

OSRAM – Leading Position through New Technologies

Martin Goetzeler, Group President and CEO

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

Safe harbor statement

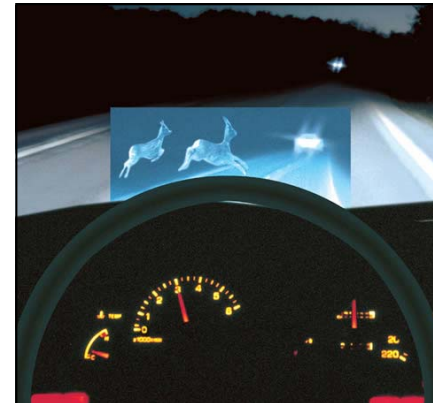
This presentation contains forward-looking statements and information – that is, statements related to future, not past, events. These statements may be identified either orally or in writing by words as “expects”, “anticipates”, “intends”, “plans”, “believes”, “seeks”, “estimates”, “will” or words of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

Who would have thought it 100 years ago, that ...



... intelligent electronics help save up to 80% energy.

... LEDs set new standards of sharpness and resolution for displays.



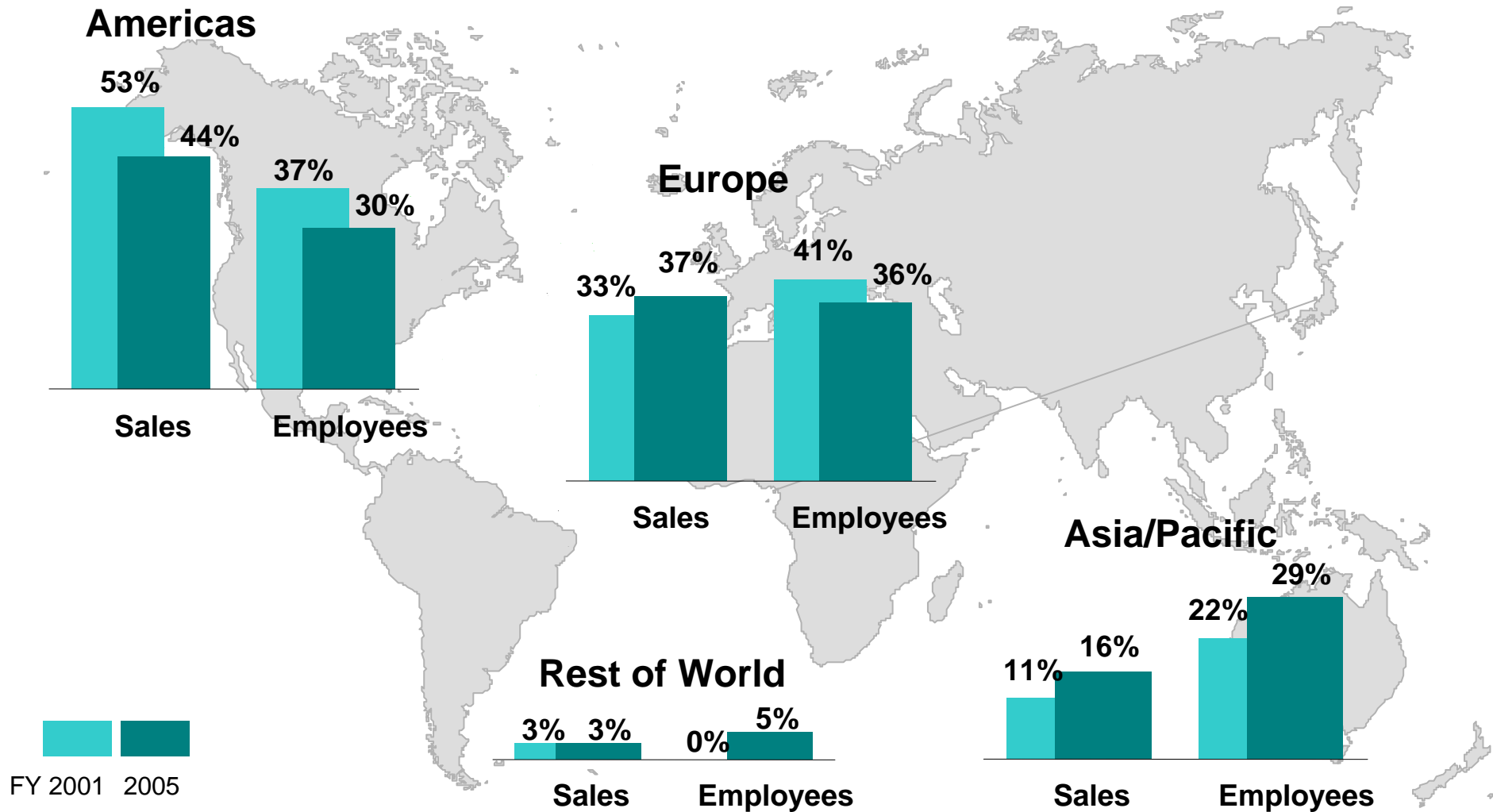
... invisible light in night vision systems improves safety in cars.

... UV light could purify water.



... OSRAM is today one of world's two largest lighting manufacturers with sales of €4.3 bn, €465 mn profit and customers in 150 countries!

