Performing in tough times
Dr. Heinrich v. Pierer, CEO

EPG conference, May 5, 2003
# Key figures Q2 2003

**SIEMENS**

<table>
<thead>
<tr>
<th></th>
<th>Q2/03</th>
<th>Q2/02</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>New orders</strong></td>
<td>19.1</td>
<td>22.4</td>
</tr>
<tr>
<td><strong>Sales</strong></td>
<td>18.2</td>
<td>21.3</td>
</tr>
<tr>
<td><strong>Group Profit from Operations</strong></td>
<td>1.073</td>
<td>1.086</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>0.568</td>
<td>1.281</td>
</tr>
<tr>
<td><strong>EPS (in euros)</strong></td>
<td>0.64</td>
<td>1.44</td>
</tr>
<tr>
<td><strong>Net cash from operating and investing activities</strong></td>
<td>1.398</td>
<td>1.433</td>
</tr>
</tbody>
</table>

*in billions of euros*
Q2 results above market expectations

- Strong cash flow performance
- Continued improvement in Group profitability
- Leveraging market positions in a difficult market environment
- Adjusting to market conditions in ICN, ICM, SBT and PG
- Consequences for underperformers
Balanced business portfolio

- Focused portfolio in electrical engineering and electronics
- Robust portfolio cushions market weaknesses
- Continuous internationalization of workforce
- Regional diversity buffers currency exposure
- Ongoing portfolio optimization
Portfolio optimization (Westinghouse, Delaval, Alstom)

Strong confirmed order backlog of €14.3 billion (50% service)

Increase service business to 40% in the medium term

Maintain planned shipment of around 60 GT for FY 2003

Optimistic to achieve margin target of 10-13% at the upper end
Innovation leadership

- Shorter innovation cycles lead to younger product mix
- Biggest software company in the world
- 7,100 inventions and 4,600 patents in 2002
- Latest IT technology pervades all operating Groups
Innovation leadership

Innovation drives customer benefits, productivity and growth

- Med - Sensation 16, Syngo, Soarian
- SV - Piezo diesel injection, navigation systems
- A&D - Totally Integrated Automation
- Osram – Opto Semiconductors
Exploit service growth opportunities

- Leverage installed base to increase service platform - e.g. Power Generation and Medical Solutions

- Provide full product-life-cycle support - e.g. Industrial Solutions & Services, Information and Communication Networks

- Develop new service growth areas – e.g. in Power Transmission and Distribution, Transportation Systems, Siemens VDO Automotive
Performance-driven culture

8 out of 9 Groups will exceed, reach or come close to 2003 margin corridor

Continuing focus on profitability:

- Margin targets for each Group
- Quarterly performance reviews
- Rigorous consequences
- Project management
- Incentives based on EVA and cash flow
- Cost cutting of 1 billion euros in 2-3 years (IT, travel expenses, consulting ...)

May 2003
ICN – Profit and Cash Turnaround (PACT)

- Enterprise Networks Division posts solid profit

- Carrier Networks Division suffers from ongoing market decline and price pressure

- PACT program progresses:
  - + cost reduction program well on track
  - + further reduced capital employed
  - + generated positive net cash
  - + headcount reduction on schedule

- R&D focus on Next Generation Networks
ICM – Performing in a difficult market

Mobile Phones

- Shift in product mix increased ASP to 123 €
- 6th consecutive profitable quarter due to improved cost position
- Successful product launches of color and tri-band and fashion phones such as SL55, M55, S55, A55, SX1 and Xelibri phones

Mobile Networks

- Double-digit decrease in infrastructure market expected
- Delivery of Siemens equipment for all active 3G networks in Europe
- Strong positions in GSM, especially in emerging markets such as the Americas, Eastern Europe, Africa/Middle East and Asia
Divestment of non-core facility management business (2,900 employees in D, CH, USA)

Reduction of non-core project business (1,100 employees)

