

CONSOLIDATED STATEMENTS OF

Periods ended March 31 *(in millions of Euro)*

	Siemens worldwide	
	2000	1999
Net sales	35,451	31,287
Cost of sales	(24,958)	(22,450)
Gross profit on sales	10,493	8,837
Research and development expenses	(2,517)	(2,372)
Marketing and selling expenses	(4,751)	(4,671)
General administrative expenses	(1,475)	(1,189)
Other operating income	586	209
Other operating expenses	(467)	(256)
Income from investment in other companies, net	261	121
Income from financial assets and marketable securities, net	154	670
Interest income (expense) from Operations/Pension Fund, net ⁽¹⁾	134	(278)
EBIT from Operations		
Other interest (expense) income, net ⁽²⁾	(228)	(16)
Income from ordinary activities before income taxes	2,190	1,055
Taxes on income from ordinary activities	(785)	(345)
Net income before extraordinary items	1,405	710
Extraordinary items after taxes	4,605	
Net income	6,010	710

⁽¹⁾ This item includes the interest income and expense related to accounts receivable from customers and accounts payable to suppliers, interest on advances from customers and advance financing of customer contracts, the interest cost component of the allocation to pension accruals, and the return on plan assets generated by Siemens Kapitalanlagegesellschaft mbH. Since corporate headquarters are considered part of Operations, this item also includes any interest income and expense that is allocatable to corporate headquarters.

⁽²⁾ Other interest expense for Operations relates primarily to interest paid on debt and corporate financing transactions through Siemens Financial Services (SFS), while other interest income for Financing and Real Estate includes all interest income and expense relating to customer financing, corporate treasury, and real estate financing.

⁽³⁾ Based on the effective corporate tax rate applied to income from ordinary activities.

INCOME

Operations

2000	of which: Infineon	1999
34,599	3,073	30,609
(24,201)	(1,903)	(21,789)
10,398	1,170	8,820
(2,517)	(441)	(2,372)
(4,738)	(178)	(4,663)
(1,356)	(125)	(1,135)
391	5	187
(408)	(5)	(70)
261	60	121
45	11	241
81		(85)
2,157	497	1,044
(138)	10	(85)
2,019	507	959
(724) ⁽³⁾	(222)	(314) ⁽³⁾
1,295	285	645

Financing
and Real Estate

2000	1999
852	678
(757)	(661)
95	17
(13)	(8)
(119)	(54)
195	22
(17)	(16)
100	68
(90)	69
151	98
(54) ⁽³⁾	(32) ⁽³⁾
97	66

Domestic Pension Fund

2000	1999
(42)	(170)
9	361
53	(193)
20	(2)
(7) ⁽³⁾	1 ⁽³⁾
13	(1)

CONSOLIDATED BALANCE SHEETS

March 31, 2000 *(in millions of Euro)*

	Siemens worldwide	
	3/31/2000	9/30/1999
Assets		
Intangible assets, net	3,484	3,508
Property, plant and equipment, net	13,474	13,702
Investments	13,454	11,488
Fixed assets	30,412	28,698
Inventories	19,829	17,519
Less advances received from customers	(13,144)	(11,246)
	6,685	6,273
Accounts receivable and miscellaneous assets	24,675	23,907
Liquid assets	12,510	2,451
Non-fixed assets	43,870	32,631
Prepaid expenses	351	166
Total assets	74,633	61,495

	3/31/2000	9/30/1999
Shareholders' equity and liabilities		
Shareholders' equity	24,118	17,200
Pension plans and similar commitments	12,477	11,109
Other accrued liabilities	13,951	11,929
Accrued liabilities	26,428	23,038
Debt	6,978	7,262
Other liabilities	16,280	13,322
Deferred income	829	673
Total shareholders' equity and liabilities	74,633	61,495

Reconciliation to net capital employed* *(in millions of Euro)*

Total assets
Accounts payable to third parties ⁽¹⁾
Foreign pension accruals
Deferred income
Deferred tax assets
Total reconciliation
Net capital employed

* Cf. Segment information on page 24, "Reconciliation to financial statements"

Operations

3/31/2000	of which: Infineon	9/30/1999
3,483	59	3,507
9,975	3,135	11,253
4,283	453	2,339
17,741	3,647	17,099
19,637	731	17,322
(13,143)	(7)	(11,245)
6,494	724	6,077
16,347	1,764	18,005
2,706	1,049	1,765
25,547	3,537	25,847
322	8	123
43,610	7,192	43,069

Financing
and Real Estate

3/31/2000	9/30/1999
1	1
3,499	2,449
53	32
3,553	2,482
192	197
(1)	(1)
191	196
6,646	5,700
9,804	686
16,641	6,582
29	43
20,223	9,107

Domestic Pension Fund

3/31/2000	9/30/1999
9,118	9,117
9,118	9,117
1,682	202
1,682	202
10,800	9,319

3/31/2000	of which: Infineon	9/30/1999
22,303	4,886	15,385
1,669	162	1,783
13,496	787	11,675
15,165	949	13,458
2,784	287	3,014
2,756⁽¹⁾	863	10,620
602	207	592
43,610	7,192	43,069

