash equivalents at beginning of period | 11,196 | 7,802 | 10,269 | 6,860 | 873 | 907 | 54 | 35 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Cash and cash equivalents at end of period | 9,170 | 9,245 | 8,343 | 8,096 | 792 | 1,106 | 35 | 43 |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> | <u> </u> |

Table of Contents**SIEMENS AG****CONSOLIDATED BALANCE SHEETS (unaudited)**

As of March 31, 2003 and September 30, 2002

(in millions of)

| | Siemens worldwide | | Eliminations, reclassifications and Corporate Treasury | | Operations | | Financing and Real Estate | |
|---|-------------------|---------------|--|----------------|---------------|---------------|------------------------------|---------------|
| | 3/31/03 | 9/30/02 | 3/31/03 | 9/30/02 | 3/31/03 | 9/30/02 | 3/31/03 | 9/30/02 |
| ASSETS | | | | | | | | |
| Current assets | | | | | | | | |
| Cash and cash equivalents | 9,170 | 11,196 | 8,343 | 10,269 | 792 | 873 | 35 | 54 |
| Marketable securities | 500 | 399 | 19 | 25 | 462 | 356 | 19 | 18 |
| Accounts receivable, net | 14,260 | 15,230 | (7) | (7) | 10,931 | 12,058 | 3,336 | 3,179 |
| Intracompany receivables | | | (9,837) | (13,284) | 9,751 | 13,209 | 86 | 75 |
| Inventories, net | 10,938 | 10,672 | (12) | (5) | 10,878 | 10,592 | 72 | 85 |
| Deferred income taxes | 1,142 | 1,212 | 111 | 64 | 1,026 | 1,143 | 5 | 5 |
| Other current assets | 5,633 | 5,353 | 1,135 | 1,028 | 3,565 | 3,306 | 933 | 1,019 |
| Total current assets | 41,643 | 44,062 | (248) | (1,910) | 37,405 | 41,537 | 4,486 | 4,435 |
| Long-term investments | 4,985 | 5,092 | | 2 | 4,664 | 4,797 | 321 | 293 |
| Goodwill | 6,251 | 6,459 | | | 6,169 | 6,369 | 82 | 90 |
| Other intangible assets, net | 2,206 | 2,384 | | | 2,183 | 2,362 | 23 | 22 |
| Property, plant and equipment, net | 10,962 | 11,742 | 1 | 2 | 7,229 | 7,628 | 3,732 | 4,112 |
| Deferred income taxes | 3,489 | 3,686 | 829 | 764 | 2,509 | 2,771 | 151 | 151 |
| Other assets | 4,342 | 4,514 | 84 | 103 | 1,479 | 1,304 | 2,779 | 3,107 |
| Other intracompany receivables | | | (1,003) | (931) | 1,003 | 931 | | |
| Total assets | 73,878 | 77,939 | (337) | (1,970) | 62,641 | 67,699 | 11,574 | 12,210 |
| LIABILITIES AND SHAREHOLDERS EQUITY | | | | | | | | |
| Current liabilities | | | | | | | | |
| Short-term debt and current maturities of long-term debt | 1,471 | 2,103 | 692 | 1,143 | 664 | 785 | 115 | 175 |
| Accounts payable | 7,827 | 8,649 | (8) | 6 | 7,633 | 8,453 | 202 | 190 |
| Intracompany liabilities | | | (7,669) | (7,776) | 2,167 | 1,799 | 5,502 | 5,977 |
| Accrued liabilities | 9,612 | 9,608 | 15 | 18 | 9,348 | 9,445 | 249 | 145 |
| Deferred income taxes | 628 | 661 | (242) | (206) | 642 | 647 | 228 | 220 |
| Other current liabilities | 11,780 | 13,691 | 310 | 375 | 11,141 | 12,853 | 329 | 463 |
| Total current liabilities | 31,318 | 34,712 | (6,902) | (6,440) | 31,595 | 33,982 | 6,625 | 7,170 |
| Long-term debt | 10,073 | 10,243 | 8,818 | 6,833 | 821 | 2,974 | 434 | 436 |
| Pension plans and similar commitments | 5,028 | 5,326 | | | 5,000 | 5,299 | 28 | 27 |
| Deferred income taxes | 190 | 195 | (11) | (50) | 92 | 119 | 109 | 126 |
| Other accruals and provisions | 3,366 | 3,401 | 27 | 28 | 3,041 | 3,068 | 298 | 305 |
| Other intracompany liabilities | | | (2,269) | (2,341) | 189 | 45 | 2,080 | 2,296 |
| | 49,975 | 53,877 | (337) | (1,970) | 40,738 | 45,487 | 9,574 | 10,360 |

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| | | | | | | | | |
|---|---------|---------|-------|---------|--------|--------|--------|--------|
| Minority interests | 480 | 541 | | | 480 | 541 | | |
| Shareholders' equity | | | | | | | | |
| Common stock, no par value | | | | | | | | |
| Authorized: 1,129,254,149 and 1,145,917,335 shares, respectively | | | | | | | | |
| Issued: 890,377,481 and 890,374,001 shares, respectively | 2,671 | 2,671 | | | | | | |
| Additional paid-in capital | 5,053 | 5,053 | | | | | | |
| Retained earnings | 21,672 | 21,471 | | | | | | |
| Accumulated other comprehensive income (loss) | (5,973) | (5,670) | | | | | | |
| Treasury stock, at cost. 3,216 and 49,864 shares, respectively | | (4) | | | | | | |
| Total shareholders' equity | 23,423 | 23,521 | | | 21,423 | 21,671 | 2,000 | 1,850 |
| Total liabilities and shareholders' equity | 73,878 | 77,939 | (337) | (1,970) | 62,641 | 67,699 | 11,574 | 12,210 |

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SIEMENS AKTIENGESELLSCHAFT

Date: April 24, 2003

/s/ Dr. ELISABETH SCHMALFUSS

Dr. Elisabeth Schmalfuss
Deputy Vice President

/s/ DANIEL SATTERFIELD

Daniel Satterfield
Director