Siemens Healthcare – Diagnostics Division

Jim Reid-Anderson, CEO Diagnostics Division

Capital Market Day Siemens Healthcare
Munich, February 28, 2008
Safe Harbour Statement

This document contains forward-looking statements and information – that is, statements related to future, not past, events. These statements may be identified by words such as “expects,” “looks forward to,” “anticipates,” “intends,” “plans,” “believes,” “seeks,” “estimates,” “will,” “project” or words of similar meaning. Such statements are based on our current expectations and certain assumptions, and are, therefore, subject to certain risks and uncertainties. A variety of factors, many of which are beyond Siemens’ control, affect our operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements. For us, particular uncertainties arise, among others, from changes in general economic and business conditions (including margin developments in major business areas); the challenges of integrating major acquisitions and implementing joint ventures and other significant portfolio measures; changes in currency exchange rates and interest rates; introduction of competing products or technologies by other companies; lack of acceptance of new products or services by customers targeted by Siemens; changes in business strategy; the outcome of pending investigations and legal proceedings, especially the corruption investigation we are currently subject to in Germany, the United States and elsewhere; the potential impact of such investigations and proceedings on our ongoing business including our relationships with governments and other customers; the potential impact of such matters on our financial statements; as well as various other factors. More detailed information about certain of these factors is contained throughout this report and in our other filings with the SEC, which are available on the Siemens website, www.siemens.com, and on the SEC’s website, www.sec.gov. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described in the relevant forward-looking statement as expected, anticipated, intended, planned, believed, sought, estimated or projected. Siemens does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.

EBITDA (adjusted), Return on capital employed, Free cash flow, Cash conversion and Net debt are Non-GAAP financial measures. A reconciliation of these amounts to the most directly comparable IFRS financial measures is available on our Investor Relations website under www.siemens.com/ir, Financial Publications, Quarterly Reports. ‘Group profit from operations’ is reconciled to ‘Income before income taxes’ of Operations under ‘Reconciliation to financial statements’ in the table ‘Segment Information’.

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Our Customers’ Decisions are both Product- and Solution-Oriented

Workflow-oriented IT

Prevention and Early Detection
- In Vitro Diagnostics (IVD)

Diagnosis
- In Vivo Diagnostics (Imaging)

Therapy

Care

Automation
- Chemistry
- Blood gas
- Immuno-assay

Diagnostics
Jim Reid-Anderson

Imaging & IT
Bernd Montag
- Magnetic Resonance
- Computed Tomography
- Molecular Imaging
- Radiography/Angiography
- Ultrasound

Healthcare IT

Oncology
Cardiology
Neurology

Workflow & Solutions
Tom Miller

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Our Customers’ Decisions are both Product- and Solution-Oriented

Workflow-oriented IT

Prevention and Early Detection
In Vitro Diagnostics (IVD)
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Care

Diagnostics
Jim Reid-Anderson

Automation
Chemistry
Blood gas
Immu-no-assay
...

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Siemens Healthcare Diagnostics

We are the largest clinical diagnostics company in the world

€3.3bn in sales
€300m R&D spend ~ 9% of sales
125,000 + instruments installed
Global leader created through the acquisition of 3 great companies

- Customer service
- Innovation
- Comprehensive solutions
- Scale advantages

- Immunoassay portfolio
- Diagnostic Products Corporation
- Comprehensive lab portfolio
  - Point of care
  - Molecular diagnostics
- Bayer

- Integrated chemistry
  - Microbiology
  - Coagulation
- Dade Behring
Global IVD industry – 2007

#1 position with increasing market share

IVD industry €20bn
5-6% annual growth

Siemens 17%
Roche 16%
Abbott 11%
Beckman Coulter 6%
J&J 5%
bioMerieux 4%
Becton Dickinson 4%
All others

Growth relative to market

Source: IVD Market Model DX, 2007

Excludes glucose self-testing

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Capital Market Day Siemens Healthcare
Leadership position in 8 segments

<table>
<thead>
<tr>
<th>Siemens</th>
<th>Automation</th>
<th>Chemistry</th>
<th>Blood gas</th>
<th>Immuno-assay</th>
<th>Infectious disease</th>
<th>Molecular</th>
<th>Hematology</th>
<th>Flow cytometry</th>
<th>Hemostasis</th>
<th>Microbiology ID/AST</th>
<th>Urinalysis</th>
</tr>
</thead>
<tbody>
<tr>
<td>Siemens</td>
<td>#1</td>
<td>#2</td>
<td>#2</td>
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<td></td>
<td>#1</td>
</tr>
<tr>
<td>DPC / Bayer</td>
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<tr>
<td>Dade Behring</td>
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</tr>
</tbody>
</table>

Market leader | Significant participant | Participant
What is *In Vitro* Diagnostics (IVD)?

