### **Medical Solutions Group**





#### Safe harbor statement



This presentation contains forward-looking statements and information – that is, statements related to future, not past, events. These statements may be identified either orally or in writing by words as "expects", "anticipates", "intends", "plans", "believes", "seeks", "estimates", "will" 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 its operations, performance, business strategy and results and could cause the actual results, performance or achievements of Siemens worldwide 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, 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 worldwide, changes in business strategy and various other factors. More detailed information about certain of these factors is contained in Siemens' 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 anticipated, believed, estimated, expected, intended, planned 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.

#### **Our vision**



We help our customers to provide ...



# Megatrends provide opportunities for growth



### Relevant Megatrend

# Demographic Change

i.e. aging and growing population

### Major Implication

Growing demand for healthcare

### Major Challenges

Inefficient healthcare systems

Rising costs

# **Growth Opportunities**

- Integrated IT systems
- Earlier diagnosis & intervention
- Knowledgebased decision support
- Disease orientation



Our portfolio reflects the growth opportunities

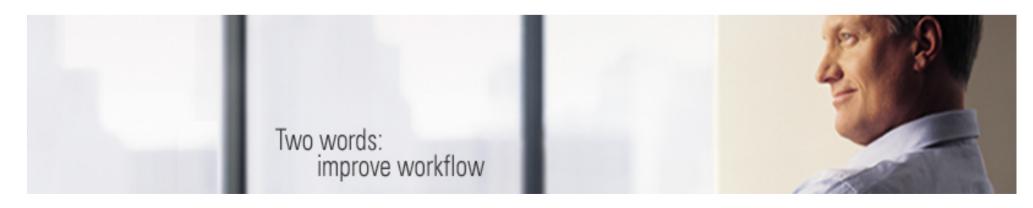
## Our strategy - Improving healthcare efficiency







By: Innovation and Process Optimization



### Profitable growth > 2x GDP



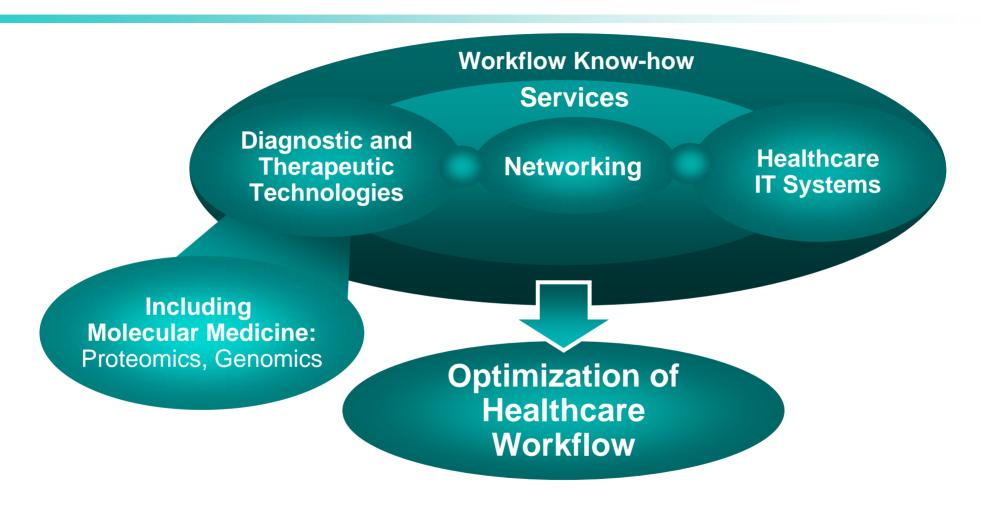


Target:

Gain market share > 1pt/year

### Our portfolio is comprehensive







IT and Molecular Medicine are key

## Global player with a balanced regional structure





### **Customer focused organization**



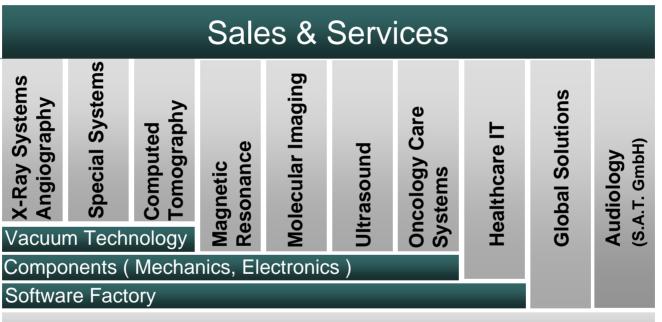
#### **External**

Driven by customer requirements

### Customers

#### Internal

Driven by operational requirements



Business Management (Strategy, Finance & Control, Human Resources)

