

Power Transmission and Distribution A Solid Foundation for Profitable Growth

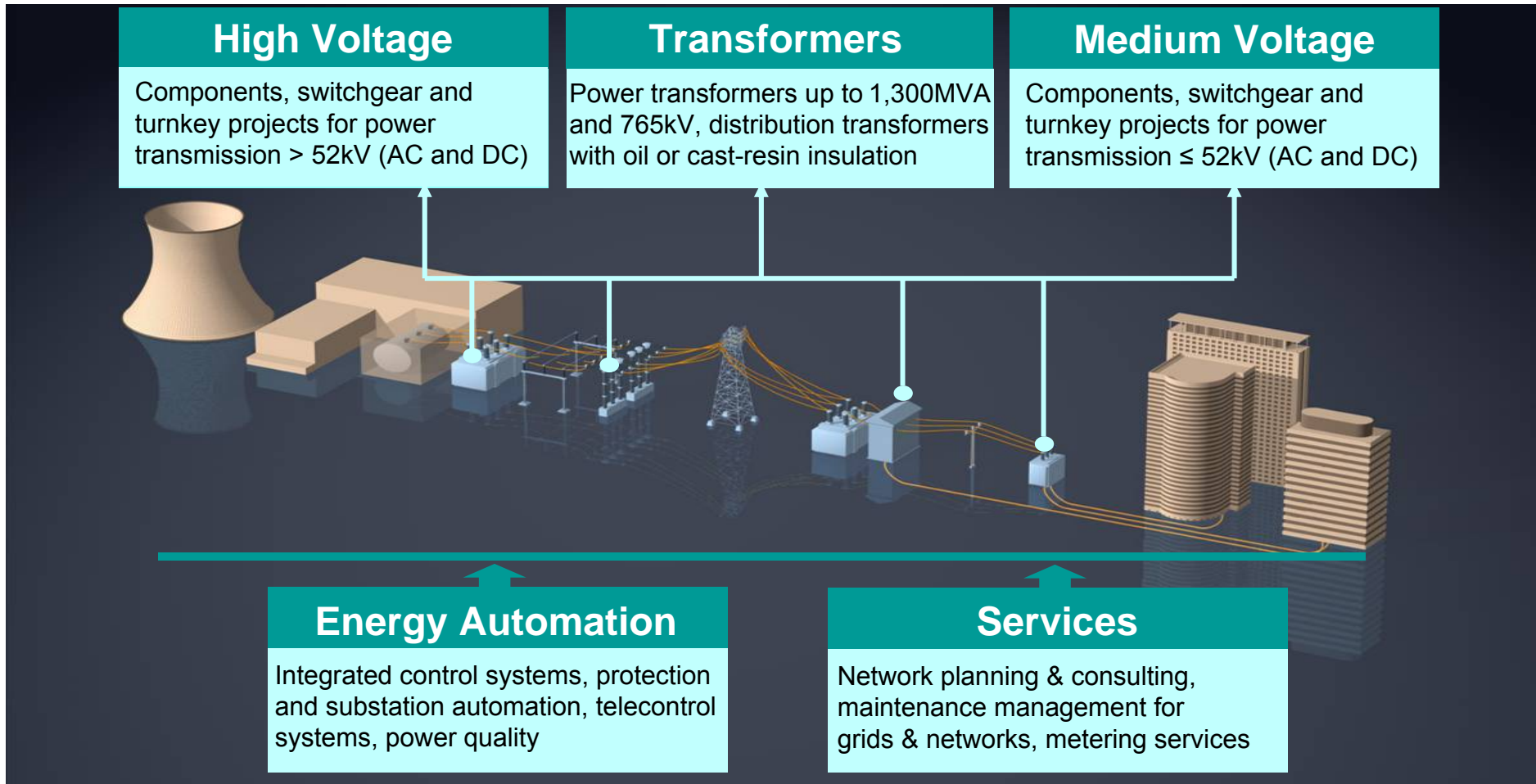
Udo Nihage, Group President

**Capital Market Days
February 23-24, 2006**

Safe harbor statement

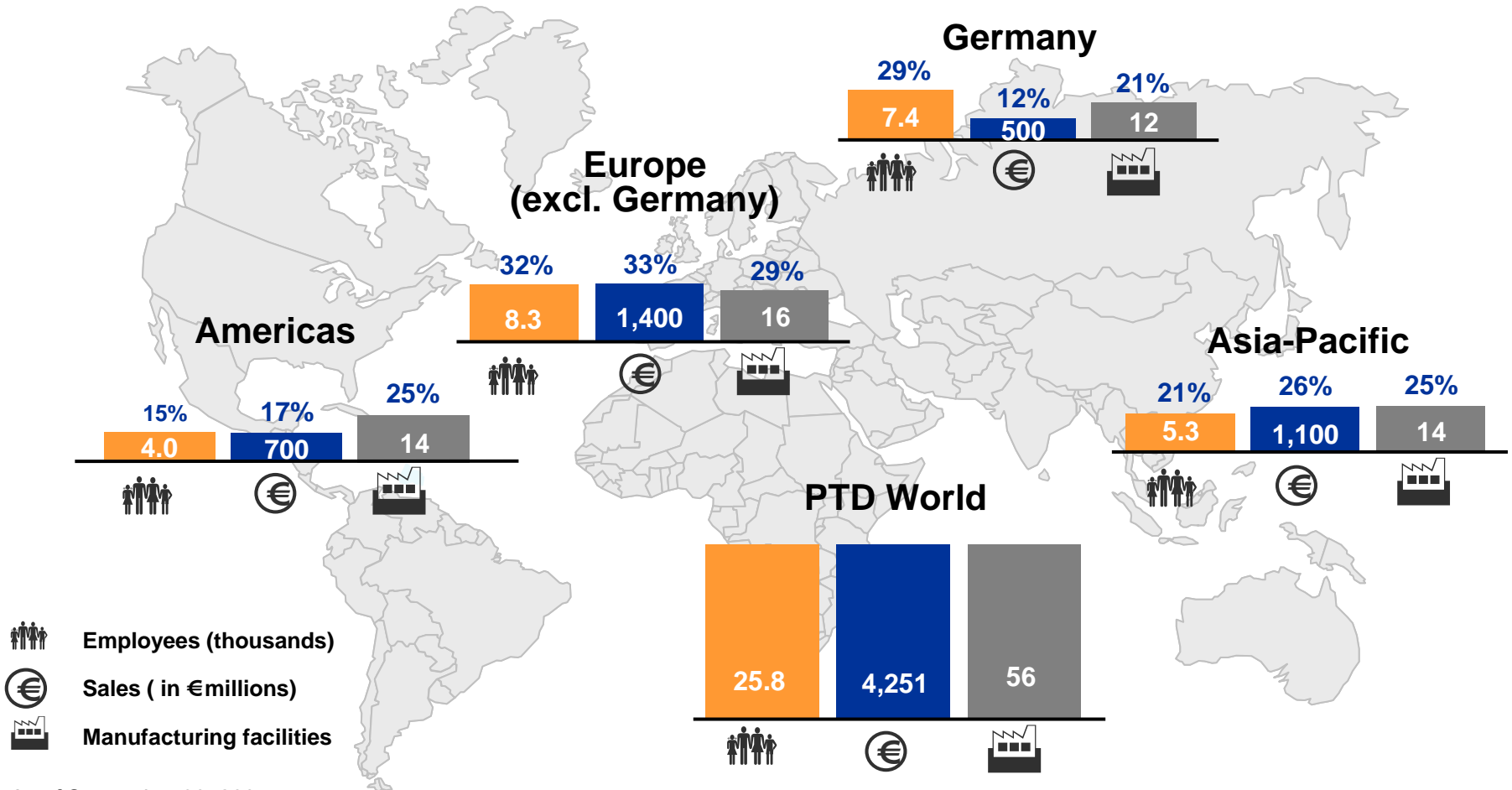
This presentation contains forward-looking statements and information – that is, statements related to future, not past, events. These statements may be identified either orally or in writing by words as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words of 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.