**In Vitro Diagnostics**

"in glass"

---

**In vitro**

In vitro diagnostics is testing conducted in a test tube or instrument that analyzes blood and bodily fluids.

---

**Analyze**

**Bodily fluids:**
- Whole blood
- Blood plasma
- Serum
- Urine
- Saliva
What type of tests are performed?

Examples of types of tests:

**Chemistry**
- Cholesterol
- Glucose
- Therapeutic drug monitoring
- Drugs of abuse testing

**Immunoassay**
- Cardiovascular
- Hormones
- Cancer
- Allergy

**Hematology**
- Cell counting

**Hemostasis**
- Pre- & post-operatives
- Deep vein thrombosis
- Hemophilia
- Aspirin resistance

**Microbiology**
- Bacteria
  - Meningitis
  - Straphylococcus
- Antibiotics
  - Penicillin
  - Streptomycin

**Molecular**
- HIV
- Hepatitis
- Cancer
IVD patient sample pathway

- Blood drawn from patient
- Lab
- Centrifuge
- Processing
- Instruments
- Analysis
- Diagnosis
- Treatment & monitoring
- LIS
IVD customers are diverse

Hospital labs
Reference labs
Drug court labs
Physicians’ offices
Global IVD industry – 2007

Central lab testing is largest part of market with growing molecular and point-of-care testing

IVD industry €20bn
5-6% annual growth

Source: IVD Market Model DX, 2007
Labs want to improve their workflow ...

Benefits
- Efficiency
- Better patient care

Improving efficiency in healthcare through innovation and process optimization leads to cost saving in healthcare.

Workflow-oriented IT
- Prevention and Early Detection
- Diagnosis
- Therapy
- Care
... and improve operational and financial outcomes
Industry trends

Overall, industry trends are positive

A challenging environment ...
- Consolidation
  - Manufacturers
  - Customers
- Cost pressure
- Labor shortages

... with positive trends
- Aging population
- Emerging markets
- Innovation in instruments and tests
Creating shareholder value

- Leveraging our business strategy
  - Driving above-market revenue growth
  - Leading the industry in innovation
  - Creating highly satisfied customers
  - Achieving our financial commitments
IVD business model

Reliable revenue stream of tests and service

- Razor/razorblade business model
- Typically 5-year contracts
- 80% “closed” systems

<table>
<thead>
<tr>
<th>Revenue</th>
<th>Gross profit</th>
<th>Instruments</th>
</tr>
</thead>
<tbody>
<tr>
<td>~85%</td>
<td>~95%</td>
<td></td>
</tr>
<tr>
<td>~15%</td>
<td>~5%</td>
<td>Reagents</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Consumables</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Service</td>
</tr>
</tbody>
</table>

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A customer-focused business strategy

Current customers become highly satisfied; potential customers see clear advantages
Installed base of instruments

Installed base growth is key indicator of market share gains

![Graph showing installed base growth from 2005 to 2008 with a 6% CAGR.](image-url)
Test, service, and lease revenue

Stable recurring revenue stream

6% CAGR

*Constant currency, using 2007 actual currency exchange rates
Test menu penetration

Adding tests to our installed base of instruments increases revenue and profitability

Benefits for customers:
- Fewer instruments to manage
- Economies of scale in purchase
- Increased productivity/ROA

Growth in revenue and profits
Creating shareholder value

- Leveraging our business strategy
- **Driving above-market revenue growth**
  - Leading the industry in innovation
  - Creating highly satisfied customers
  - Achieving our financial commitments
Portfolio overview

Covering all key testing segments

Siemens Healthcare Diagnostics

Central lab
- Chemistry
- Immunochemistry
- Automation
- Hemostasis
- Microbiology
- Hematology

Molecular
- Viral load
- Genotyping

Point of care
- Urinalysis
- Blood gas
- Diabetes
- Cardiac
A balanced product portfolio