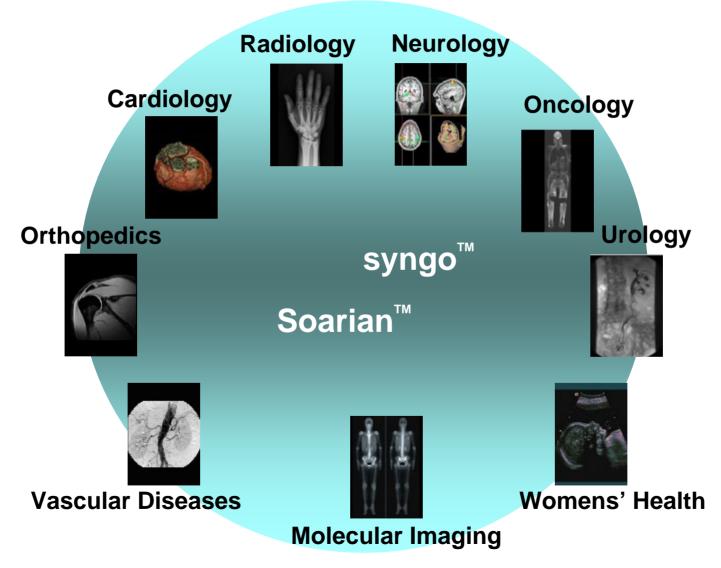
Joint Functions (Basic Research & Development, Technical Services, Quality, Group Communication, Environmental Protection, ...)

Systems covered via











14.3

### Our market is expected to grow 6% p.a.

(in € billions; currency adjusted)

+6% p.a.

41.4

Other
(Oncology, Audiology, Global Solutions)

Healthcare IT

10.4

+6% p.a.

41.4

41.4

41.4

-7% p.a.

41.4

-4% p.a.

7.5

6.6

12.5

2004 2007

+5% p.a.



We hold #1 or #2 positions in our major markets

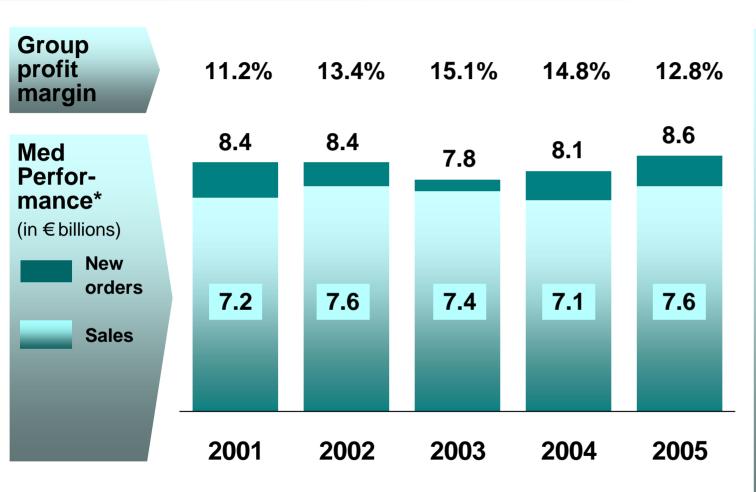
**Product related service** 

**Imaging Systems** 

(X-Ray, CT, MR, MI, US)

## 2005 was another successful year for our group







- Continuing introduction of trendsetting "firsts"
- Further market share gains in 2005, notably in MR and MI
- Enhanced position in Molecular Medicine through CTI
- Collaboration agreements with SAP and NextGen

