Acquisition of Bayer Diagnostics

In the mainstream of molecular medicine

June 30th, 2006
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Fit4More Program progressing solidly—Focus on achieving our 2007 targets

<table>
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<tr>
<th>Performance and Portfolio</th>
<th>Operational Excellence</th>
<th>People Excellence</th>
<th>Corporate Responsibility</th>
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<tbody>
<tr>
<td>Solve Mobile Devices</td>
<td>Execute Siemens</td>
<td>Achieve high</td>
<td>Achieve best-in-</td>
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<td>Management System</td>
<td>performance</td>
<td>class in:</td>
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<td>culture</td>
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<td>with focus on: Innovation</td>
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<td>Corporate Governance</td>
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<td>Excellence</td>
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<td>talent pool</td>
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<td>Strengthen expert</td>
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<td>careers</td>
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Build portfolio for 2x GDP growth

Reach target margins at all Groups

Finalize strategic reorientation of I&C (Com, SBS)

Strategic reorientation of L&A

Aims to finalize strategic reorientation of I&C (Com, SBS) and L&A.
Megatrends generate major business opportunities

**Megatrends**

- Demographic change
- Urbanization

**Consequences**

- Increasing scarcity of natural resources
- Growing need for environmental protection
- Growing demand for healthcare
- Increasing mobility
- Growing demand for safety and security
- Regional shift of economic gravity
Opportunities from global Megatrends drive our long term strategy…

Energy & Environmental Care

Automation & Control, Industrial & Public Infrastructures

Healthcare
… our acquisitions reflect this well

**Major acquisitions**
- VA Tech
- Wheelabrator
- Sustec
- Bonus
- US Filter
- Flender
- Robicon
- Berwanger
- VA Tech
- Electrium
- CTI
- DPC
- Bayer Diagnostics
Acquisition of Bayer Diagnostics creates significant shareholder value

- Impact of the Bayer Diagnostics acquisition on Siemens EPS, excluding one-time expenses, expected to be **accreitive from FY 2007**, assuming a closing by the end of CY 2006

- The acquisition is expected to **increase Siemens Medical Solutions Group‘s margin from 2008 onwards**
  - Bayer Diagnostics has achieved remarkable improvements in past years
  - In fiscal 2005 Bayer Diagnostics achieved a double-digit EBITDA margin

- Grows faster than market

- Generates strong cash flow
Bayer Diagnostics – Specialized in in-vitro diagnostics

- **Name:** Bayer Diagnostics
- **Headquarters:** Tarrytown, NY (USA)
- **Sales**\(^1\): €1.43 bn
- **Employees:** ~5,400
- **Market position**\(^2\): No. 3

1) as of FY 2005
2) excluding diabetes self testing
Bayer Diagnostics is strongly positioned in key markets

**IVD Market 2004**
- Latin America/Other: 5%
- Asia/Pacific: 8%
- Japan: 13%
- Europe: 29%
- North America: 45%

Regional sales: 100% = ~€21bn

**Bayer Diagnostics 2005**
- Latin America/Other: 3%
- Asia/Pacific: 8%
- Japan: 9%
- Europe: 37%
- North America: 47%

Regional sales: 100% = €1.43bn
Employees: 100% = ~5,400

1) as of June 2006
Bayer Diagnostics is accelerating growth

Nominal sales growth p.a., all values in Euro million; fiscal year ends Dec. 31

Currency adjusted growth rates of:  1) 6%;  2) 7%;  3) 13%
Med expands into high growth and high margin field

- Creating the world’s first integrated diagnostics company
- Establishing leadership position in high growth/high margin in-vitro diagnostics
- Closing ranks with No. 2 in IVD, Abbott. Roche remains clear market leader
- Establishing No. 2 position in immunodiagnostics and covering gene based analysis (NAT)
- The acquisition of Bayer Diagnostics will strengthen our profitable growth and open up synergy potentials via the integration with DPC
First integrated diagnostics company

In-vivo diagnostics (major medical imaging systems)