Comprehensive Portfolio



Complete T&D portfolio with best-in-class products and solutions

Global Presence

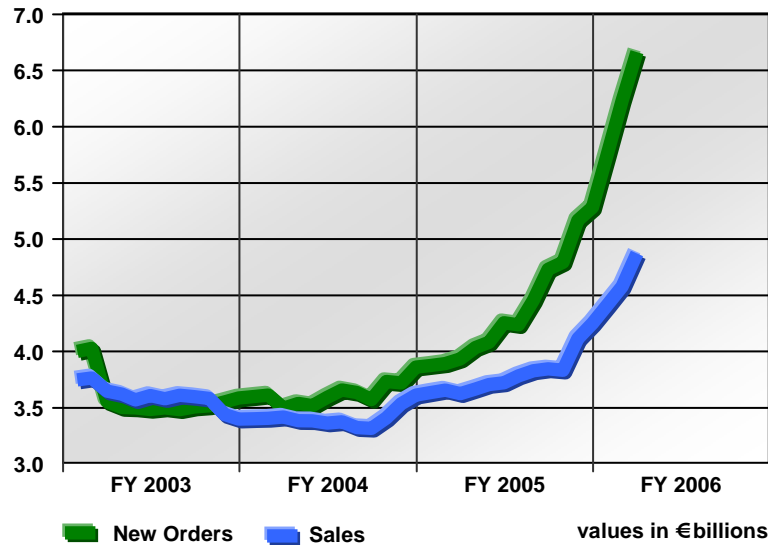


As of September 30, 2005

Well-balanced global engineering, manufacturing and sales setup

At a glance

12 months rolling business volume



Key Financials

	FY 2004	FY 2005	Q1-2006
New Orders	3.9	5.3	2.5
Sales	3.6	4.3	1.5
Group profit	0.2	0.2	0.1
as percentage of sales	6.6%	5.0%	5.8%
Employees	19	26	26
in thousands			

values in € billions

▶ Strong growth of all Divisions; sixth consecutive quarterly order intake record; first quarter FY 2006 Orders +72%* compared to Q1 FY 2005

▶ Group profit since FY 2003 in line with target margin range

▶ Transformer restructuring and integration of VATech T&D well under way

* excluding currency translation and portfolio effects

Strategic Focus Portfolio Management

Complement portfolio		
	PTD	TRENCH
Transformers	✓	-
Circuit Breakers	✓	-
Disconnectors	✓	-
Surge Arresters	✓	-
HV Instr. Transformers	-	✓
Air Core Reactors	-	✓
Line Traps (PLC)	-	✓
Bushings	limited	✓

Strengthen competencies

Power Technologies International (Services)



World market leader in

- network consulting
- network planning software

Market coverage, global setup

VATech T&D

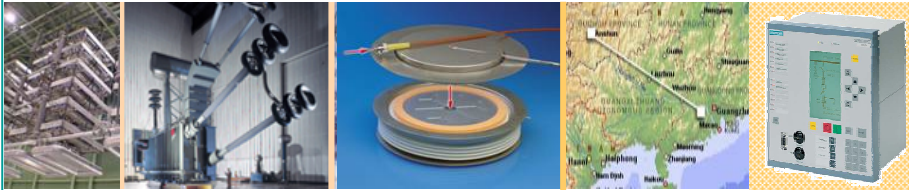


Network and close to the customer

Various setups / Greenfield investments in China and India



New Trendsetting Technologies



HVDC Transmission

- HVDC and FACTS for bulk power transmission up to 800kV DC

Energy Automation

- First supplier with complete range of **protection** and **automation** equipment with new communication standard **IEC 61850**

Portfolio Optimization – Platform strategies

Pace setting in all business areas



Medium Power Transformers

- New design for material cost reduction (-20%)

High Voltage Switchgear

- From today 27 product lines to 6 in future

Medium Voltage

- New circuit breaker SION: flexible adaptation to customer needs (48 h delivery time for OEMs)

New Markets / Solutions

Renewable, Industry solutions (Chemical, Automotive, Oil & Gas)



Renewable Energies

- providing enabling technology for coupling renewable energy sources (e.g. wind parks; solar farms)

Oil & Gas

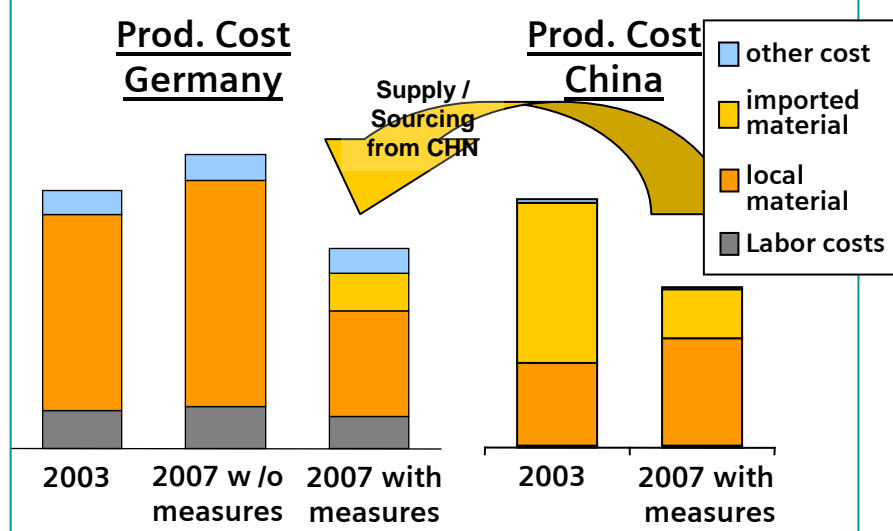
- our distribution network coupler SIPLINK is applied in new areas such as industrial plants, ship wharfs and oil rigs