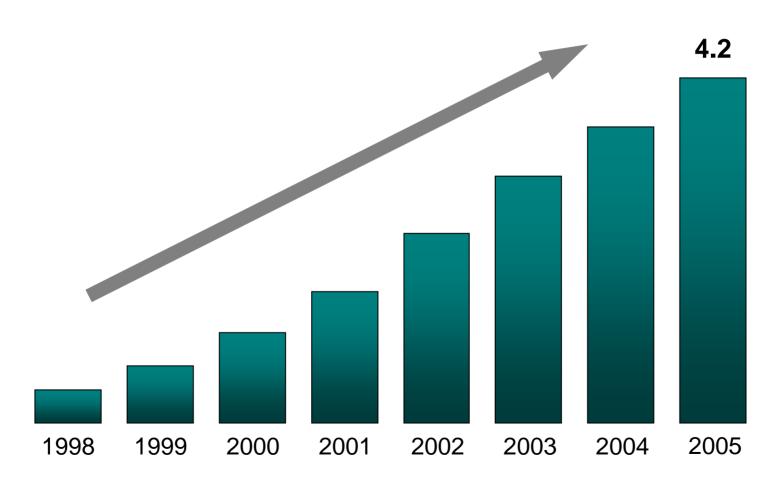


# We reached the double digit Group profit target range for five years in a row

### **Continuous productivity gains**

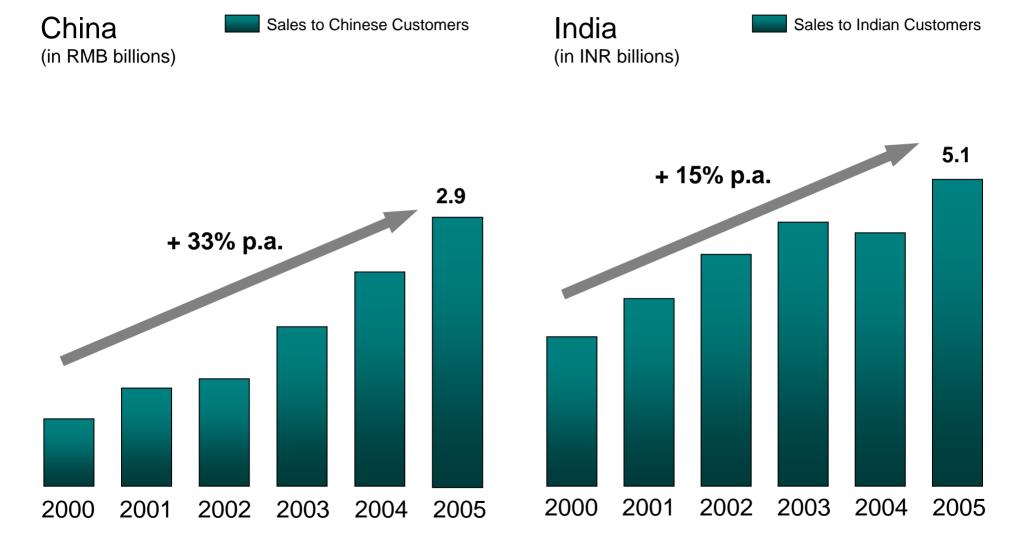


(accumulated cost productivity in € billions)



### **Expanding our position in emerging markets**

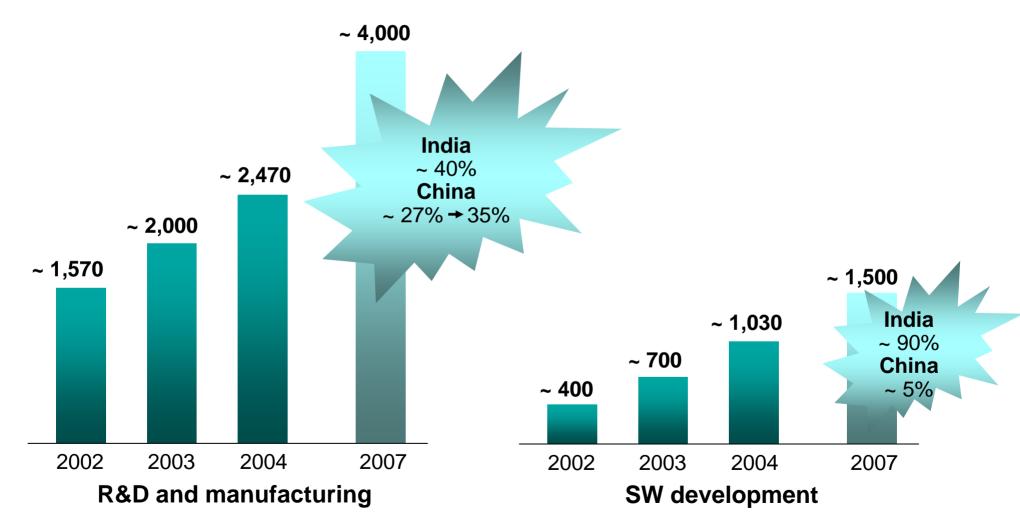








(Number of employees in emerging markets)



### M&A is an integral part of our strategy



#### **Major Acquisitions**

2005: CTI

2004: CADVision

2003: OMT

2000: Shared Medical

2000: Acuson

#### Major JVs / Investments

2004: Mochida (35%)

2003: Dräger Med (35%)

2002: Mindit (75%)

1997: Trixell (24.5%)

#### **Major Divestments**

2004: Life Support Systems

1998: Dental Systems

1994: Pacemakers

#### Other selected transactions

2005: Sensant 2003: MRC

2001: Pointshare

2002: Ultrasonic Tech. (51%)

2001: MeVis Breast Care (49%)

1999: dpiX (17.6 %)

2006: HS Home Health 2005: US AIM; HS RCMS

2004: Lawson (distrib.)