Integration of SBT and Siemens regional sales forces

Give up sub-critical activities in emerging countries

Reduce number of factories by 5 (CH, UK, US, FIN)
Ongoing business portfolio optimization in electrical engineering and electronics industry

Innovation leadership

Four regional pillars
- USA: largest single market
- Europe: strong home market
- Asia: promising position, especially in China
- Middle East, Africa, C.I.S.: growing markets

Strong financials – improvements even in difficult times

Focus on performance

May 2003
Appendix
## Group Profit margins

<table>
<thead>
<tr>
<th></th>
<th>Q1/03</th>
<th>Q2/03</th>
<th>Operation 2003 targets</th>
</tr>
</thead>
<tbody>
<tr>
<td>ICN</td>
<td>(8.4)</td>
<td>(8.8)</td>
<td>8 - 11&lt;sup&gt;1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>ICM</td>
<td>2.1</td>
<td>2.4</td>
<td>8 - 11&lt;sup&gt;1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>SBS</td>
<td>0.9</td>
<td>1.9</td>
<td>5 - 6&lt;sup&gt;1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>A&amp;D</td>
<td>9.0</td>
<td>9.0</td>
<td>11 - 13</td>
</tr>
<tr>
<td>I&amp;S</td>
<td>(3.6)</td>
<td>0.4</td>
<td>4 - 6&lt;sup&gt;1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>SD</td>
<td>1.9</td>
<td>1.8</td>
<td>7 - 9&lt;sup&gt;1)&lt;/sup&gt;</td>
</tr>
<tr>
<td>SBT</td>
<td>3.6</td>
<td>0.2</td>
<td>7 - 9</td>
</tr>
<tr>
<td>PG</td>
<td>22.9</td>
<td>15.5</td>
<td>10 - 13</td>
</tr>
<tr>
<td>PTD</td>
<td>5.0</td>
<td>5.9</td>
<td>5 - 7</td>
</tr>
<tr>
<td>TS</td>
<td>6.3</td>
<td>5.8</td>
<td>5 - 7</td>
</tr>
<tr>
<td>SV</td>
<td>3.4</td>
<td>5.4</td>
<td>5 - 6</td>
</tr>
<tr>
<td>Med</td>
<td>13.4</td>
<td>13.9</td>
<td>11 - 13</td>
</tr>
<tr>
<td>Osram</td>
<td>9.4</td>
<td>9.5</td>
<td>10 - 11</td>
</tr>
<tr>
<td>SFS</td>
<td>31.1&lt;sup&gt;2)&lt;/sup&gt;</td>
<td>21.5&lt;sup&gt;2)&lt;/sup&gt;</td>
<td>18 - 22&lt;sup&gt;2)&lt;/sup&gt;</td>
</tr>
</tbody>
</table>

1) 2004 for I&C groups, I&S and SD
2) Return on Equity before taxes

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May 2003
Global presence I

Employees by region (in thousands)

Number of production locations by region

May 2003

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Net cash development

Siemens net cash
in billions of euros

Cash and marketable securities
Siemens worldwide

Long- and short-term debt
Siemens worldwide

Total debt SFS / SRE

Net cash excl. SFS / SRE

FY2001

FY2002

HY2003

8.6
4.8
11.6
7.8
9.7
6.4

8.8
12.6
8.5
12.3
8.3
11.5

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Information and Communication Networks (ICN)  SIEMENS

Partner for profitable networks

### Performance drivers

**Successful implementation of **PACT** program**

- **Size the Business**
  - Monitor capacities, considering market conditions
- **Manage Assets**
  - Maintain our world-class turnover ratio
  - Reduce working capital by 2bn in FY03
- **Reduce costs (1.7 bn in FY03)**
  - Manage assets more efficiently
  - Install more efficient processes
  - Reduce workforce to 34,000 by the end of FY03
- **Maximize synergies of Carrier and Enterprise**
  - Offer Enterprise Services to Carrier Customers
- **Leverage our expertise through enhanced services**
- **Optimize sales and customer orientation**
  - Focus sales on profitable business
  - Improve channel management
- **Lead in innovation**
  - 90% of R&D in Next Generation Networks