By product line:
- Hemostasis: 8%
- Microbiology: 4%
- POC: 12%
- Molecular: 4%
- Hematology: 5%
- Chemistry/Immunochemistry/Automation: 67%

By geographic region:
- Europe: 40%
- Americas: 48%
- Asia Pacific: 12%
Chemistry/Immunochemistry – a tremendous growth opportunity

Diagnosing and monitoring diseases:
diabetes, renal, cardiovascular, anemia, fertility, drug monitoring

Strategy
- Organic growth above market growth
- Execute best workflow continuum in the market
- Target high-margin specialty tests

Results
- Share gains
- Unique integrated and stand-alone systems
- #1 in track-based workcell automation

€9bn, market growth 5%

Industry-leading brands:
- #1 Dimension®
- #2 ADVIA Centaur®
The Dimension® franchise – #1 brand in the central lab

Integrated systems – combining the capabilities of multiple instruments into one

Improved workflow and financial outcomes

- Reduced sample splits
- Less labor, space
- Capital/cost savings
- Faster turnaround time
81% of the U.S. hospitals using an integrated system use a Dimension® analyzer.
Immunoassay systems

The gold standard in immunoassay testing

**ADVIA Centaur® XP**
Immunoassay system

- High throughput – 240 tests per hour
- Comprehensive immunoassay test menu – over 65 assays
- Advanced software features

**IMMULITE® 2000**
Immunoassay system

- Brodest allergy menu
- Routine and esoteric tests
- Streamlined information management
Track-based workcell automation – #1 in the industry

Sorts, stores, and transports patient samples, including decapping, resealing, and centrifugation

- Low, medium, and high-volume throughput
- Hematology and hemostasis connectivity
- Open architecture/multiple configurations
- Multi-sized tube handling
The most comprehensive chemistry/immunoassay portfolio in the industry

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Images</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stand-alone chemistry</td>
<td>![Image]</td>
</tr>
<tr>
<td>Stand-alone immunoassay</td>
<td>![Image]</td>
</tr>
<tr>
<td>Integrated systems</td>
<td>![Image]</td>
</tr>
<tr>
<td>Scaled automation</td>
<td>![Image]</td>
</tr>
<tr>
<td>Total lab automation</td>
<td>![Image]</td>
</tr>
</tbody>
</table>
Hemostasis

Measures ability to form and dissolve blood clots, deep vein thrombosis, platelet function

**Strategy**
- Organic growth above market growth
- Strengthen quality, workflow, and product portfolio
- Focus on emerging markets and high-potential countries

**Results**
- 3% share gain in 2 years
- Strong Sysmex partnership
- D-dimer growth (deep vein thrombosis testing)

**€0.8bn, market growth 6%**

Source: EAC

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Microbiology ID/AST

Bacteria identification and antibiotic susceptibility testing (ID/AST)

**Strategy**
- Secure leadership position in ID/AST
- Competitive advantage in panel performance and time to market
- Strengthen informatics and automation positioning
- Target growth in emerging markets and high-potential countries

**Results**
- Share gains
- Reputation for accuracy
- Rapid panels improve time to result

€0.3bn, market growth 4%

Source: EAC
Molecular

Detects or quantifies DNA and RNA for bacteria, infectious disease, oncology

**Strategy**
- Secure strong #3 position in next 3 years
- Protect bDNA franchise
- Launch VERSANT™ kPCR and TRUGENE OSx systems
- Expand test menu

**Results**
- VERSANT™ 440 FDA approval
- TRUGENE OSx CE mark and guideline 13 release
- Market leader HCV genotyping
- 3 biomarker programs in oncology

€1.8bn, market growth 9%

Source: EAC
Molecular solutions

An attractive portfolio of molecular solutions

VERSANT® 440
VERSANT® kPCR (in development)

TMA
TRUGENE
LiPA
Point-of-care testing leads to faster test results and better patient care

Right information + Right time = Improved outcomes
Strong leadership position

Serving multiple point-of-care testing markets as the global #1

<table>
<thead>
<tr>
<th>Field</th>
<th>Central lab</th>
<th>Decentralized</th>
<th>Clinics/ Physicians’ offices</th>
</tr>
</thead>
<tbody>
<tr>
<td>Urinalysis</td>
<td>Global #1</td>
<td>Global #1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>41% share</td>
<td>41% share</td>
<td></td>
</tr>
<tr>
<td>Diabetes</td>
<td>Global #1</td>
<td>Global #2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>&gt;70% share</td>
<td>24% share</td>
<td></td>
</tr>
<tr>
<td>Blood gas</td>
<td>Global #2</td>
<td>Global #2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>24% share</td>
<td>24% share</td>
<td></td>
</tr>
<tr>
<td>Cardiac</td>
<td>Global #2</td>
<td>Global #2</td>
<td></td>
</tr>
<tr>
<td></td>
<td>15% share</td>
<td>15% share</td>
<td></td>
</tr>
</tbody>
</table>