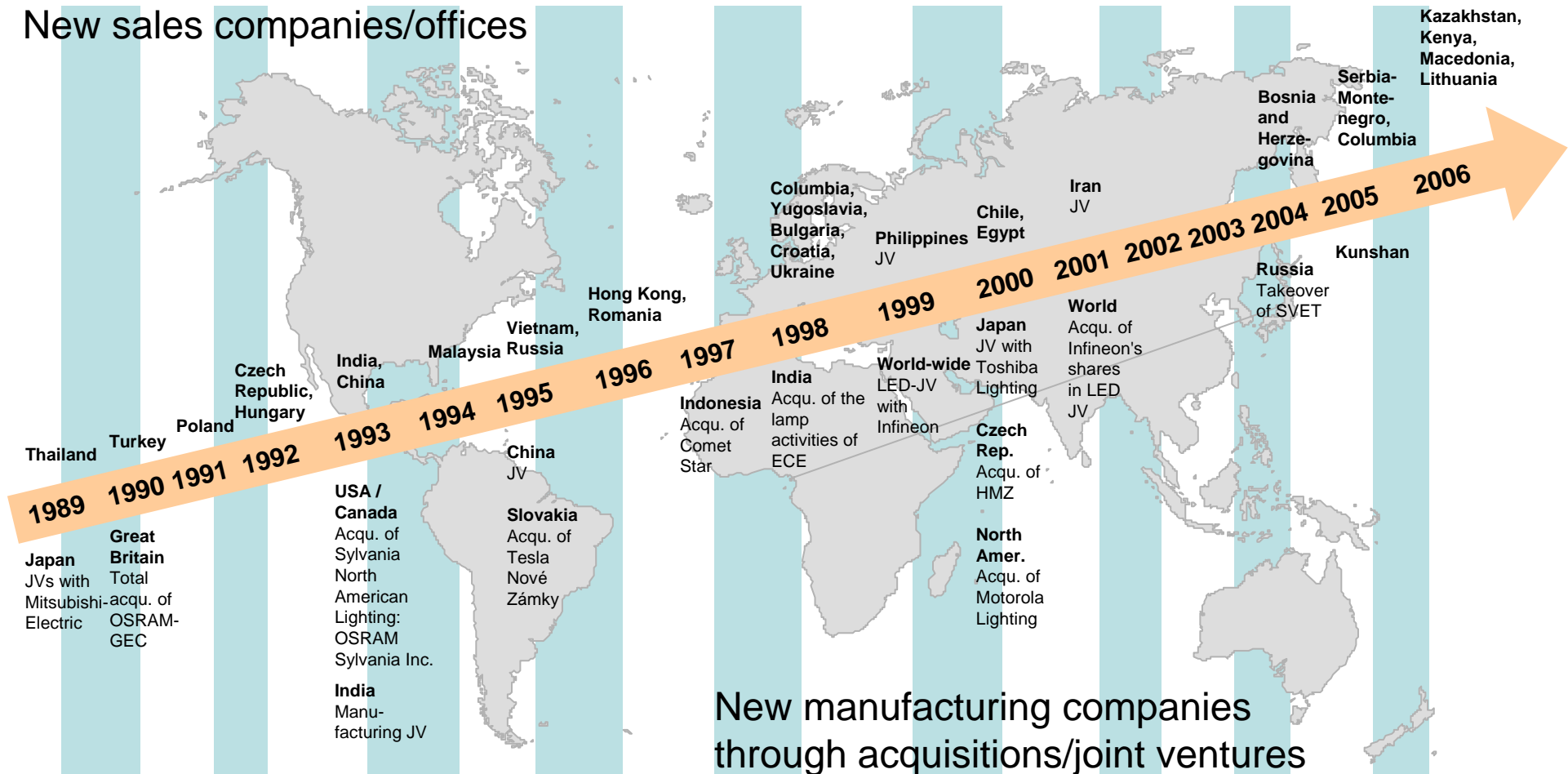
Global presence - We are close to the customer