### End-to-end solution provider for Next Generation Networks (NGN)

- Leading market positions in 2002
  - No.1 in Enterprise Voice Switching
  - No.1 in Carrier Switching
  - No.2 in Carrier Grade IP Convergence
  - No.2 in Broadband Access
  - No.2 in SDH Optical Transport Market
- Goals for 2005
  - Maintain the leading positions
  - Top 3 player in NGN Metro
  - Strong Application and Service Business

#### Sales in billions of euros

<table>
<thead>
<tr>
<th>FY</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>HY2003</th>
<th>target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Profit margin</td>
<td>11.3</td>
<td>12.9</td>
<td>9.6</td>
<td>3.5</td>
<td>8-11%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Sales target</th>
<th>6.1%</th>
<th>7.2%</th>
<th>8.6%</th>
</tr>
</thead>
</table>

**HY2003**: 3.5 (8.6%)
Information and Communication Mobile (ICM)

Innovating the mobile world

Sales in billions of euros

<table>
<thead>
<tr>
<th>FY</th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>HY2003</th>
<th>target</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group Profit margin</td>
<td>8.9</td>
<td>11.3</td>
<td>11.0</td>
<td>5.2</td>
<td>8-11%</td>
</tr>
</tbody>
</table>

| (2.7%) |

Performance drivers

Targets

- Increase market share
- Become the leading end-to-end solution provider

Strategic orientation

- 1. Drive innovation in processes, technology and business models
- 2. Expand into high-margin services
- 3. Benchmark in quality excellence for our customers
- 4. Continue to develop the Siemens mobile brand

Performance drivers

Targets

- Increase market share
- Become the leading end-to-end solution provider

Strategic orientation

- 1. Drive innovation in processes, technology and business models
- 2. Expand into high-margin services
- 3. Benchmark in quality excellence for our customers
- 4. Continue to develop the Siemens mobile brand

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Building tomorrow – focus now

Sales in billions of euros

<table>
<thead>
<tr>
<th>Year</th>
<th>Solution services</th>
<th>Operation-related services</th>
<th>Product-related services</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2000</td>
<td>5.9 (1.2%)</td>
<td>5.8 (1.7%)</td>
<td>2.6 (1.4%)</td>
</tr>
<tr>
<td>FY 2001</td>
<td>6.0 (1.2%)</td>
<td>5.8 (1.7%)</td>
<td>2.6 (1.4%)</td>
</tr>
<tr>
<td>FY 2002</td>
<td>6.0 (1.2%)</td>
<td>5.8 (1.7%)</td>
<td>2.6 (1.4%)</td>
</tr>
<tr>
<td>HY 2003 target</td>
<td>5.8</td>
<td>2.6</td>
<td>2.0</td>
</tr>
</tbody>
</table>

Group profit margin 5-6%

Sales breakdown

FY 2002

<table>
<thead>
<tr>
<th>Services</th>
<th>Solution services (Consulting/Training/Professional Services)</th>
<th>33%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Operation-related services (IT-/Telecom-/Business Process Outsourcing)</td>
<td>45%</td>
</tr>
<tr>
<td></td>
<td>Product-related services (maintenance, value added services)</td>
<td>22%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Germany</th>
<th>Europe</th>
<th>Americas</th>
<th>Asia-Pacific/Africa/M.E.</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2002</td>
<td>50%</td>
<td>37%</td>
<td>10%</td>
<td>2%</td>
</tr>
</tbody>
</table>

Performance drivers

- Productivity improvement
  - Cost optimization
  - Capacity adjustments (reduction in work hours, insourcing)

- Portfolio focus
  - Solution services: Enterprise Resource Management; System Integration/Enterprise Application; Project-based Application Development and Integration
  - Operation-related services: IT-Outsourcing and Operations
  - Product-related services: hardware/software maintenance

- Customer focus
  - strengthen account management
  - existing customers: increase share of wallet
  - industries: manufacturing, financial services government