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**Urinalysis**

Urine strip testing in POC and central lab

**Strategy**
- Expand market leadership in central lab through integrated urine chemistry/sedimentation system
- Accelerate innovation around urine strip
- Drive connectivity for all systems
- Geographical expansion

**Results**
- Clear #1 share position
- Gold-standard brand – Multistix®
- Continued market share gain

€0.4bn, market growth 4%

Source: EAC
Blood gas

Delivering solutions from patient bedside to high throughput laboratories

**Strategy**
- Promote central lab/POC-integrated solution tied with connectivity
- Accelerate growth in emerging markets
- Leverage industry’s broadest instrument portfolio
- Leverage world-class commercial organization

**Results**
- Broad array of analyzers across all volume segments
- Industry-best data management system
- Significant investment in enhancing cartridge reliability

**€0.8bn, market growth 4%**

Source: EAC

Capital Market Day Siemens Healthcare
### In summary:
**broadest portfolio of instruments in the industry**

<table>
<thead>
<tr>
<th>Chemistry/Immunooassay</th>
<th>Specialty</th>
<th>Molecular Point of Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dimension Vista® 3000T Intelligent lab system</td>
<td>Hemostasis</td>
<td>VERSANT® 440 Molecular system</td>
</tr>
<tr>
<td>ADVIA Centaur® XP Immunoassay system</td>
<td>Microbiology</td>
<td>DCA Vantage™ Analyzer</td>
</tr>
<tr>
<td>IMMULITE® 2500 Immunoassay system</td>
<td>Hematology</td>
<td>RAPIDLab® 1200 Blood gas series</td>
</tr>
<tr>
<td>BCS® XP system</td>
<td>Molecular Point of Care</td>
<td>AutoSlide hematology system</td>
</tr>
</tbody>
</table>
Broader test menu in the industry

Providing comprehensive solutions for customers and high-margin revenue for shareholders

By disease state:

- Nervous
- Muscular
- Respiratory
- Circulatory
- Excretory
- Digestive
- Skeletal

- Allergy
- Anemia/iron metabolism
- Autoimmune/rheumatoid
- Bone metabolism
- Cancer
- Cardiovascular
- Coagulation disorders
- Diabetes
- Drugs of abuse/toxicology
- Growth
- Hepatic diseases
- Immunosuppressive & therapeutic drug monitoring
- Infectious disease
- Inflammation
- Liver fibrosis
- Metabolic
- Nephropathies
- Nutritional assessment
- Pancreatic disease
- Reproductive endocrinology
- Thyroid function
The broadest array of solutions in the industry

- eBusiness
- Informatics
- Automation
- Consulting
- Education
- Scholarships
- Service and Support
Healthcare consulting

Enhanced workflow reduces costs and improves patient outcomes

<table>
<thead>
<tr>
<th>Improvement</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Labor savings (full-time equivalents)</td>
<td>40% down</td>
</tr>
<tr>
<td># of laboratories in network</td>
<td>40% down</td>
</tr>
<tr>
<td># of instruments</td>
<td>28% down</td>
</tr>
<tr>
<td>Turnaround time to produce test results</td>
<td>60% up</td>
</tr>
</tbody>
</table>

Siemens consulting can help reduce a lab’s operating costs by 10-50%
Creating shareholder value

- Leveraging our business strategy
- Driving above-market revenue growth
- Leading the industry in innovation
- Creating highly satisfied customers
- Achieving our financial commitments
Product development strategy

Customer-centered product development process

- Dimension Vista® 3000T Intelligent lab system
- ADVIA Centaur® XP Immunoassay system
- VERSANT® 440 Molecular system
- BCS® XP system
- IMMULITE® 2500 Immunoassay system