2002: US Transducers



In the last 6 years (2000 - 2005) we executed more than 40 deals with a total transaction volume of ~ €4.3 bn

# Stronger operations and future growth platforms



## Shared Medical Systems (Healthcare IT)

- Expansion of served market
- Immediate#1 position
- Enabled strategic reorientation
- Healthcare IT is key to efficiency improvement

## Acuson (Ultrasound)

- Complementary products (Cardio)
- Immediate leadership position
- Synergy realization
- Ultrasound is imaging's largest market

## CTI (PET / Molecular Imaging)

- Access to leading PET technology
- R&D of 2nd gen. "combi"-systems
- Know how beyond PET scanners
- Molecular Imaging is one of the major growth engines

# Major investments in promising technologies and applications



### Examples

### **Computer Aided Diagnosis**

"lab-on-a-chip"

**Capacitive US-Transducers** 

Neuronavigation

**Flat Detectors** 

- Acquisition of CADVision, Israel
- JV with MeVis Technologies, Germany
- Acquisition of "Quicklab"-project from Infineon
- Equity investment in peS GmbH, Germany

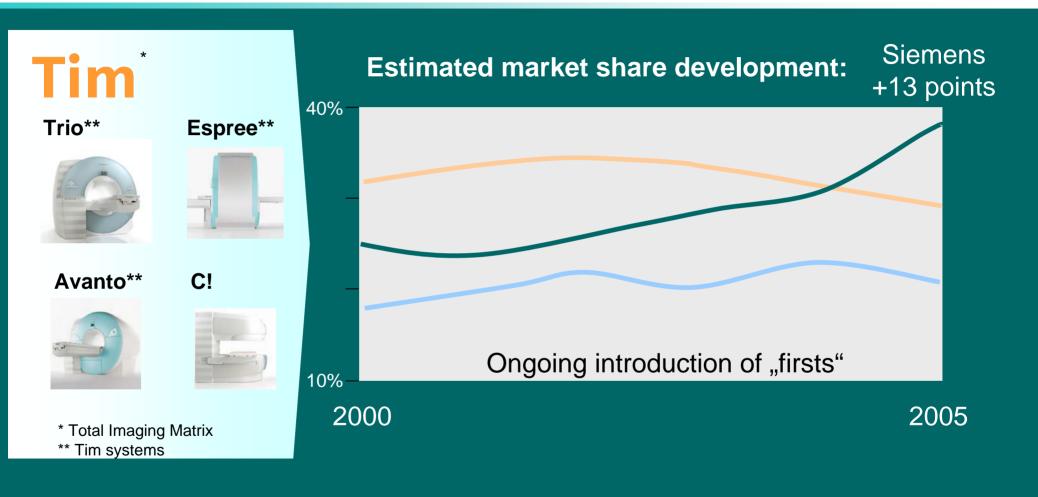
Acquisition of Sensant Corp., USA

Equity investment in Stereotaxis Inc., USA

- JV with Thales and Philips
- Equity investment in dpiX

## Innovation leadership in MR - market leader with Tim technology







MR orders increased 12% p.a. in the last 5 years while nominal market growth was 5% p.a.

## Innovation leadership in MR - market leader with Tim technology



# Tim

MAGNETOM Trio





T1 TSE with 1 x 1 x 3 mm resolution acquired in 3:24 min per step

with PAT 2, showing several metastases





Image source: NYU, NY, USA

# Innovation leadership in MR - Diffusion Tensor Imaging



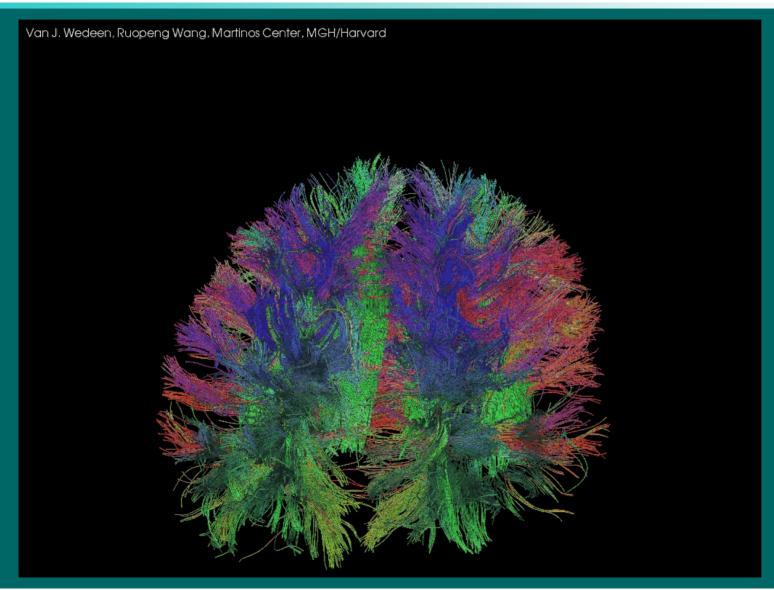


Image Source: Van J. Wedeen, Ruopeng Wong, Martinos Center; MGH/Harvard; Boston, USA