Through continuous R&D-activities and portfolio management
PTD is and will be the preferred T&D-supplier

Strategic Focus Global Competitiveness



Example: High Voltage Circuit Breaker



- ▶ Optimized factory utilization and sourcing on a world wide basis leads to a better cost position and higher profitability in domestic and international businesses

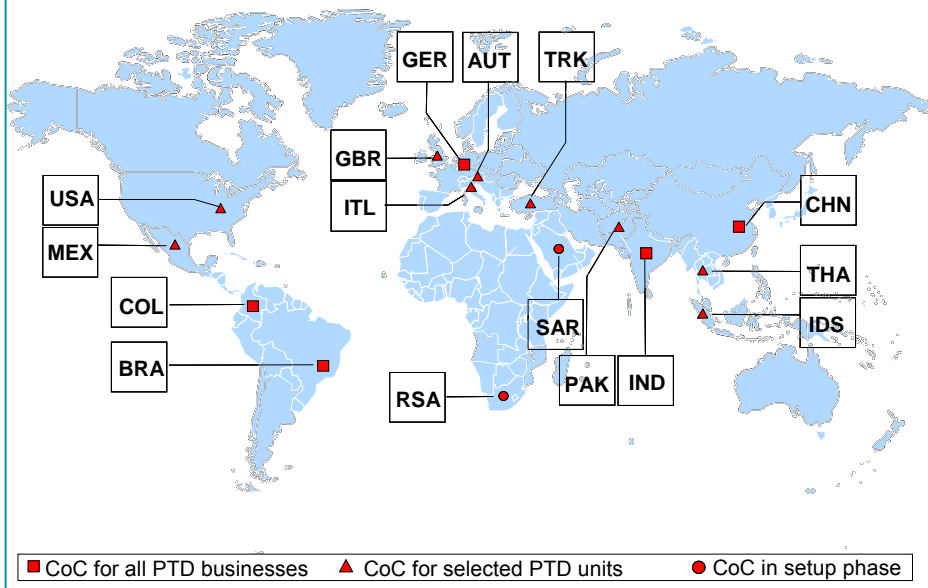
- ▶ In line with the transformation process operations are getting closer to the customer / local markets and needs

- ▶ A balanced network of tomorrow leads to competitive advantages such as bundling of international R&D competencies, efficient global sourcing and business risk minimization

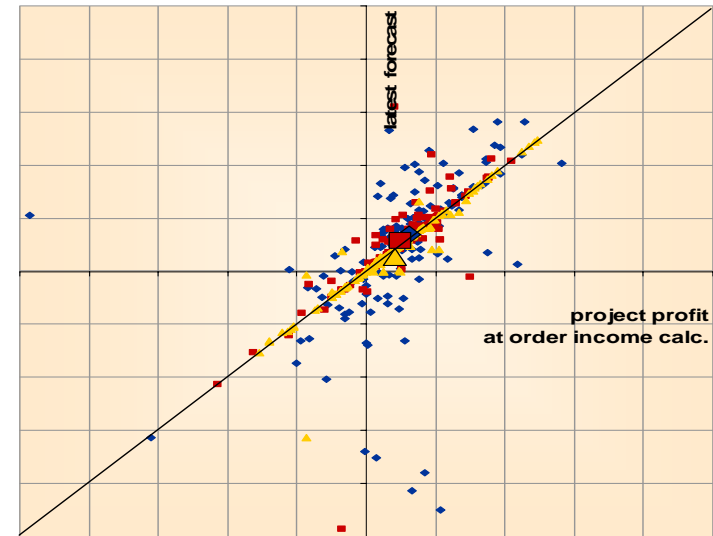
**Transformation is the key lever to secure future competitiveness;
successful transformation goes in line with people excellence**