- Regional focus: Europe and USA

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**Automation & Drives (A&D)**

**Performance drivers**

- Build on clear global No. 1 position
- Technology trendsetter in innovation
- Gain market share and new customers
- Extend regional coverage: Asia; USA
- Leading company active in manufacturing and process automation; expand Simatic into process automation, enhance MES (Manufacturing Execution Systems) business
- Increase market shares with new Simotion systems and Sinamics drive platform
- Optimize headquarters, processes and asset management
- Strong cash generator

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**World leader in automation**

<table>
<thead>
<tr>
<th>Sales in billions of euros</th>
<th>FY 2000</th>
<th>FY 2001</th>
<th>FY 2002</th>
<th>HY2003 target</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2000</td>
<td>7.9</td>
<td>8.9</td>
<td>8.6</td>
<td>4.0</td>
</tr>
<tr>
<td>FY 2001</td>
<td>10.9%</td>
<td>11.0%</td>
<td>8.4%</td>
<td>9.0%</td>
</tr>
<tr>
<td>FY 2002</td>
<td>10.9%</td>
<td>11.0%</td>
<td>8.4%</td>
<td>9.0%</td>
</tr>
<tr>
<td>HY2003</td>
<td>11-13%</td>
<td>11-13%</td>
<td>11-13%</td>
<td>11-13%</td>
</tr>
</tbody>
</table>

**Sales in billions of euros**

- Americas: 2001 - 2.3, 2002 - 2.1
- Europe: 2001 - 5.8, 2002 - 5.7
- Asia/Pacific: 2001 - 0.6, 2002 - 0.6
- RoW: 2001 - 0.2, 2002 - 0.2

**Market**

- Americas: 2001 - 31, 2002 - 28
- Europe: 2001 - 42, 2002 - 40
- Asia/Pacific: 2001 - 28, 2002 - 27
- RoW: 2001 - 3, 2002 - 3

* *) preliminary
Industrial Solutions and Services (I&S)

Improving customer productivity

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Sales (billion euros)</th>
<th>Group Profit Margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2000</td>
<td>4.2</td>
<td>2.6% (4.4%)</td>
</tr>
<tr>
<td>FY 2001</td>
<td>4.6</td>
<td>2.1% (4.0%)</td>
</tr>
<tr>
<td>FY 2002</td>
<td>4.5</td>
<td>1.9% (3.9%)</td>
</tr>
<tr>
<td>HY 2003</td>
<td></td>
<td>1.9% (3.9%)</td>
</tr>
</tbody>
</table>

Performance drivers

- Impacts in FY2002
  - Restructuring charges for portfolio adjustments and reorganization
  - Lower order intake due to difficult market conditions and stringent order selection (Limits of Authority process implemented)

- Reorganization to strengthen competitiveness as a supplier of industrial systems, maintenance services and sector-specific IT solutions with a joint marketing and sales force

- Increased focus on standardized solutions and service packages for global customers

- Provider of profit-oriented life cycle solutions and services for customers installed base

Restructuring achievements

- Workforce reduced by 1,600 employees worldwide in FY02
- Transfer of 2,600 employees into a new service unit of Siemens AG as of January 2003
- Withdrawal from unprofitable regional businesses in France, Baltics, Taiwan, Philippines, Argentina
- Improved resource management of service staff by three service centers in Germany (formerly by 136 local centers)
  - First steps towards productivity improvement potential of €500+ million

May 2003
Siemens Dematic (SD)

We supply the perfect material flow

Sales in billions of euros

- FY 2000: 1.8
- FY 2001: 2.5
- FY 2002: 3.0
- HY2003 (2.3%)
- Target: 1.3

Group profit margin

- FY 2000: 11.0%
- FY 2001: 7.9%
- FY 2002: 1.5%
- HY2003: 1.9%

Market development

Despite a market decline of 18% since 2000, SD was able to achieve a profit turnaround. SD markets are expected to grow faster than the general automation markets.