Market dynamics

Customer feedback

Integration

Menu development

Informatic Solutions

Cardio-vascular
Oncology
Thyroid
Anemia
Fertility
R&D spending

Leading the industry at ~9% of revenue

- Leverage industry-leading scale
- Target investments based on market potential
- Accelerate time to market
- Eliminate duplication from predecessor organizations
### Key development projects 2008

A robust product pipeline with over 200 development programs running concurrently

<table>
<thead>
<tr>
<th>Platforms</th>
<th>Assays</th>
<th>Automation</th>
<th>Informatics/ System software</th>
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</thead>
<tbody>
<tr>
<td>Dimension EXL</td>
<td>Vista CEA/AFP</td>
<td>LabCell decapper</td>
<td>Centaur 4.0</td>
</tr>
<tr>
<td>Vista 500</td>
<td>Vista CSA</td>
<td>Vista connectivity to LabCell</td>
<td>Rapid Comm 2.0</td>
</tr>
<tr>
<td>Versant kPCR</td>
<td>Dimension MPO</td>
<td>Advia DX1</td>
<td>Vista 3.1</td>
</tr>
<tr>
<td>Immulite 2000 Refresh</td>
<td>Dimension EXL menu validation</td>
<td>Centaur connectivity to StreamLAB</td>
<td>BCS XP 1.1</td>
</tr>
<tr>
<td>BCS XP Refresh</td>
<td>Dimension Sirolimus</td>
<td>StreamLAB refrigerated storage</td>
<td>Protis 2.0</td>
</tr>
<tr>
<td>Genesys – next generation immunoassay system</td>
<td>Dimension MPA</td>
<td>LabCell recapper</td>
<td>(nutritional assessment)</td>
</tr>
<tr>
<td>Clinitek ATLAS Next</td>
<td>SCS/Dimension PBNP mono</td>
<td>LabCell refrigerated storage</td>
<td>CentralLink v12</td>
</tr>
<tr>
<td></td>
<td>MicroScan new panels</td>
<td>LabCell centrifuge XL</td>
<td>RapidLab 1200 v2.1</td>
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<tr>
<td></td>
<td>Centaur CP menu validation</td>
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<td>Trugene HIV guidelines</td>
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<td></td>
<td>Centaur aHBeAg</td>
<td></td>
<td>Lab 3.0 (additional countries)</td>
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<td></td>
<td>Centaur DHEA</td>
<td></td>
<td>Dimension 7.5</td>
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<td></td>
<td>Centaur SHBG</td>
<td></td>
<td>Easy Link 5.0, 6.0</td>
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<tr>
<td></td>
<td>Centaur UE3</td>
<td></td>
<td>Vista 4.0</td>
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<td></td>
<td>Centaur CP HCV</td>
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<tr>
<td></td>
<td>CS-2000 menu validation</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>RapidLab bilirubin</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Clinitek micro-albumin-9</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Immulite HBsAg conf</td>
<td></td>
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<tr>
<td></td>
<td>Immulite D-Dimer</td>
<td></td>
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<tr>
<td></td>
<td>Heparin calibrators</td>
<td></td>
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<tr>
<td></td>
<td>Innovance D-Dimer</td>
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</table>
Creating shareholder value

- Leveraging our business strategy
- Driving above-market revenue growth
- Leading the industry in innovation
- Creating highly satisfied customers
- Achieving our financial commitments
Creating and delivering superior value to customers

Differentiated value propositions

World-class commercial organization

Brodest portfolio of best-in-class products & solutions

Sell value of offering

One customer team

Advancing customer excellence
Evaluating customer touch points – 2007 US key service measurements are industry-leading

% Customers rating important/excellent/very good

- Hotline/product support
- Field service engineers
- Sales representatives
- Clinical application specialists
- Order entry
- Logistics and delivery
- Information and communication
- Training
- Product offer and pricing
- Image and corporate appearance

Source: TRIM survey 2007
U.S. chemistry/immunochemistry – 2007

Winning the hearts and minds of customers

Chemistry analyzers

Immunoassay analyzers

Industry average 5.13

Siemens 5.38

Industry average 4.99

Siemens 5.19

Scale:
1 = very poor
2 = poor
3 = fair
4 = good
5 = very good
6 = excellent

Source: 2007 Service Trak™
The future is integrated!

Radiologist attendee:

"I have learned more in the last two days than in the last five years about what is going on in pathology. Together we can more powerfully demonstrate our value to the delivery of healthcare."