Living organism – We proactively act on market opportunities



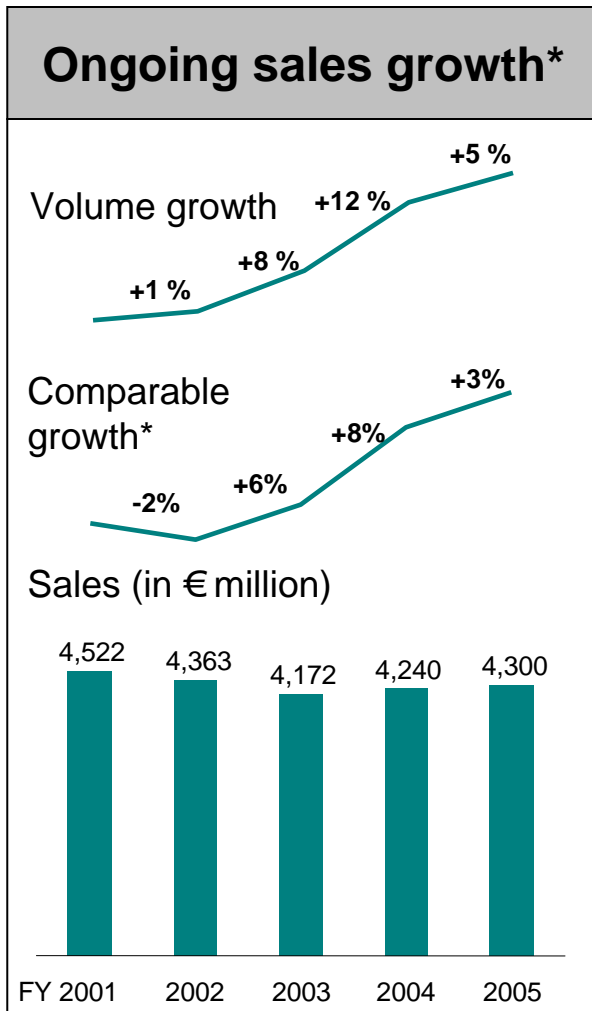
New sales companies/offices



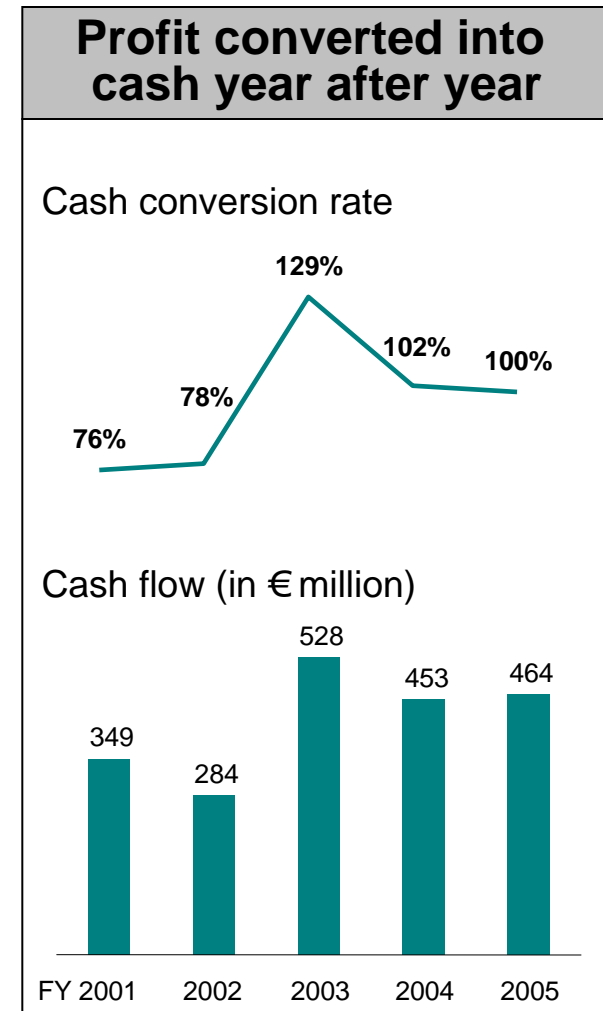
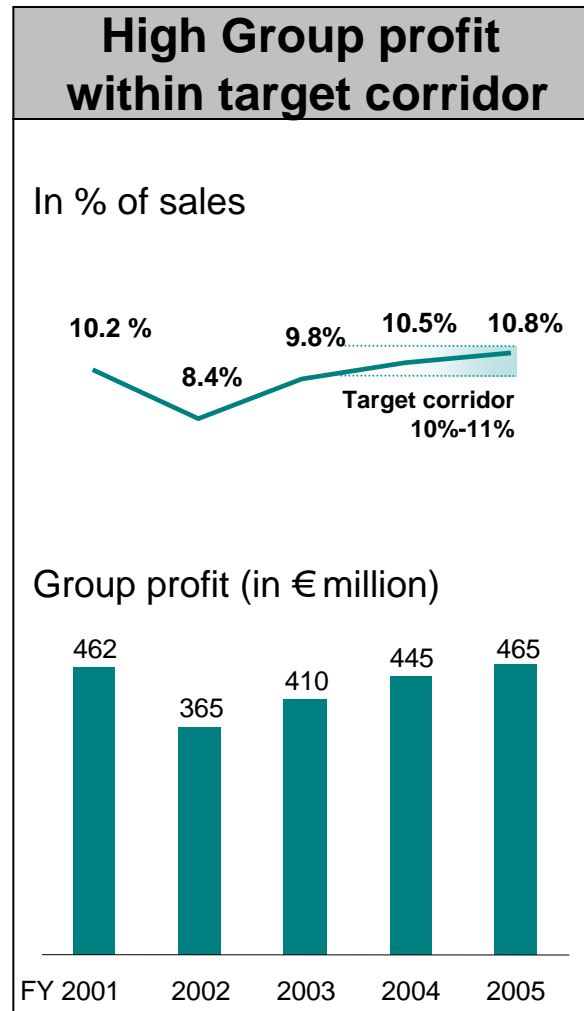
→ At the same time: Consequent divestments