Strategic Focus PM@Siemens

PTD with its 16 Centers of Competence (CoC)



Continuous tracking of project results

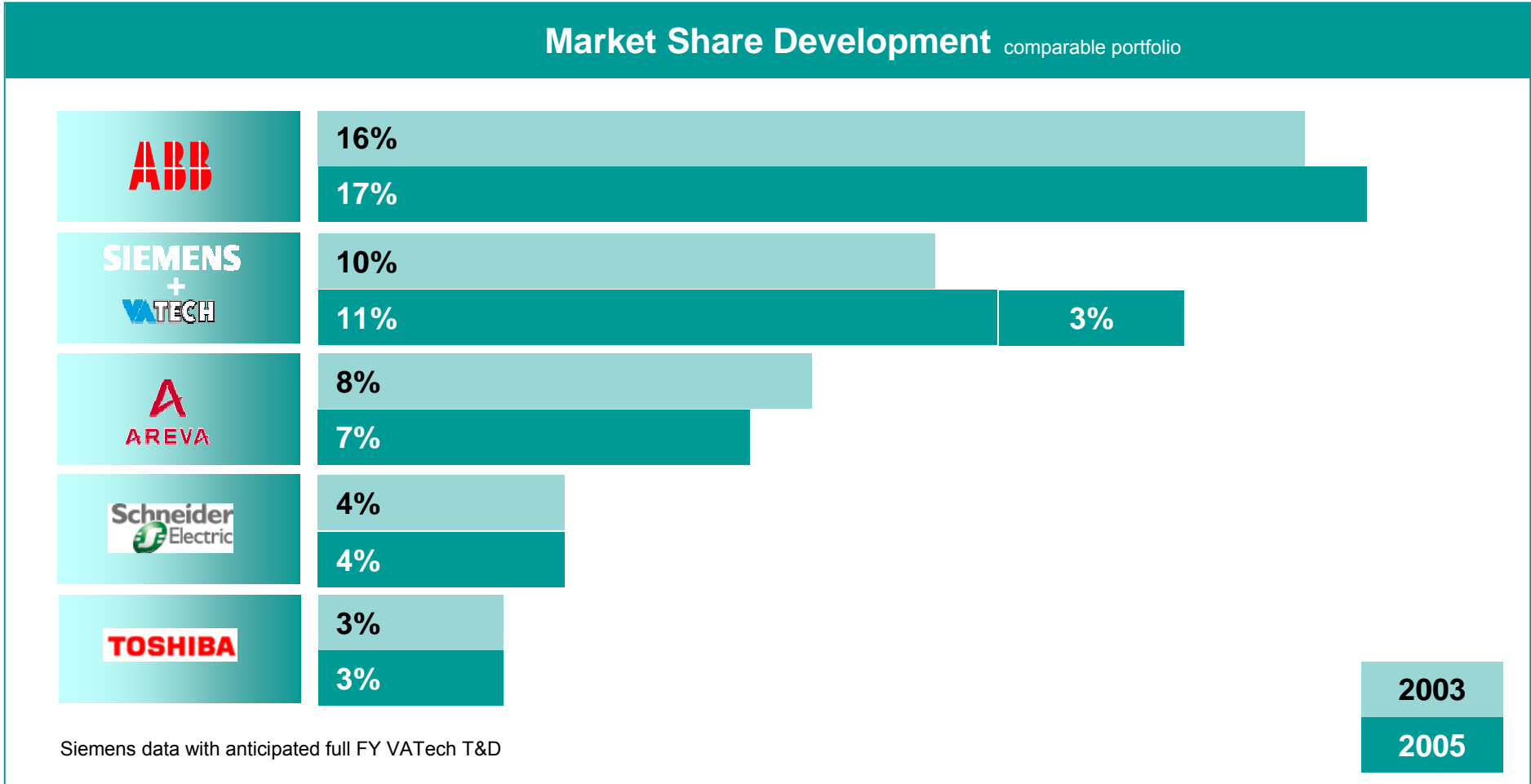


► Implementation of standardized Project Management PM@Siemens in all significant Centers of Competences is nearly completed

► Integration of former VATEch T&D CoCs is planned to be finalized by end of FY 2006