3/31/2000	9/30/1999
1,815	1,815
8	7
455	254
463	261
4,194	4,248
13,524	2,702
227	81
20,223	9,107

3/31/2000	9/30/1999
10,800	9,319
10,800	9,319
10,800	9,319

43,610	43,069
(13,405)	(12,126)
(1,669)	(1,783)
(602)	(592)
(1,953)	(1,285)
(17,629)	(15,786)
25,981	27,283

⁽¹⁾ Due to the three-way structure of presentation, the corresponding Financing and Real Estate balance sheet caption includes €10,649 (1999: €1,506) million in intersegment accounts payable, which is deducted from accounts payable to third parties of €13,405 (1999: €12,126) million under Operations. Since net capital employed is determined independently of the way accounts payable are presented, total assets are reduced by the full amount of accounts payable to third parties.

CONSOLIDATED STATEMENTS OF

Periods ended March 31 *(in millions of Euro)*

	Siemens worldwide	
	2000	1999
Net income before extraordinary items	1,405	710
Depreciation and amortization	1,626	1,493
Change in accrued liabilities	240	192
Gain on disposal of fixed assets	(153)	(129)
Gain on sale of non-fixed marketable securities	(85)	(201)
Equity in loss of companies consolidated under the equity method, net of distribution	33	28
Other non-cash charges	1	1
<i>Change in non-fixed assets and other liabilities</i>		
Change in inventories	(1,773)	(1,426)
Change in advances received from customers	1,479	1,482
Change in accounts receivable	2,102	(1,445)
Change in liabilities	(12)	(46)
Net cash provided	4,863	659
Additions to intangible assets, property, plant and equipment, and equipment leased to customers	(1,730)	(1,513)
Purchases of investments and noncurrent marketable securities	(1,080)	(268)
Increase in accounts receivable from financing activities	(1,619)	(1,338)
Proceeds from disposal of businesses and fixed assets	10,911 ⁽¹⁾	813
Change in other liquid assets	(170)	235
Net cash (used in) provided by investing activities	6,312	(2,071)
Proceeds from issuance of stock		
Proceeds from issuance of debt	50	
Repayment of debt	(243)	(75)
Other changes in debt	(512)	414
Prior year's dividend paid	(593)	(454)
Dividend paid to minority shareholders	(69)	(113)
Effect of changes in number of consolidated companies on cash and cash equivalents	(137)	279
Net intersegment financing activities		
Net cash (used in) provided by financing activities	(1,504)	51
Effect of exchange rate and other changes on cash and cash equivalents	129	31
Net change in cash and cash equivalents	9,800	(1,330)
Cash and cash equivalents at March 31	11,771	857
Other liquid assets at March 31	739	644
Liquid assets as stated on balance sheet at March 31	12,510	1,501

⁽¹⁾ Including €823 million increase in capital stock at Infineon associated with the IPO.

CASH FLOWS

Operations

2000	of which: Infineon	1999
1,295	285	645
1,455	364	1,346
(6)	304	(154)
(115)	1	(111)
(85)		(201)
33	(60)	28
1		1
(1,780)	(15)	(1,403)
1,480	7	1,480
1,672	(210)	(1,412)
34	5	(222)
3,984	681	(3)
(1,526)	(382)	(1,303)
(1,079)	(129)	(247)
10,779 ⁽¹⁾	28	684
(170)	(301)	235
8,004	(784)	(631)
(374)		(263)
(593)		(454)
(69)		(113)
(137)		74
(10,154)		1,120
(11,327)		364
22		18
683		(252)
2,009		808
697		644
2,706		1,452

Financing and Real Estate

2000	1999
97	66
171	147
92	64
(38)	(18)
7	(23)
(1)	2
430	(19)
(46)	176
712	395
(204)	(210)
	(1)
(1,619)	(1,338)
132	129
(1,691)	(1,420)
50	
(243)	(75)
(138)	677
	205
10,320	(873)
9,989	(66)
107	13
9,117	(1,078)
9,762	49
42	
9,804	49

Domestic Pension Fund

2000	1999
13	(1)
154	282
167	267
(1)	(20)
(1)	(20)
(166)	(247)
(166)	(247)

SEGMENT INFORMATION

Periods ended March 31 (in millions of Euro)