OSRAM – Strong contributor to Siemens' success

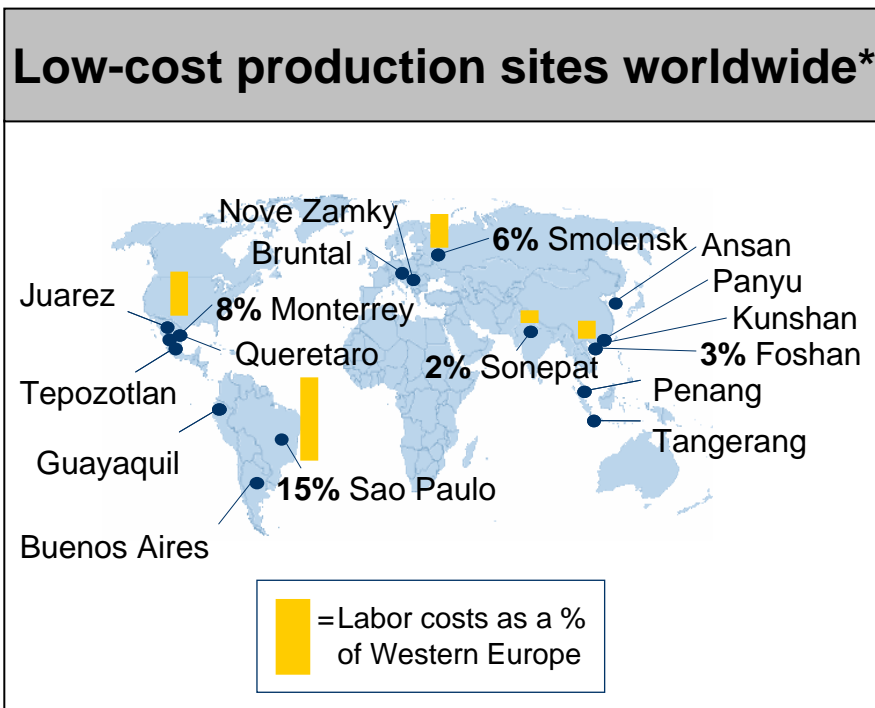


*w/o currency translation and portfolio effects

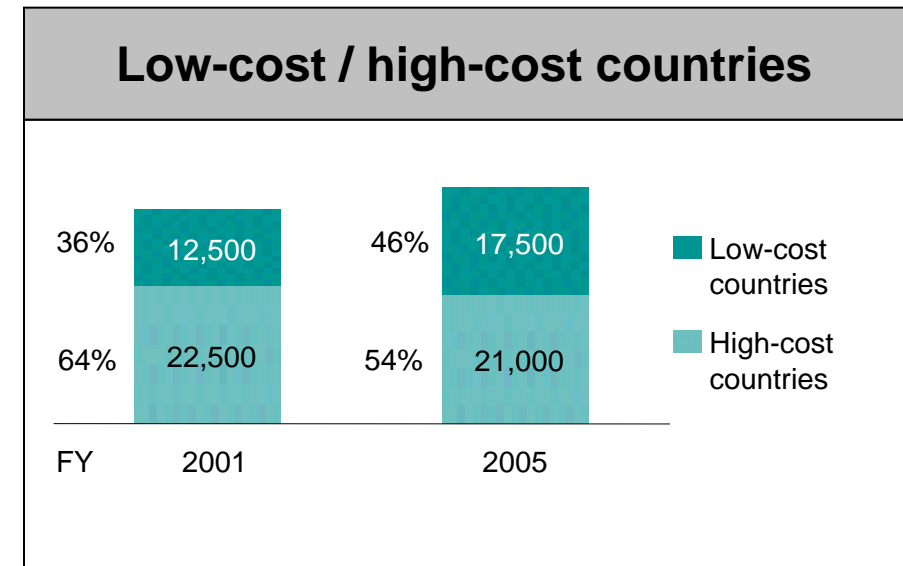


Operational excellence as driver for profitable growth

- Tight cost control
- Production sites: Blended strategy regarding high-cost and low-cost countries



* Total 17 locations

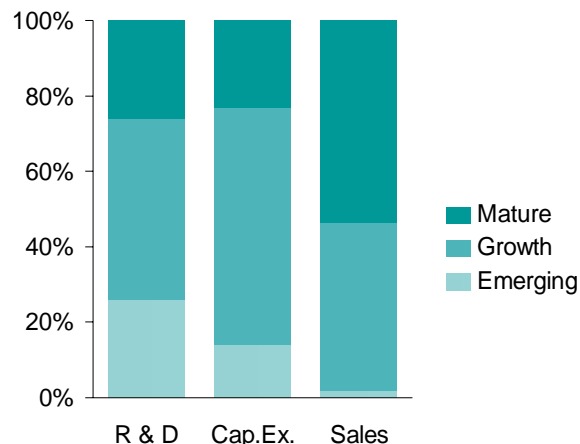


- Continuous restructuring
- Ongoing rationalization (supported by in-house machine development)
- More than 190 design-to-cost & customer needs + around 1,000 productivity projects

Innovation as driver for profitable growth

- 40% of OSRAM sales: innovative products
- R&D expenses (of sales): from 4.8% (FY 2001) to 5.2% (FY 2005); in Opto Semiconductors: 13% (of sales); in HID: 12% (of sales)
- Research activities in Beverly, MA, USA; Munich and Regensburg, Germany
- Development close to production, also in low-cost countries

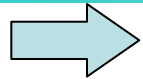
Innovation drives investment for growth* (2005)