Inaugural Molecular Summit

- Landmark program for integrated diagnostics
- >200 attendees: administrators, laboratorians, radiologists
- Plenary sessions and interactive workshops
- Keynote address:
  - Tom Miller (Siemens)
  - Jared Schwartz (President, College American Pathologists)
- Planned to be an annual event going forward
Creating shareholder value

- Leveraging our business strategy
- Driving above-market revenue growth
- Leading the industry in innovation
- Creating highly satisfied customers

- Achieving our financial commitments
Diagnostics –
Strong revenue momentum ahead of market

€bn

Revenue development

<table>
<thead>
<tr>
<th>Year</th>
<th>Pro forma</th>
<th>Reported</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007</td>
<td>1.6</td>
<td></td>
</tr>
<tr>
<td>2010</td>
<td>3.3</td>
<td></td>
</tr>
</tbody>
</table>

Above market growth

Key activities

- Leverage new high-volume integrated system
- Grow installed base
- Penetrate test menu
- Implement strategic pricing initiative for value selling
- Expand test menu: cardiology, oncology, allergy
2008 “ongoing” profit margin currently 14-15%

Profit margin FY 2007

<table>
<thead>
<tr>
<th></th>
<th>€m</th>
<th>PPA As reported</th>
<th>OTC As reported</th>
<th>Basis for Target Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit</td>
<td>175</td>
<td>95</td>
<td>6.1%</td>
<td>13.0%</td>
</tr>
<tr>
<td>margin</td>
<td>270</td>
<td>17.4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As reported</td>
<td>68</td>
<td></td>
<td></td>
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</tr>
</tbody>
</table>

OTC – One Time Costs related to the integration and amortization of PPA inventory step-up
PPA – recurring PPA to be amortized over a life of up to 15 years

Profit margin Q1 2008

<table>
<thead>
<tr>
<th></th>
<th>€m</th>
<th>PPA As reported</th>
<th>OTC As reported</th>
<th>Basis for Target Margin</th>
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</thead>
<tbody>
<tr>
<td>Profit</td>
<td>86</td>
<td>67</td>
<td>9.4%</td>
<td>16.2%</td>
</tr>
<tr>
<td>margin</td>
<td>153</td>
<td>21.5%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>As reported</td>
<td>38</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

OTC – One Time Costs related to the integration and amortization of PPA inventory step-up
PPA – recurring PPA to be amortized over a life of up to 15 years
Integration Update

Integration is proceeding well

Operational achievements

- Strong base business
- Positive customer reaction
- Organization in place
- Positive employee morale
- Immediate cross-selling opportunities
Integration Update

Have identified 62% of 2010 productivity / synergy savings

Top focus areas
- Product line rationalization
- Procurement
- Manufacturing consolidation
- Sales office consolidation
- Back office/shared service efficiencies
- Cross-selling opportunities

2010 Synergy / Productivity

- 500
- 240
- 260

Actually identified February 2008

62%
Integration savings – example

Manufacturing consolidation already announced

- Similar manufacturing protocol
- Excess capacity in Wales
- €8-10m annual savings 2010 and beyond
Integration savings – example

Ability to streamline commercialization channel

**Country “A” – future structure***

- Earn distributor margin
- Consolidate sales offices/support staff
- Leverage cross-selling opportunities

*Actual structure determined on a country-by-country basis
Diagnostics – improving group profit margin

Strong momentum to further enhance margin

**Profit margin development***

- **2007**: 13%
- **2010**: 16-19%

**Key activities**

- **Revenue growth**
  - Specialty assay mix
  - Deal profitability
  - Method penetration
- **Integration**
  - Productivity
  - Synergy
  - Leverage infrastructure: offices, plants, purchasing power
  - Portfolio review
- **Improvements offset inflation and any pricing weakness**

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* OTC – One Time Costs related to the integration and amortization of PPA inventory step-up

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Capital Market Day Siemens Healthcare
We are:
Taking diagnostics to the next level. Together.

Quality in everything we do

- Attractive industry – strong fundamentals
- Executing integration
- Solid growth opportunities
- Highly motivated employees
- Strong business momentum
Focus and deliver

- Driving profitable growth and cash returns
- Getting the most out of the integrated diagnostics company
- Achieving best-in-class cost position incl. SG&A reduction
- Innovating for fast growth and competitiveness

- Drive organic growth above market growth
- Deliver target margin
- Convert to cash
SIEMENS
Answers for life.
Reconciliation and Definitions for Non-GAAP Measures (I)

**Group profit from Operations** is reconciled to Income before income taxes of Operations under Reconciliation to financial statements on the table Segment Information. See our Financial Publications at our Investor Relations website under [www.siemens.com/ir](http://www.siemens.com/ir).