## Innovation leadership in MR - Molecular Imaging: MR/PET



#### **Superposition of MR and PET images:**



Image Source: University of Erlangen

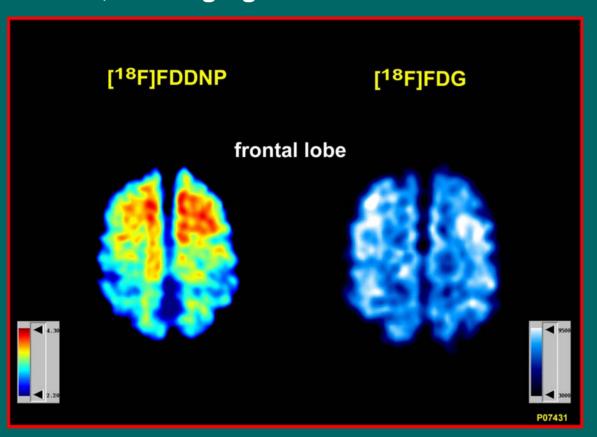
### First prototype of HYBRID MR/PET system:

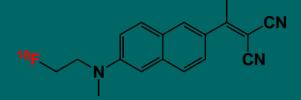
- Better soft-tissue contrast
- Lower radiation enables follow-up studies
- fMRI, diffusion, perfusion and spectroscopy in one exam
- Early detection of malignancies

## Innovation leadership in molecular imaging - our pipeline is filled



#### FDDNP, an imaging biomarker for Neuro-Diseases





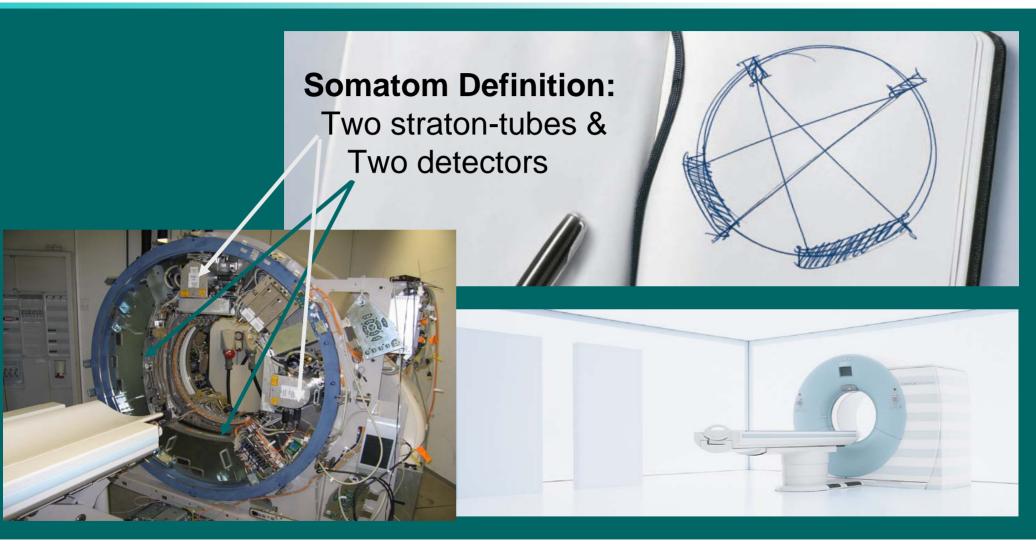
Status
Human studies in progress
under RDRC.
IND filing in preparation.
Clinical trials begin in early 2006



MI orders increased 14% p.a. in the last 5 years while nominal market growth was 5% p.a.

## Innovation leadership in CT - the world's first Dual Source CT







CT orders increased 13% p.a. in the last 5 years while nominal market growth was 2% p.a.