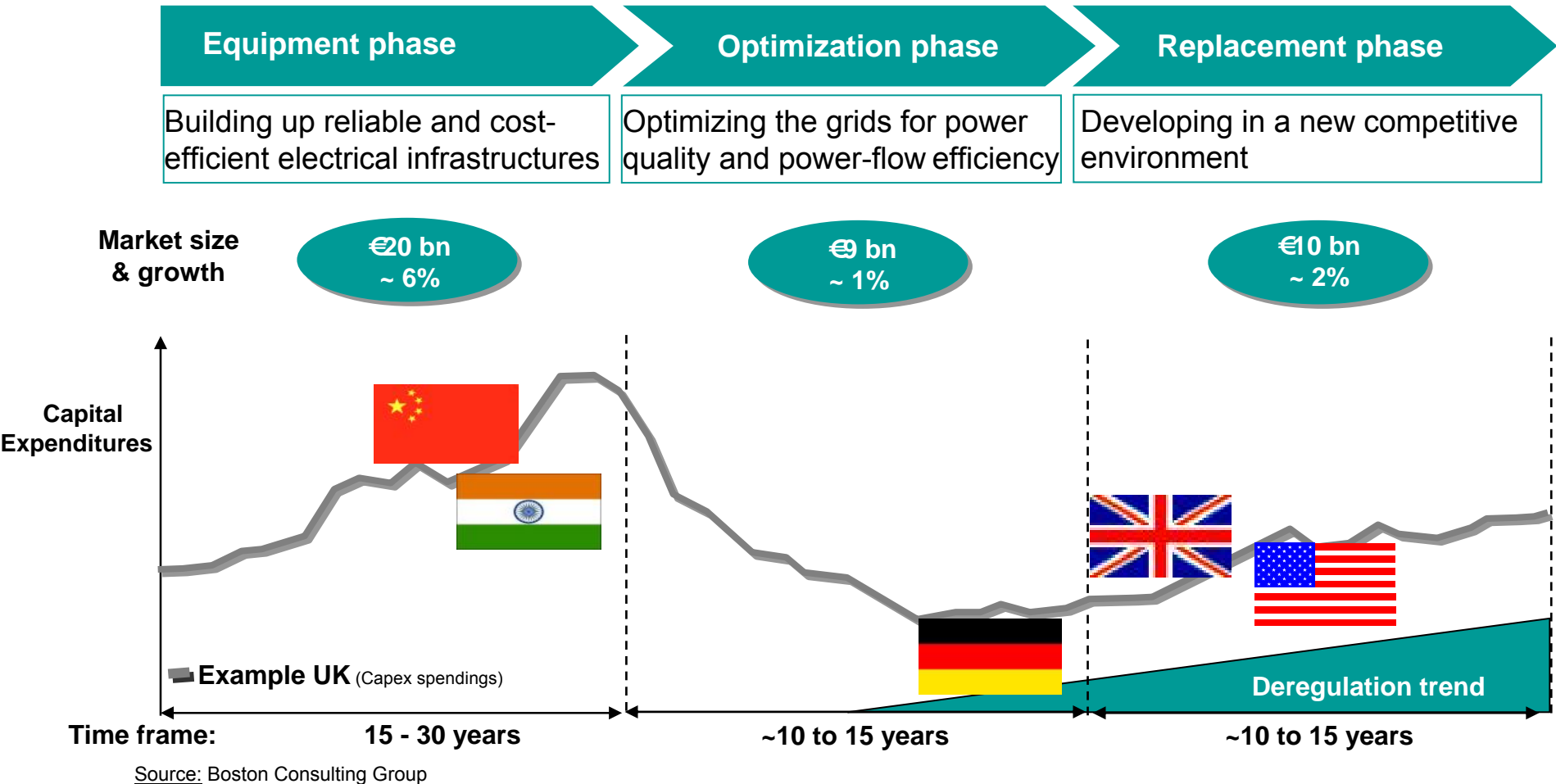
**Reliable processes and improved profitability
through implementation of PM@Siemens**

PTD's Competition and Market Share



With double digit sales growth closing the gap to # 1 and break away from # 3 and followers

Market and Market Characteristics



Global but differentiated market approach and ongoing technology developments are the success factors for continuous and steady growth

Trends and Market Drivers

Need for more energy

Population growth from more than 6 billion to 8 billion by 2025

- Growth of energy consumption
 - ➔ industrial countries + 1.4%
 - ➔ emerging countries + 5.2%
- Growing distances between power generation and consumption

Urbanization

- The world's urban population is estimated at 3 billion in 2003 and is expected to rise to 5 billion by 2030
- Megacities (> 10 million) :
 - Today: 280 million people
 - 2015: 350 million people