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

**Earnings before interest, taxes, depreciation and amortization (EBITDA) (adjusted)** is EBIT before Depreciation and Amortization, defined as amortization and impairments of intangible assets depreciation and impairments of property, plant and equipment.

Group profit is reconciled to EBIT and EBITDA on the table Segment Information Analysis (II). See our Financial Publications at our Investor Relations website under [www.siemens.com/ir](http://www.siemens.com/ir).

**Return on Capital Employed (ROCE)** is a measure of how capital invested in the Company or the Group yields competitive returns. For the **Company**, ROCE is calculated as Net income (before interest) divided by average Capital employed (CE). Net income (before interest) is defined as Net income excluding Other interest income (expense), net and excluding taxes on Other interest income (expense), net. Taxes on Other interest income (expense), net are calculated in simplified form by applying the current tax rate which can be derived from the Consolidated Statements of Income, to Other interest income (expense), net. CE is defined as Total equity plus Long-term debt plus Short-term debt and current maturities of long-term debt minus Cash and cash equivalents. Because Siemens reports discontinued operations, Siemens also calculates ROCE on a continuing operations basis, using Income from continuing operations rather than Net income. For purposes of this calculation, CE is adjusted by the net figure for Assets classified as held for disposal included in discontinued operations less Liabilities associated with assets classified as held for disposal included in discontinued operations.

For the **Operations Groups**, ROCE is calculated as Group profit divided by average Net capital employed (NCE). Group profit for the Operations Groups is principally defined as earnings before financing interest, certain pension costs and income taxes. Group profit excludes various categories of items which are not allocated to the Groups since the Managing Board does not regard such items as indicative of the Groups’ performance. NCE for the Operations Groups is defined as total assets less tax assets, provisions and non-interest bearing liabilities other than tax liabilities.

Average (Net) Capital employed for the fiscal year is calculated as a 'five-point average' obtained by averaging the (Net) Capital employed at the beginning of the first quarter plus the final figures for all four quarters of the fiscal year. For the calculation of the average during for the quarters, see below:
Reconciliation and Definitions for Non-GAAP Measures (II)

Our cash target is based on the **Cash Conversion Rate (CCR)**, which serves as a target indicator for the Company’s or the Group’s cash flow. For the Company, CCR is defined as the ratio of Free cash flow to Net income, where Free cash flow equals the Net cash provided by (used in) operating activities less Additions to intangible assets and property, plant and equipment. Because Siemens reports discontinued operations, this measure is also shown on a continuing operations basis, using Income from continuing operations, Net cash provided by (used in) operating activities – continuing operations and Additions to intangible assets and property, plant and equipment for continuing operations for the calculation.

For the Groups, CCR is defined as Free cash flow divided by Group profit.

All values needed for the calculation of ROCE and CCR can be obtained from the Consolidated Financial Statements and Notes to Consolidated Financial Statements.

Group profit, Net capital employed and Free cash flow for the Company and the Groups can be found on the table Segment information. Our Consolidated Financial Statements are available on our Investor Relations website under [www.siemens.com/ir](http://www.siemens.com/ir).

Siemens ties a portion of its executive incentive compensation to achieving **economic value added (EVA)** targets. EVA measures the profitability of a business (using Group profit for the Operating Groups and Income before income taxes for the Financing and Real estate businesses as a base) against the additional cost of capital used to run a business (using NCE for the Operating Groups and risk-adjusted equity for the Financing and Real estate businesses as a base). A positive EVA indicates that a business has earned more than its cost of capital, and is therefore defined as value-creating. A negative EVA indicates that a business is earning less than its cost of capital and is therefore defined as value-destroying. Other organizations that use EVA may define and calculate EVA differently.