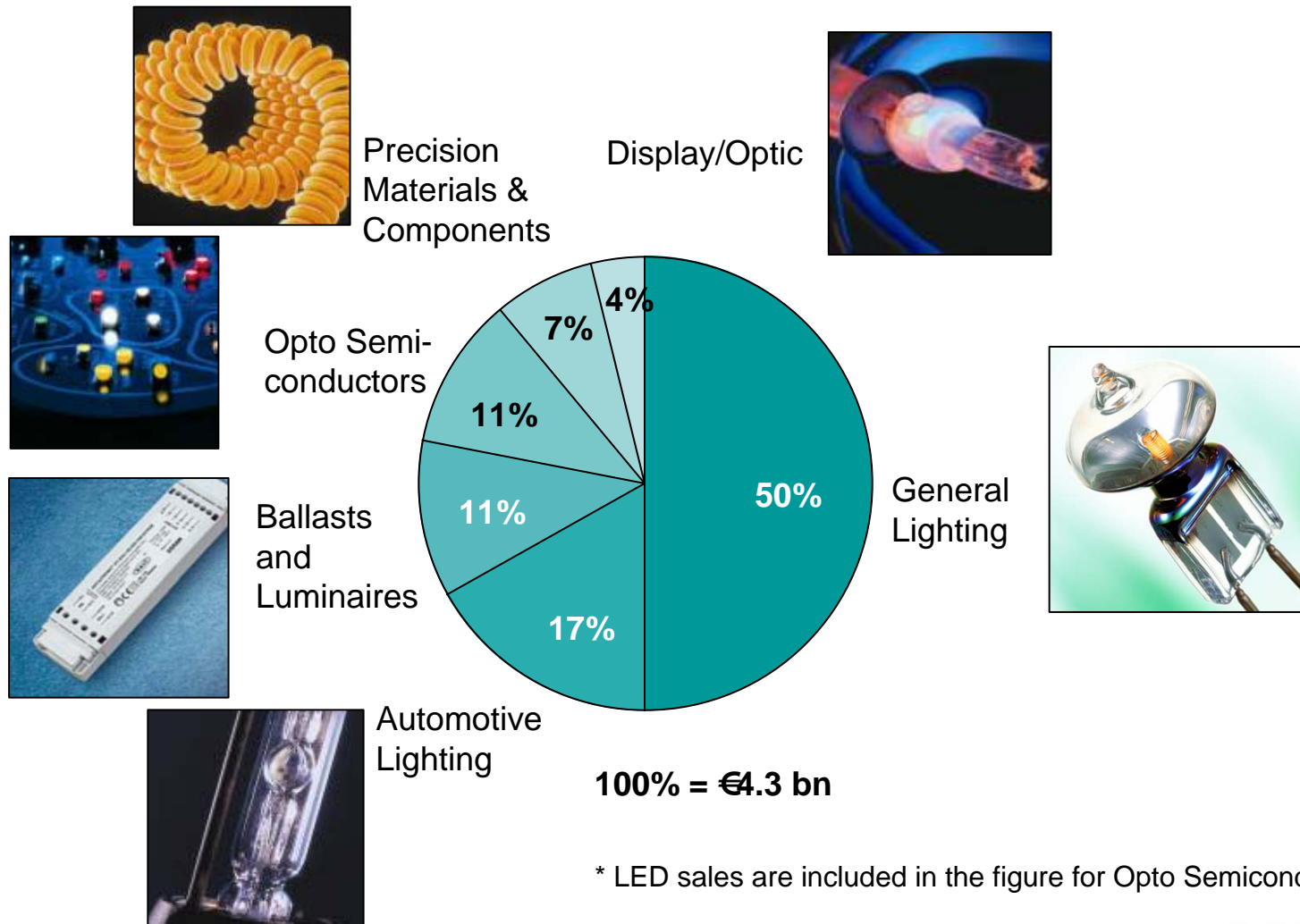
*100% = Amount of all lighting products



A lighting specialist offering one-stop-shopping



Worldwide Sales by Divisions*



General Lighting: Better light for better living



- **Trends towards**

- ... miniaturization
- ... environmentally friendly products
- ... new applications through LED
- ... in the mid-term, OLED Lighting

➔ **Osram growth rate: 3%**
(comparable, Ø FY 2002 - FY 2005)

- **Innovation pipeline / customer benefit**

POWERBALL® Shoplight

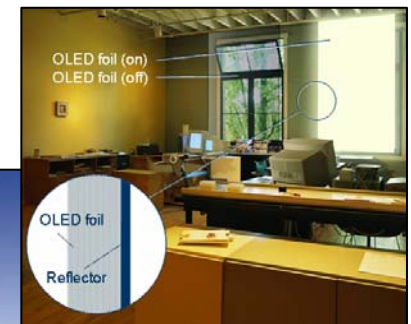
→ Excellent color rendering + high efficiency