X-Ray
Computed Tomography
Magnetic Resonance
Molecular Imaging
Ultrasound

Healthcare IT

In-vitro diagnostics (major medical laboratory systems)

Immunodiagnostics
Nucleid Acid Testing
Clinical Chemistry
Hematology
Urinalysis
Lab Automation
Near Patient Testing
Great potential to improve healthcare efficiency

… in the U.S. every year:
- 90,000 deaths
- 2,000,000 adverse drug events

In-vitro-diagnostics improve healthcare efficiency and quality of life

Molecular medicine, especially in-vitro diagnostics, will benefit patients and healthcare providers alike:

- ...by enabling *early detection* and treatment
- ...by enabling monitoring of *treatment efficacy* – essential for drug development
- ...by enabling selection of *best individual therapy* for each patient
- ...by expanding potential for *screening* programs and determination of genetic predisposition

Our overall strategy:

Improve healthcare efficiency...

- ...by innovation and process optimization

Cost $\downarrow$  

Quality $\uparrow$
DPC and Bayer Diagnostics strengthen our diagnostic offering

### Total IVD Market²)

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<tr>
<th>Company</th>
<th>Market Share</th>
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<tr>
<td>DPC</td>
<td>3%</td>
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<tr>
<td>Becton Dick.</td>
<td>4%</td>
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<td>J &amp; J</td>
<td>4%</td>
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<tr>
<td>BioMerieux</td>
<td>6%</td>
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<tr>
<td>Dade Behring</td>
<td>9%</td>
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<tr>
<td>Beckman</td>
<td>10%</td>
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<tr>
<td>Bayer</td>
<td>10%</td>
</tr>
<tr>
<td>Abbott</td>
<td>14%</td>
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<tr>
<td>Roche</td>
<td>22%</td>
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<tr>
<td>Others</td>
<td>18%</td>
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²) excluding “Personal Monitoring” (Blood Glucose) and excluding Blood Screening

### Integrated Diagnostics

- **Prevention, Early Detection**
- **In-vitro-diagnostics (IVD)**
  - Screening solutions using imaging modalities
  - In-vitro-diagnostics:
    - Clinical chemistry
    - Immunodiagnostics
    - Nucleic acid testing
    - Hematology
    - Urinalysis
    - Laboratory automation
    - Near patient testing

- **In-vivo-diagnostics (Imaging)**
  - Imaging solutions:
    - X-Ray
    - Magnetic Resonance
    - Computed Tomography
    - Ultrasound
    - Molecular Imaging
      - SPECT
      - PET
    - Contrast agents for PET

- **Therapy**
- **Care**

**Workflow-oriented IT**

**Shared Medical Systems**

**Workflow oriented IT solutions supporting entire healthcare continuum**

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1) DPC = Diagnostic Products Corporation

2) excluding “Personal Monitoring” (Blood Glucose) and excluding Blood Screening
Significant synergies in the first two years

Synergies of integration of DPC and Bayer Diagnostics with Med: €100m

Costs
- Purchasing power
- Functional costs
- IT infrastructure

Revenues
- Regional coverage
- Cross selling
- Mutual extension of test menu

60% of synergies
40% of synergies
<table>
<thead>
<tr>
<th>Name</th>
<th>Phone Number</th>
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<tbody>
<tr>
<td>Marcus Desimoni</td>
<td>+49-89-636-32445</td>
</tr>
<tr>
<td>Roland Bischofberger</td>
<td>+49-89-636-36165</td>
</tr>
<tr>
<td>Frank Heffter</td>
<td>+49-89-636-34095</td>
</tr>
<tr>
<td>Irina Pchelova</td>
<td>+49-89-636-33693</td>
</tr>
<tr>
<td>Christina Schmöe</td>
<td>+49-89-636-32677</td>
</tr>
<tr>
<td>Susanne Wölfinger</td>
<td>+49-89-636-30639</td>
</tr>
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Webpage: [http://www.siemens.com Investor Relations](http://www.siemens.com)
e-mail: investorrelations@siemens.com
Fax: +49-89-636-32830