- Globalization drives further logistics efforts
- Logistics automation, the next global wave after factory automation will offer substantial productivity improvements for our customers

Performance drivers

- The performance was impacted by weak markets mainly in the business areas of Electronics Assembly Systems and Material Handling Automation
- Measures to improve the performance
  - SD overall:
    - Focus on profitable growing market segments, standardization on key technologies and key processes
    - Improve cost position up to €1 billion by FY04
  - Material Handling Automation division
    - Rollout world products and tools
    - Leverage potential of airport business
    - Leverage service business
  - Electronics Assembly Systems division
    - Adjust capacities and divestments
    - Expand service business
    - Roll out new machine series
  - Postal Automation division
    - Leverage new technological base for flat sorting
    - Total solutions for postal supply chain
Siemens Building Technologies (SBT)

Leveraging leading market positions

Sales in billions of euros

<table>
<thead>
<tr>
<th>Year</th>
<th>Germany</th>
<th>Europe</th>
<th>Americas</th>
<th>Asia-Pacific</th>
<th>Group profit margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2000</td>
<td>4.9</td>
<td>3.4%</td>
<td></td>
<td></td>
<td>6%</td>
</tr>
<tr>
<td>FY 2001</td>
<td>5.5</td>
<td>2.4%</td>
<td></td>
<td></td>
<td>3.5%</td>
</tr>
<tr>
<td>FY 2002</td>
<td>5.6</td>
<td>3.5%</td>
<td></td>
<td></td>
<td>1.8%</td>
</tr>
<tr>
<td>HY 2003</td>
<td>2.4</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>


group profit margin 7-9%

Sales by region


- Europe: 38%
- Americas: 32%
- Asia-Pacific: 4%
- Germany: 26%

Performance drivers

- Exploit market leadership in fire safety and building automation
- Build position in security systems and product businesses to become market leader
- Grow profitable service business with innovative service offerings
- Concentrate on core businesses whilst exiting low-profitable facility management (2,900 employees) and non-core project business (1,100 employees)
- Exit low-profitability-countries
- Reduce sales volumes in low-margin business and market segments
- Exploit market opportunities through leveraging of synergies with other Siemens Groups and Regional Companies
- Reduce number of factories by 5 (CH, UK, US, FIN)

May 2003
Meeting the market challenges

Sales in billions of euros

<table>
<thead>
<tr>
<th>Year</th>
<th>FY 2000</th>
<th>2001</th>
<th>2002</th>
<th>HY2003</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales (billion euros)</td>
<td>7.8</td>
<td>8.6</td>
<td>9.4</td>
<td>3.5</td>
</tr>
<tr>
<td>Group profit margin</td>
<td>0.9%</td>
<td>7.4%</td>
<td>16.7%</td>
<td>19.3%</td>
</tr>
<tr>
<td>Target</td>
<td>10-13%</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Established initiatives drive substantial cost optimization in millions of euros

- Product Cost Savings: > 1,000
- Fixed Asset Optimization
- NCC Reduction
- Re-sizing Overhead
- Additional PCI* Benefit

<table>
<thead>
<tr>
<th>Year</th>
<th>FY02</th>
<th>FY05e</th>
</tr>
</thead>
<tbody>
<tr>
<td>PCI* already achieved</td>
<td>900</td>
<td></td>
</tr>
</tbody>
</table>

Performance drivers

- Portfolio optimization
  - Further improve our position within Industrial Applications through the acquisition of Alstom’s Industrial Turbine business
  - Strong No. 2 in all served segments

- Service growth - Our strategy is based on three primary thrusts:
  - Improving the base
  - Organic growth
  - Accelerated growth

- Innovation Leadership to increase customer value

- Business excellence programs to drive substantial cost optimization are in place

* Westinghouse acquisition synergies
Power Transmission and Distribution (PTD)