## Innovation leadership in CT - the world's first Dual Source CT



### Computed Tomography: Dual Source Imaging (SOMATOM Definition)



Image Source: University of Erlangen



Diastole



Systole

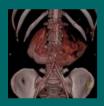


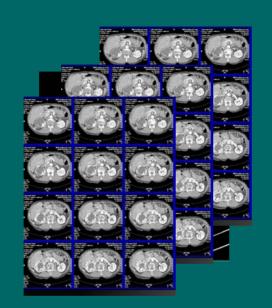
Faster than a beating heart

### Today, managing and analyzing image data volumes is the greatest challenge



#### 2 Slice CT

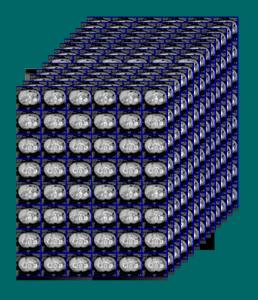




- 25 cm scan range
- 41 axial images
- 6 mm thickness







- 200 cm scan range
- 3,687 axial images
- 0.75 mm thickness

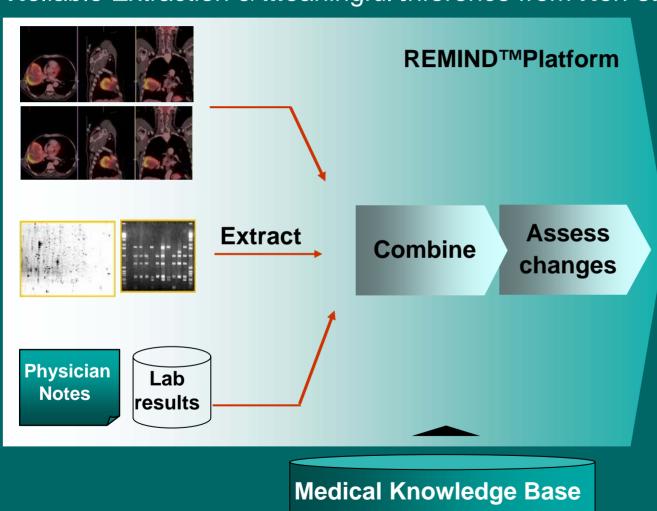
Image Source: University of Erlangen



## Innovation leadership in computer aided diagnosis – clear platform strategy



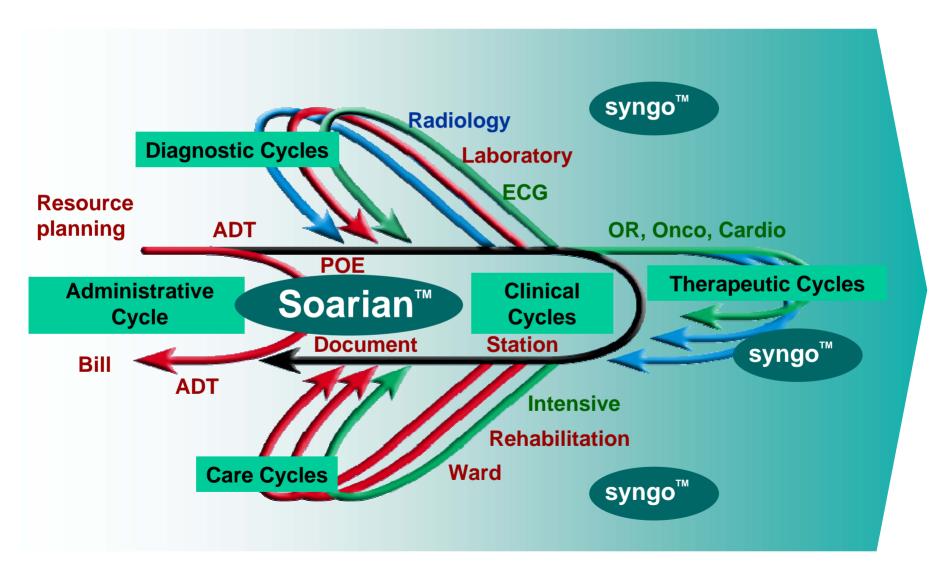
Reliable Extraction & Meaningful Inference from Non-structured Data



- Detection of Changes
- Prognosis Assessment
- Patient ID for Clinical Trial



### Soarian and Syngo cover the continuum of care



## Soarian's unique value proposition – the industry's only workflow engine



### Soarian key differentiators

**Web-native platform** 

- Anytime, anywhere access
- Intuitive, smart user interface
- Runs on anything with a browser

Integrated workflow engine

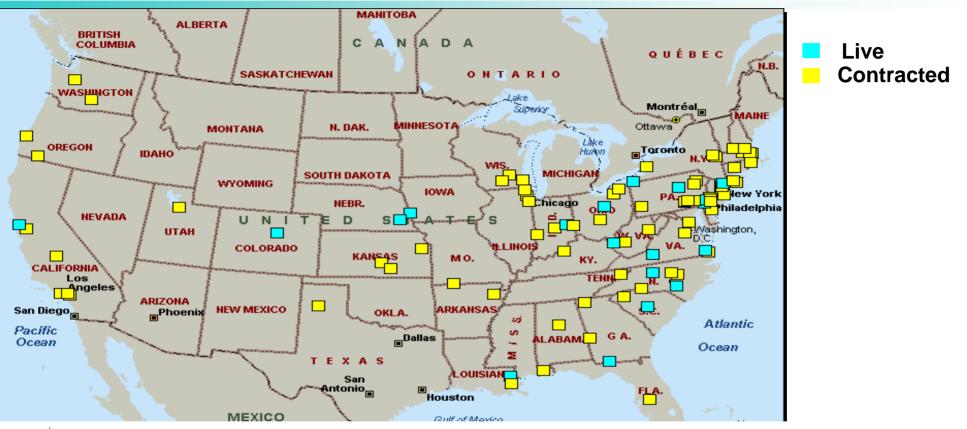
- Manages entire processes; workflow engine insures you do the right thing
- Triggers alerts and escalations; rules engine prevents you from doing the wrong thing
- Supports clinical decision making