<table>
<thead>
<tr>
<th>Average calculation for CE*</th>
<th>Year-to-Date</th>
<th>Quarter-to-Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>2 Point average: (CE ending Q4 Prior year + CE ending Q1) / 2</td>
<td>2 Point average: (CE ending Q4 Prior year + CE ending Q1) / 2</td>
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<tr>
<td>Q2</td>
<td>3 Point average: (CE ending Q4 Prior year + CE ending Q1 + CE ending Q2) / 3</td>
<td>2 Point average: (CE ending Q4 Prior year + CE ending Q1 + CE ending Q2) / 2</td>
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<tr>
<td>Q3</td>
<td>4 Point average: (CE ending Q4 Prior year + CE ending Q1 + CE ending Q2 + CE ending Q3) / 4</td>
<td>2 Point average: (CE ending Q4 Prior year + CE ending Q1 + CE ending Q2 + CE ending Q3) / 2</td>
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* NCE for Operations Groups

Average calculation for CE*:

<table>
<thead>
<tr>
<th>Quarter</th>
<th>Average Calculation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>2 Point average: (CE ending Q4 Prior year + CE ending Q1) / 2</td>
</tr>
<tr>
<td>Q2</td>
<td>3 Point average: (CE ending Q4 Prior year + CE ending Q1 + CE ending Q2) / 3</td>
</tr>
<tr>
<td>Q3</td>
<td>4 Point average: (CE ending Q4 Prior year + CE ending Q1 + CE ending Q2 + CE ending Q3) / 4</td>
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</tbody>
</table>

Average calculation for CE*

* NCE for Operations Groups

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For the Groups, CCR is defined as Free cash flow divided by Group profit.

All values needed for the calculation of ROCE and CCR can be obtained from the Consolidated Financial Statements and Notes to Consolidated Financial Statements.

Group profit, Net capital employed and Free cash flow for the Company and the Groups can be found on the table Segment information. Our Consolidated Financial Statements are available on our Investor Relations website under [www.siemens.com/ir](http://www.siemens.com/ir).

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Our capital structure target is based on an Adjusted industrial net debt divided by EBITDA (adjusted). For the calculation of Adjusted industrial net debt, we subtract from Net debt (defined as Long-term debt plus Short-term debt and current maturities of long-term debt less Cash and cash equivalents less Available-for-sale financial assets) (1) SFS debt excluding SFS internally purchased receivables and (2) 50% of the nominal amount of our hybrid bond; and add/subtract (3) Funded status of Pension benefits, (4) Funded status of Other post-employment benefits; and add (5) Credit guarantees. The components of Net debt are available on our Consolidated Balance Sheets, SFS debt less internally purchased receivables is available in our Management Discussion & Analysis under Capital Resources and Requirements. The Funded status of our principle pension plans and Other post-employment benefits, the amount of credit guarantees and the nominal amount of our Hybrid bond is available in the Notes to our Consolidated Financial Statements.

To measure Siemens’ achievement of the goal to grow at twice the rate of global GDP, we use GDP on real basis (i.e. excluding inflation and currency translation effects) with data provided by Global Insight Inc. and compare those growth rates with growth rates of our revenue (under IFRS). In accordance with IFRS, our revenue numbers are not adjusted by inflation and currency translation effects.

Return on equity (ROE) margin for SFS was calculated as SFS’ Income before income taxes divided by the allocated equity for SFS. Allocated equity for SFS for the financial year 2007 is €1.041 billion. The allocated equity for SFS is determined and influenced by the respective credit ratings of the rating agencies and by the expected size and quality of its portfolio of leasing and factoring assets and equity investments and is determined annually. This allocation is designed to cover the risks of the underlying business and is in line with common credit risk management standards in banking. The actual risk profile of the SFS portfolio is monitored and controlled monthly and is evaluated against the allocated equity.

Group profit from Operations, EBIT (adjusted), EBITDA (adjusted), ROCE, CCR, EVA and Adjusted industrial net debt are or may be Non-GAAP financial measures as defined in relevant rules of the U.S. Securities and Exchange Commission. Our management takes these measures, among others, into account in its management of our business, and for this reason we believe that investors may find it useful to consider these measures in their evaluation of our performance. None of Group profit from Operations, EBIT (adjusted), EBITDA (adjusted), ROCE and EVA should be viewed in isolation as an alternative to IFRS net income for purposes of evaluating our results of operations; CCR should not be viewed in isolation as an alternative to measures reported in our IFRS cash flow statement for purposes of evaluating our cash flows; and Adjusted industrial net debt should not be viewed in isolation as an alternative to liabilities reported in our IFRS balance sheet for purposes of evaluating our financial condition.
Siemens Investor Relations Team

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<tr>
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<th>Phone</th>
</tr>
</thead>
<tbody>
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