Sustainable improvement on the way to Operation 2003 targets

- **Clear No. 2 in T&D with well-balanced global set-up, as reliable partner for our utility and industry customers**
- **Consistent improvement of EBIT margin and customer satisfaction through**
  - portfolio optimization
  - PM@PTD (professional project management)
  - Logistics.excellence@PTD (top logistics performance)
  - increased value-added service offerings
  - early adjustment of resources to changing market demands
- **Technological top-performer through focused R&D on platform concepts and IT-based solutions**
- **Solid asset management to support strategy implementation by acquisitions and investment in production technology**

Performance drivers

Sales in billions of euros

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales</th>
<th>Group profit margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2000</td>
<td>3.2</td>
<td>1.4%</td>
</tr>
<tr>
<td>2001</td>
<td>4.1</td>
<td>2.4%</td>
</tr>
<tr>
<td>2002</td>
<td>4.2</td>
<td>2.6%</td>
</tr>
<tr>
<td>FY 2003</td>
<td>5.4%</td>
<td></td>
</tr>
</tbody>
</table>

Sales by region FY 2002

- **Germany** 26%
- **Europe** 24%
- **Americas** 23%
- **Asia-Pacific** 12%
- **Other** 15%

Group profit margin 5-7%
Transportation Systems (TS)

Profitable growth with efficient rail solutions

Sales
in billions of euros

Group profit margin
5-7%

FY 2000 2001 2002 HY2003
3.7 4.0 4.4 6.1%
2.0% 4.6% 5.7% target

Group profit margin

Significant new orders in HY 2003
in millions of euros

Swiss Railways (SWZ) 320
Double-deck trains
Budapest Transit Authority (UNG) 96
Combino low-floor tramcars
City of Barcelona (SPA) 73
Fully automatic metro line

Total new orders (HY 2003) 2.5
Order backlog (March 31, 2003) 11.6
in billions of euros

Performance drivers

- World-class cost position - Next step of productivity program top+/TS wins
- Focus on standardization by means of modular systems and platform-based concepts
- Clear focus on quality - Test centers for Rolling Stock and Rail Automation
- Rigorous asset and cash management
- Strong project and risk management - 50 project reviews scheduled for 2003
- Focus on profitable growth in a favorable markets
- Technological trendsetter in innovation

Our goals

- Maintain No. 1 position in the rail automation and turnkey markets
- Become No. 2 in the rolling stock market, based on technological leadership
Siemens VDO Automotive (SV)

First-tier supplier of applied automotive electronics & mechatronics

Performance drivers

- Rigorous implementation of top+ WIP:
  - 2 bn EUR cost savings for 2002-2004
  - Restructure manufacturing: intensified use of low-cost countries

- Streamline product portfolio:
  - Development of products with high end-customer benefit and fast pay-back
  - Offer regionally adapted product portfolio for growth areas (Asia and Americas /NAFTA)
  - Focus innovation on safety, performance and convenience (within the competence areas Powertrain, Chassis & Carbody and Interior & Information)
  - Prune product portfolio and exit non-core business

- Discipline in processes, software, quality and design-to-cost

- Global Key Account Management - “total customer satisfaction” approach

Sales in billions of euros

<table>
<thead>
<tr>
<th>FY</th>
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<td>4.3</td>
<td></td>
<td>5-6%</td>
</tr>
<tr>
<td>2.3%</td>
<td>0.8%</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Group profit margin

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HY2003</td>
<td></td>
<td>4.4%</td>
</tr>
</tbody>
</table>

Rising electronic and software content

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average manufacturing costs cars</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SW 4%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HW 18%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>CAGR -1%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>+13%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>HW 22%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>SW 13%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>€10,200</td>
<td>€11,000</td>
<td></td>
</tr>
</tbody>
</table>

Today 50% of Siemens VDO’s sales are generated from automotive electronics business. In the future even more focus on this business.
Medical Solutions (Med)

Profitable growth path

Sales in billions of euros

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales (in billions of euros)</th>
<th>Group profit margin</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2000</td>
<td>4.9</td>
<td>9.4%</td>
</tr>
<tr>
<td>FY 2001</td>
<td>7.2</td>
<td>11.2%</td>
</tr>
<tr>
<td>FY 2002</td>
<td>7.6</td>
<td>13.4%</td>
</tr>
<tr>
<td>HY2003</td>
<td>3.7</td>
<td>13.6%</td>
</tr>
</tbody>
</table>