OSTAR® High-Power LED

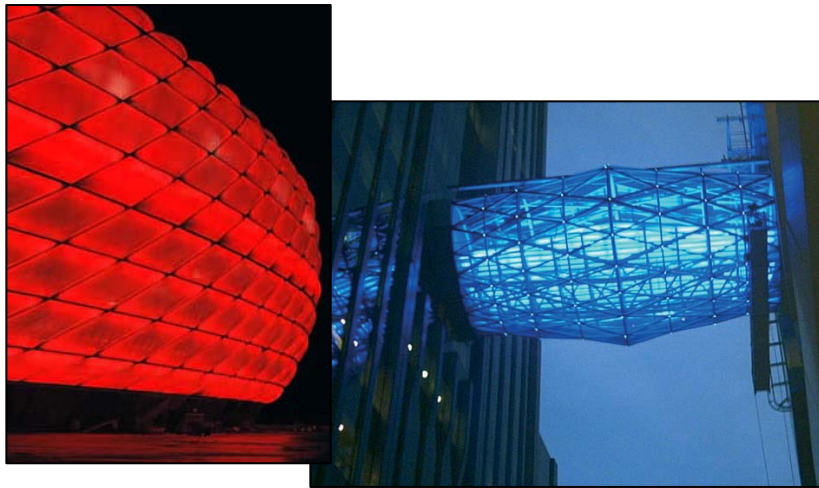
→ Higher packaging densities; up to 420 lm

MINISTAR®

→ World's smallest halogen reflector lamp



Ballasts and Luminaires: Intelligent lighting



➔ **Osram growth rate: 6%**
(comparable, Ø FY 2002 - FY2005)

- **Innovation pipeline / customer benefit**
QUICKTRONIC® INTELLIGENT
 → Reduction of ECG types by around 50%
DALI EASY
 → One single, flexible light management system for 5 types of applications

- **Trend towards**

- ... intelligent lighting solutions
- ... light management systems for infrastructural projects
- ... energy savings

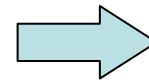


Automotive Lighting: Tailored light systems



- **Trend towards**

- ... combination of classical lamps, xenon systems and LEDs
- ... sophisticated lighting & sensing solutions boosting safety
- ... lighting as design element



Osram growth rate: 7%
(comparable, Ø FY 2002 – FY 2005)

- **Innovation pipeline / customer benefit:**

XENARC®

→ Completely mercury-free xenon system solution for headlamps

JOULE™

→ LED-System for rear lighting

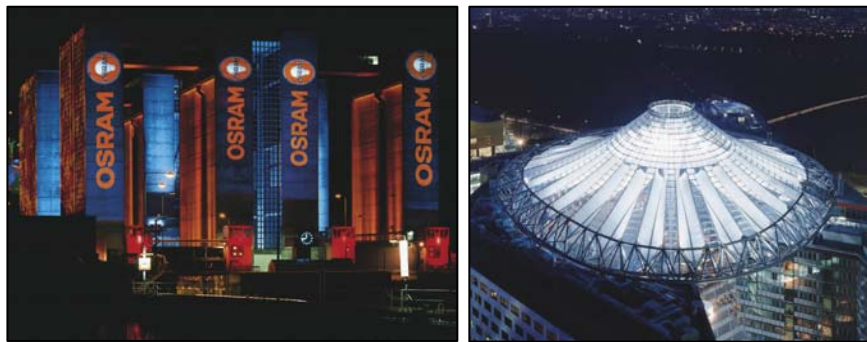
LED headlights

→ Energy efficient, for innovative applications and design flexibility



Display / Optic: Leading-edge technology

➔ **Osram growth rate: 10%**
(comparable, Ø FY 2002 – FY 2005)



- **Trend towards**

- ... high-tech illumination & visualization / displays
- ... digital technology for cinema projection
- ... need for specific lighting solutions in semiconductors & medical

- **Innovation pipeline / customer benefit**

HBO® lamp for production of LCD panel
→ High intensity irradiation

4ArXS HCD® for 'architainment'
→ Lifetime* of up to 8,000 hours

LED Backlighting (40 to 82 inches)
→ Large system with new standards of resolution and color gamut

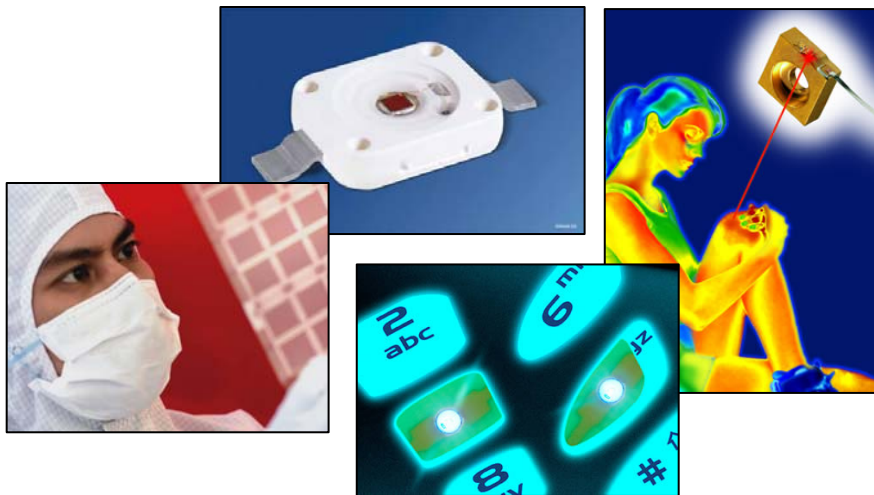
P-VIP®
→ Best solution for video projection and rear projection television

* Lifetime of regular incandescent lamp: 1,000 hrs



Opto Semiconductors: Driving innovation

➔ **Osram growth rate: 16%**
(comparable, Ø FY 2002 – FY 2005)