Bulk power transmission over long distances from generation to consumer

Distribution within congested areas / megacities

▶ Efficient, reliable and secure supply of electrical energy are the key drivers of our business

Our products and solutions offer answers to global challenges

Transmission



HVDC project Gui Guang I

Bulk power transmission (3,000 MW) over 940km to megacity Guangzhou, China

Distribution

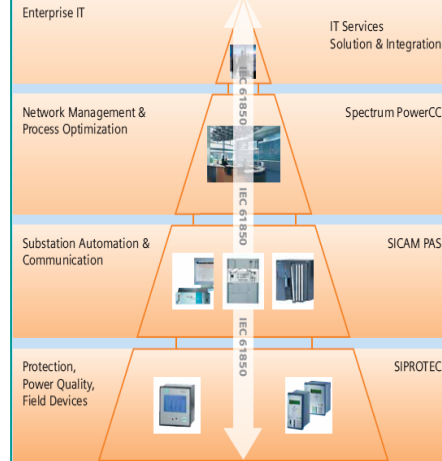


Grid Rehabilitation

Modernization of more than 2,000 distribution substations in Hong Kong

Energy Automation

Homogeneous Solution Portfolio

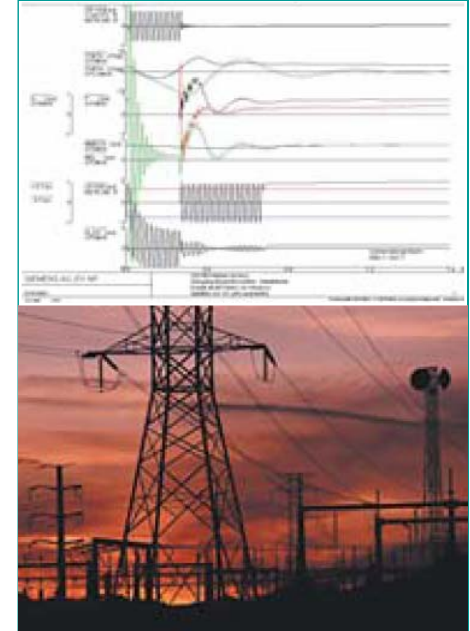


IEC 61850

Pace Setting

Technology trendsetter ahead of competition in applying communication standard **IEC61850**

Services



Network Planning & Services

World market leader in network planning software (PSS, NETOMAC) and application

Coverage of existing and future challenges for more efficient, reliable and secure power transmission and distribution

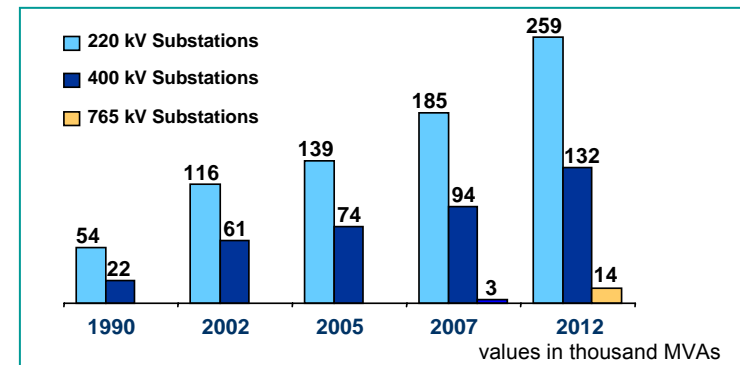
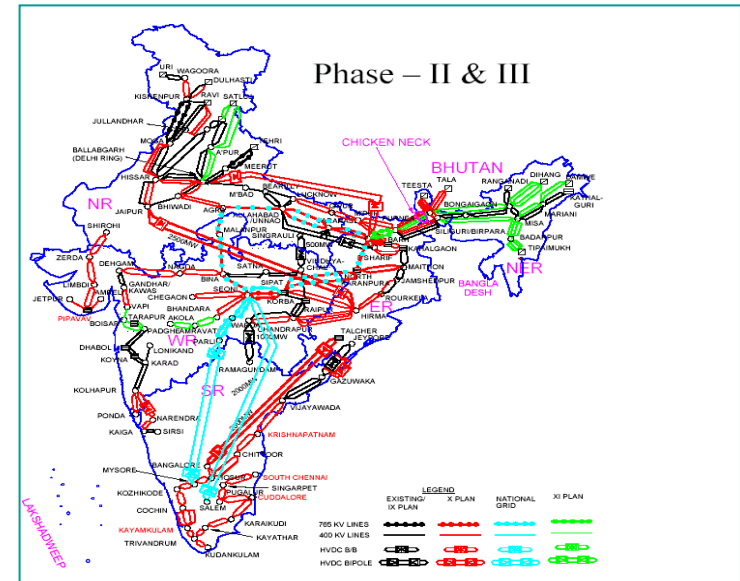
PTD in India