Performance drivers

- **One partner** – Most complete portfolio from IT to diagnostic equipment
- **One company** – Integration of Acuson and Shared Medical Systems on track
- **One platform** – Syngo/Soarian
- **One focus** – Increasing efficiency in healthcare
- **One message** to the market – Proven Outcomes
- **One world** – Ideal regional business mix

Share of sales in No. 1 and No. 2 market positions (incl. JV Dräger Medical*)

- FY2002: 100%
- FY1999: 82%

(*) Subject to antitrust approvals

May 2003
Osram

Leading world market position through new technology

Sales in billions of euros

<table>
<thead>
<tr>
<th>Year</th>
<th>Automotive Lighting</th>
<th>Photo/Optic Lighting</th>
<th>Ballasts and Luminaires</th>
<th>Opto Semiconductors</th>
<th>Precision Materials</th>
<th>General Lighting</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2002</td>
<td>4.3</td>
<td>10%</td>
<td>4%</td>
<td>17%</td>
<td>7%</td>
<td>55%</td>
</tr>
<tr>
<td>2001</td>
<td>4.5</td>
<td>10.2%</td>
<td>8.4%</td>
<td>7%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>2002</td>
<td>4.4</td>
<td>10%</td>
<td>7%</td>
<td>10%</td>
<td>7%</td>
<td></td>
</tr>
<tr>
<td>HY2003</td>
<td>2.2</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Group profit margin

- 9.0%
- 10.2%
- 8.4%
- 9.5%
- 10-11%

Performance drivers

- **Growth by innovation**
  - Drive systems business (lamps and electronic ballasts)
  - Expand leading position in opto semiconductor business

- **Growth by globalization**
  - Extend regional sales network (Southeast Asia, Eastern Europe)
  - Implement e-business worldwide

- **Cost leadership by optimizing structures and processes**
  - Expand production in low-cost countries
  - Ongoing productivity gains through design-to-cost, benchmarking, supply-chain management and total plant maintenance
  - Quick and consistent reaction to slower markets (esp. U.S.)

- **Cost leadership through asset management with focus on working capital**
Siemens Financial Services (SFS)

Profitable growth through balanced portfolio of capital and fee business

<table>
<thead>
<tr>
<th>Total assets in billions of euros</th>
<th>FY 2001</th>
<th>FY 2002</th>
<th>HY 2003</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2001</td>
<td>9.3</td>
<td>8.7</td>
<td>8.4</td>
<td></td>
</tr>
<tr>
<td>ROE (before taxes)</td>
<td>18.2%</td>
<td>23.2%</td>
<td>26.3%</td>
<td>18-22%</td>
</tr>
</tbody>
</table>

SFS Divisions

- Equipment & Sales Financing
  - equipment lease financing
  - receivables management
- Equity investments in infrastructure projects
- Structured Finance
  - project & export finance (advisory)
  - asset securitization and placement
- Investment Management
  - asset management and pension advisory
- Insurance brokerage (industrial and personal)
- Treasury & Financing Services
  - Siemens in-house bank

Performance drivers

- Continuous growth and sustainable profitability
  - Mainly organic growth; focused partnerships
  - Extend position as preferred financial services provider for Siemens
  - Increase third party business in leasing, receivables management, investment management, insurance brokerage

- Sophisticated risk management
  - Highly liquid and diversified risk portfolio
  - Use of state-of-the-art risk models

- Strong innovations
  - First German pension consultant to register with SEC
  - Variety of innovative e-finance solutions:
    - Leasing: e-leasing at point of sales
    - Treasury: web-based cash management solutions

“ROE” (Return on equity) margin for SFS is calculated as SFS’ income before income taxes divided by the allocated equity for SFS. Allocated equity for SFS as of March 31, 2003 was €1.080 billion. 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.
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