- **Innovation pipeline / customer benefit**

OSTAR family / Golden Dragon family
(white color: up to 420 lm/ up to 64 lm)
→ High-power LED with thin film technology for different use

General Lighting:

- OSTAR® Lighting (e.g. for illumination),
- Golden DRAGON® (e.g. for decorative effect light)

Mobile Projectors: OSTAR® Projection

Security Applications: OSTAR® Observation

LCD Backlighting: Golden DRAGON® Argus

- **Business potential through**

- ... attractive product range:
Visible LED, Laser, Infrared (IR), OLED
- ... new applications



New division: LED Systems

➔ Customized LED solutions

■ LED Systems include

- LEDs or LED modules
- Optical devices (lenses, diffusers etc.)
- Electronic control systems
- Control components (for dimming, changing colors etc.)
- Heatsinks

■ Our goal:




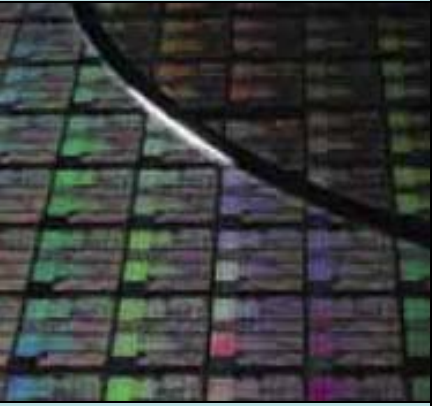
- Expand system business to LEDs (from traditional light sources)
- Highest benefit for the customer by integrating our capabilities over the value chain

■ Applications:

- Illumination
- Automotive lighting
- Backlighting for LCD screens



Applications for future lighting business

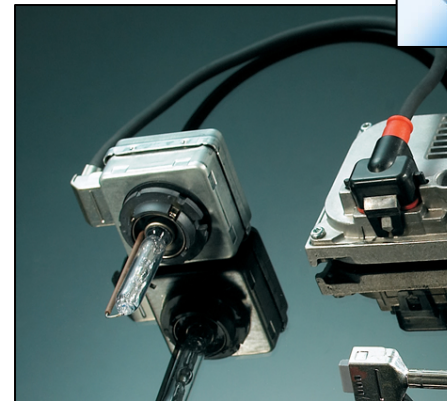
Illumination 3%*	Visualization 10%*	Sensing 6%*	Special 6%*
			
Making something visible	Use light to display any type of information	Light is detected or detects something	Other applications from material and water treatment to medical
e.g. energy saving lamps, high-brightness LEDs, head-lights for automotive, ...	e.g. backlighting for electronic devices, high-tech lamps for projection, ...	e.g. sensors for automotive applications (rain sensors, distance control), ...	e.g. water purification systems (UV light), purification of wafer, ...

Megatrends: Demographic Change and Urbanization

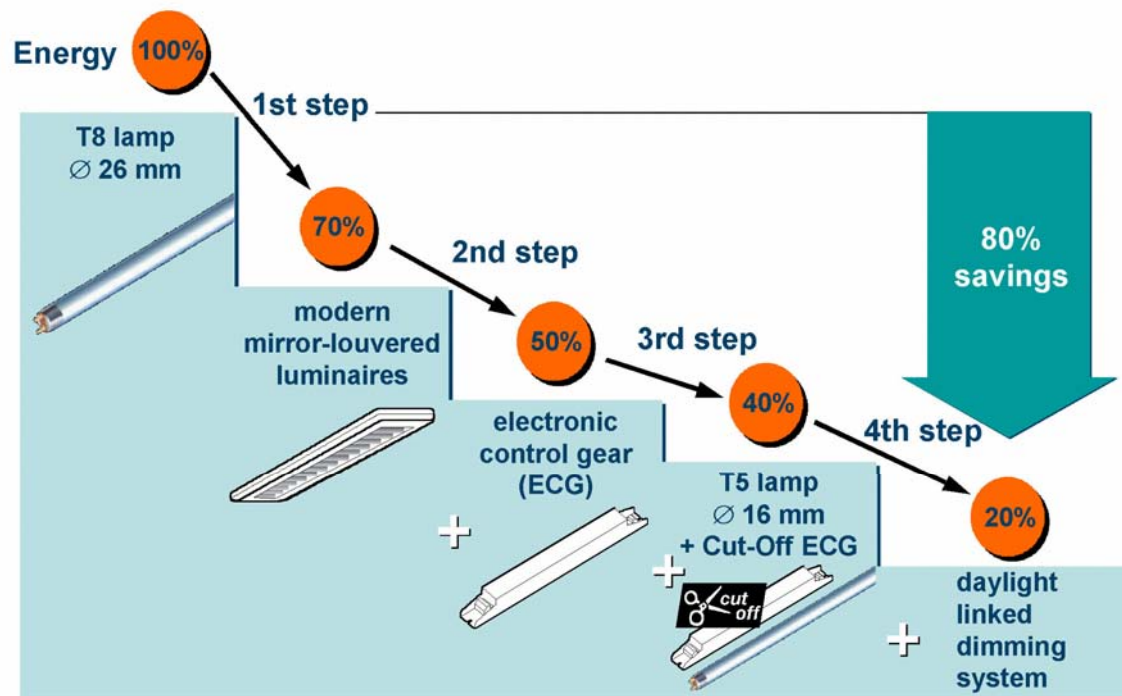
* Market CAGR (2006-2015) / estimation by OSRAM