Key figures

- 7 sales Offices
- 3 factories, 1 CoC
 - Medium Voltage, Kalwa / Mumbai
 - High Voltage, Aurangabad
 - Transformers, Kalwa (under construction)
- Number of employees > 700
- Overall investment > €50 million

Summary

- India power market with double digit growth in coming years due to high investments in T&D grid
- PTD covers the full scope of market demand with local manufacturing and competitive designs
- PM competencies in engineering, procurement and construction for growth in domestic and export markets



With local manufacturing and developed engineering competencies, PTD will take full advantage of India's demanding T&D market

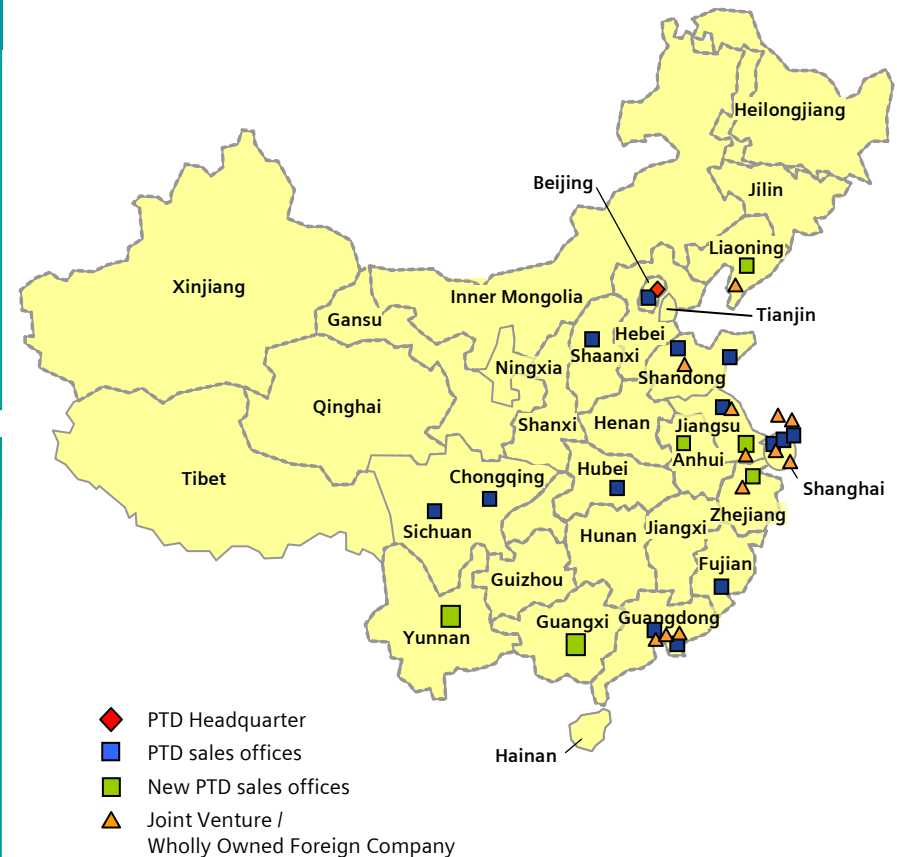
PTD in China

Key figures

- 23 sales Offices
- 2 R&D Centers
- 12 factories (High and Medium Voltage, Energy Automation and Transformers), 2 CoCs
- Number of employees >3,000
- Overall investment until 2005 > €100 million

Market

- Chinese T&D market growth approx. 9% p. a. over the next years
- Grid extension into 1,000kV AC and +/- 800kV DC for efficient long distance transmission
- Megacities with high load density
- Ongoing investments in Industry, e.g Chemical Automotive and Oil & Gas



For 15 years now, PTN is one of the leading players in the Chinese T&D market

Our Mission

Employees
Customers
Market

3x No 1

Solid foundation for profitable growth!

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.com

Fax: +49-89-636-32830