	New orders		External sales		Intersegment sales	
	2000	1999	2000	1999	2000	1999
Operations						
Power Generation (KWU)	3,894	3,338	3,582	3,215	14	18
Power Transmission and Distribution (EV)	1,904	1,554	1,358	1,277	92	85
Automation and Drives (A&D)	3,872	3,567	3,141	2,757	518	556
Industrial Projects and Technical Services (ATD)	2,077	2,047	1,454	1,333	487	515
Production and Logistics Systems (PL)	842	621	651	449	93	69
Siemens Building Technologies (SBT)	2,410	2,080	2,102	1,750	182	138
Information and Communication Networks (ICN) ⁽³⁾	5,758	6,049	5,113	5,798	124	16
Information and Communication Mobile (ICM) ⁽³⁾	4,936	4,910	4,078	3,843	62	655
Siemens Business Services (SBS) ⁽³⁾	2,626	1,739	2,034	994	678	628
Transportation Systems (VT)	1,719	1,220	1,768	1,257	2	5
Automotive Systems (AT)	1,896	1,600	1,894	1,597	2	3
Medical Engineering (Med)	2,284	1,891	2,193	1,858	26	22
Osram	2,156	1,803	2,004	1,755	152	48
Infineon ⁽⁴⁾	3,873	2,259	2,550	1,605	523	314
Passive Components and Electron Tubes (PR)		781		562		77
Electromechanical Components (EC)		451		335		55
Eliminations and other ⁽⁵⁾	(2,144)	(3,196) ⁽⁶⁾	1,366	781	(3,644)	(3,761)
Total	38,103	32,714	35,288	31,166		
Reconciliation to financial statements ⁽⁷⁾						
Earnings before taxes⁽⁸⁾, total assets						

Financing and Real Estate					
Siemens Financial Services (SFS)	168	122	93	64	75
Siemens Real Estate Management (SIM)	684	556	70	57	614
Total	852	678	163	121	689

Domestic Pension Fund

	New orders		External sales	
Siemens worldwide	38,955	33,392	35,451	31,287

⁽¹⁾ Intangible assets, property, plant and equipment, investments, pension assets.

⁽²⁾ Includes amortization of intangible assets, depreciation of property, plant and equipment, and write-downs of investments.

⁽³⁾ ICN in 1999 inclusive Communication on Air (CA) division; ICM in 1999 ICP without CA and inclusive Siemens IT Service (ITS) division; SBS in 1999 without ITS.

1999 restated (in millions of €)

ICN: New orders 4,801 Total sales 4,622 EBIT 148
ICM: New orders 2,613 Total sales 2,308 EBIT (1)
SBS: New orders 2,373 Total sales 2,245 EBIT 18

⁽⁴⁾ In 1999: comprising substantially all of the former HL activities.

⁽⁵⁾ "Other" primarily refers to centrally managed equity investments (such as BSH Bosch und Siemens Hausgeräte GmbH and Epos AG), liquid assets of Operations, corporate items relating to foreign subsidiaries, and corporate headquarters.

Total sales		EBIT		Net capital employed		Capital spending ⁽¹⁾		Amortization, depreciation and write-downs ⁽²⁾	
2000	1999	2000	1999	3/31/2000	9/30/1999	2000	1999	2000	1999
3,596	3,233	62	50	1,103	1,637	54	63	141	98
1,450	1,362	72	49	578	595	26	25	34	35
3,659	3,313	413	337	2,656	2,177	580	88	94	87
1,941	1,848	61	49	490	379	40	27	24	20
744	518	64	19	501	526	28	11	28	24
2,284	1,888	111	69	2,219	2,325	96	51	79	71
5,237	5,814	313	212	3,228	4,848	243	394	232	192
4,140	4,498	527	95	2,079	2,629	156	124	99	169
2,712	1,622	63	(18)	1,059	567	180	93	110	77
1,770	1,262	41	(30)	(336)	(135)	32	22	30	28
1,896	1,600	60	80	832	877	132	92	75	63
2,219	1,880	229	127	1,013	1,140	50	36	34	32
2,156	1,803	208	169	2,399	2,156	237	95	108	90
3,073	1,919	497	(53)	4,587	4,629	511	266	364	261
	639		49		831		94		56
	390		3		490		39		31
(2,278)	(2,980)	(564)	(163)	3,573	1,612	240	30	183	12
34,599	30,609	2,157	1,044	25,981	27,283	2,605	1,550	1,635	1,346
		(138)	(85)	17,629	15,786				
		2,019	959	43,610	43,069				

		Earnings before taxes (EBT) ⁽⁸⁾		Total assets					
168	122	77	63	22,943	12,348	160	149	98	78
684	556	74	35	3,164	2,275	44	62	73	69
852	678	151	98	20,223⁽⁹⁾	9,107⁽⁹⁾	204	211	171	147

		20	(2)	10,800	9,319	1	20		
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Total sales		Earnings before taxes (EBT) ⁽⁸⁾		Total assets		Capital spending ⁽¹⁾		Amortization, depreciation and write-downs ⁽²⁾	
2000	1999	2000	1999	2000	1999	2000	1999	2000	1999
35,451	31,287	2,190	1,055	74,633	61,495	2,810	1,781	1,806	1,493

⁽⁶⁾ Restated; in 1999 new orders of SFS and SIM were not shown separately but included in this position.

⁽⁷⁾ This item primarily reflects the difference between EBIT and EBT (which additionally includes consolidated net interest expense on debt outside SFS and SIM) as well as the difference between net capital employed and total assets (see reconciliation on page 20).

⁽⁸⁾ Income from ordinary activities before income taxes.

⁽⁹⁾ Total reduced by intersegment financing of SIM by SFS and offset of intersegment accounts payable and receivable between Operations and Financing and Real Estate.