**Embedded Analytics** 

- Measures and monitors performance
- Ensures compliance with guidelines

## Soarian rapidly gains ground – The momemtum confirms our strategy



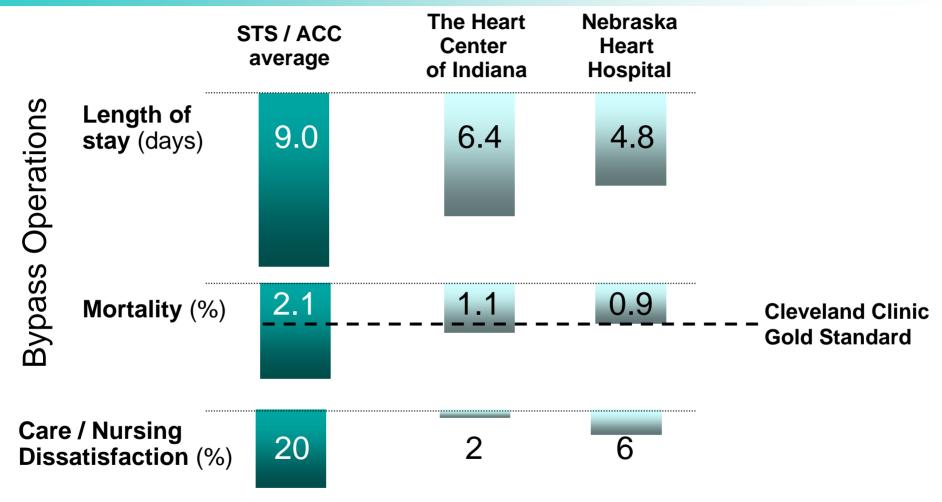




- In December 2005, the first two full-fledged Soarian systems went live: Susquehanna, Chester County
- Approx. 23,000 users are now operating Soarian on a daily basis
- Over one billion patient results have been converted in Soarian
- Current Totals (as of January 2006): 303 Customer Contracts;
   125+ Active Implementations; 72+ Live Customers; 130+ Facilities Live



### We generate value for our customers



Sources (04/05): Society of Thoracic Surgeons (STS); American College of Cardiology (ACC); Cleveland Clinic



Substantial gains in performance and quality from optimized integrated workflows and state of art imaging





Bed Management eliminates 50% of manual steps

 Additional revenue potential of US\$ 900,000 annually
 The Chester County Hospital

Cardiac catheter lab report turnaround time is reduced from 48 hours to 15 minutes

Annual revenue increase of US\$ 720,000
 South Carolina Heart Center

Infection Control prevents patient and staff exposure and reduces nursing tasks

Reducing per case cost by US\$ 7,000
 The Chester County Hospital

# We drive innovation by understanding customer and patient needs





Acute case: Patient is sick / injured

"I want to understand …"

Clinical workflow / (multiple) pathways

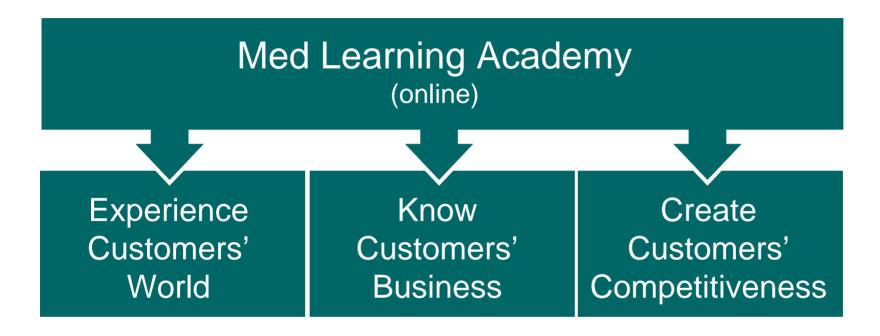
Patient flow: Specific physical movement

Workplaces for physicians, nurses and administration

**Requirements** for hardware, software and processes







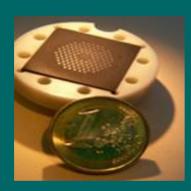
- Three levels of learning for all 32,000 employees
   (Introductory, Intermediate, Expert)
- MBA-Program started

# Molecular Medicine and IT will shape the future of healthcare



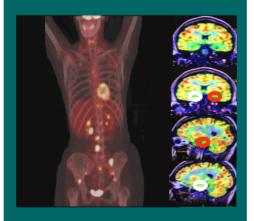
### Innovations in Healthcare

# In-Vitro Diagnostics



Leverage novel
molecular
technologies for
early detection of
disease

# Molecular Imaging



Visualize and localize molecular processes in vivo for diagnosis and therapy

### Knowledge-Driven Healthcare



Integrate medical information and enable knowledge-driven clinical applications

## IT and Molecular Medicine are key for enabling efficiency gains



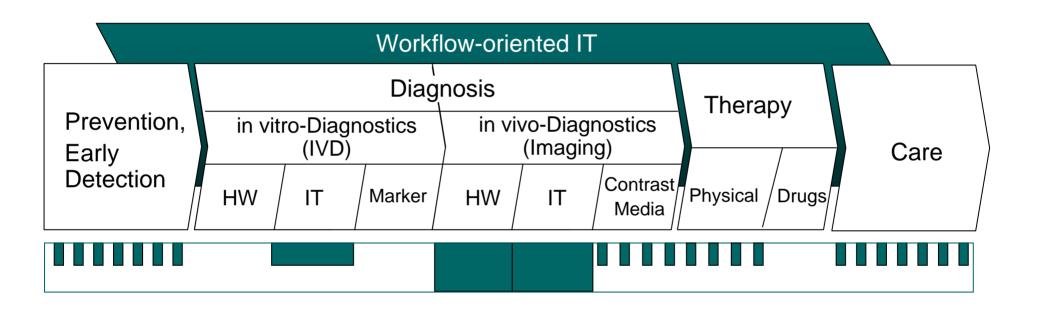
#### IT and Molecular Medicine Prevention / **Diagnosis Therapy** Care **Early Detection** Molecular In vitro-molecular Molecular Near patientmarkers diagnostics with design monitoring of health status for pre-- new technologies of new drugs disposition (e.g. biochips) - new specific Individualized markers Gene therapy therapy based on genetic In vivo-molecular profiles imaging with - new / combined Molecular in modalities vivo- and in - new contrast vitro-control of therapy agents - new applications progress



IT and molecular medicine enable integration and clinical use of data

## New potential focus areas are identified and under exploration

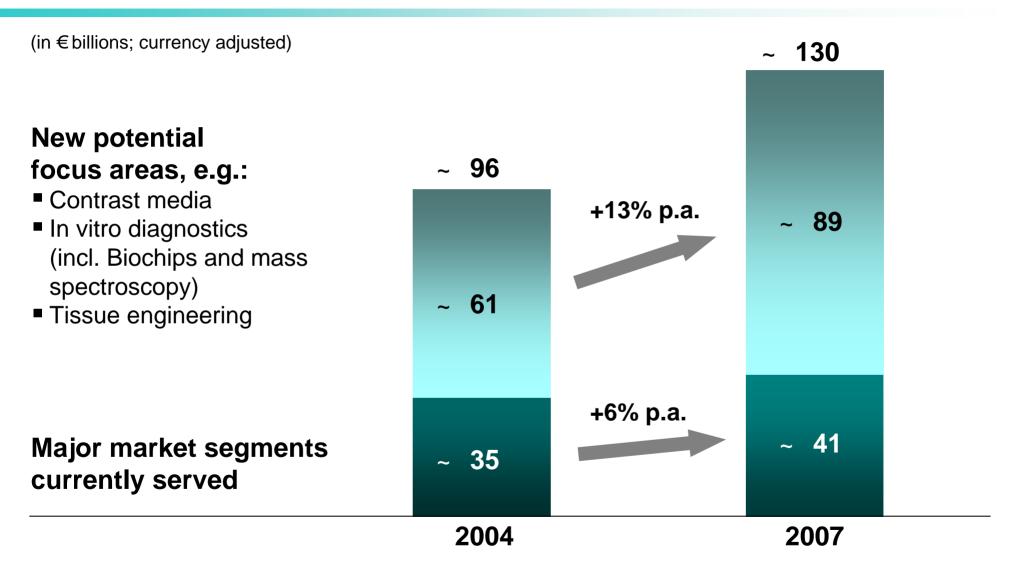




Fields currently addressed by Med

## New business opportunities are large and fast growing





### **Executive Summary**



- The biggest challenge of healthcare improving efficiency – opens up large business opportunities
- Our strategy addresses this challenge through innovation and cost optimization and recognizes the key role of IT
- We leverage business opportunities by enhancing our portfolio, by expanding our scope and by educating our people

Prevention Early Detection Diagnosis Therapy Care

#### Reconciliations and definitions



"Group profit from Operations" is reconciled to "Income before income taxes" of Operations under "Reconciliation to financial statements" on the table "Segment information." See "Financial Reports/Fiscal 2006, Quarter 1 / Financial Statements" at our Investor Relations website under www.siemens.com

"ROE" (Return on equity) margin for SFS was calculated as SFS' income before income taxes divided by the allocated equity for SFS. Allocated equity for SFS as of September 30, 2005 was €983 million. See also Siemens' Form 20-F at our Investor Relations website under www.siemens.com

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.

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 Net capital employed for the Operating Groups and risk-adjusted equity for the Financing and Real estate businesses as a base). A positive EVA means that a business has earned more than its cost of capital, and is therefore defined as value-creating. A negative EVA means 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.

A reconciliation of EVA may be found on our Investor Relations website under www.siemens.com





Marcus Desimoni	+49-89-636-32445
Frank Heffter	+49-89-636-34095
Irina Pchelova	+49-89-636-33693
Christina Schmöe	+49-89-636-32677
Susanne Wölfinger	+49-89-636-30639

	Webpage:	http://www.siemens.com	Investor Relations
	e-mail:	investorrelations@siemens.co	om
_	Fax:	+49-89-636-32830	