Environmental protection as business driver

- Implementing high standards for “eco-production” in all OSRAM sites
- Adherence to environmental regulations (e.g. EUP, WEEE, RoHS)
- Environmentally friendly products, e.g.
 - aluPAR™ entertainment lamp with economic friendly waste disposal (Innovation Award at Plasa Fair)
 - XENARC® mercury-free automotive lighting system
 - ECOLOGIC® product family in the U.S.; all these products pass the federal TCLP test for hazardous waste determination



Energy saving as innovation driver



■ Innovation pipeline / customer benefit:

Compact fluorescent lamps
 → Saves up to 80% energy*
 + intelligent electronic components

IRC lamps

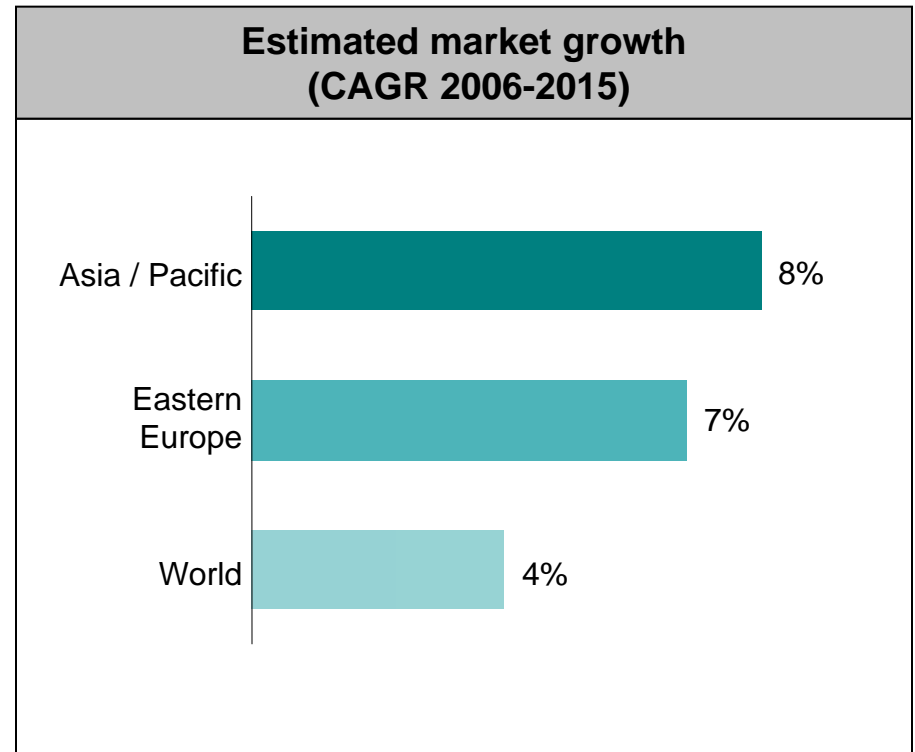
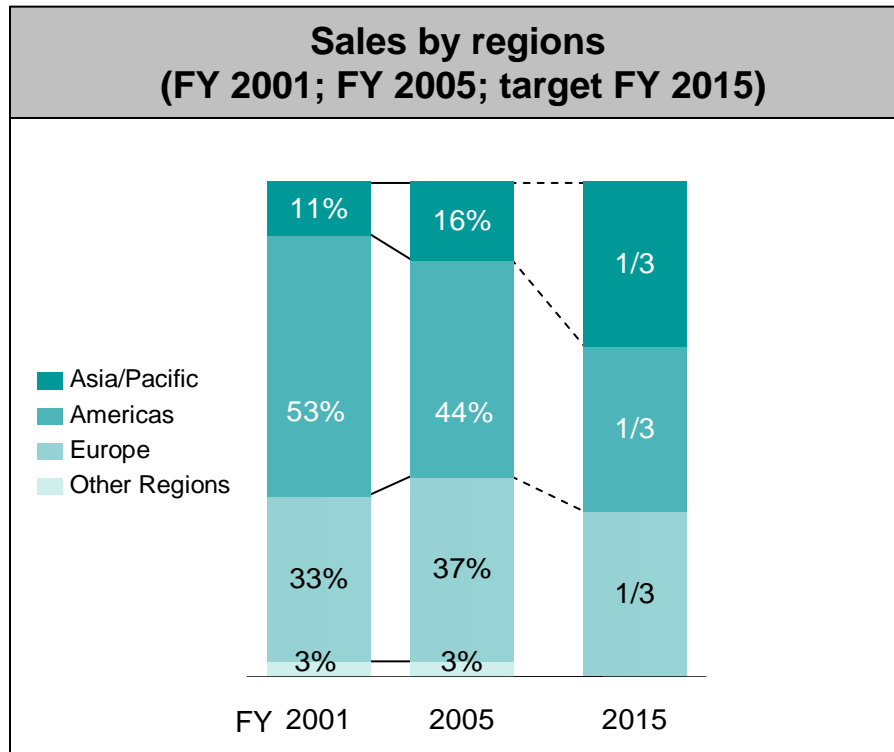
→ More light with less energy
 (e.g. XIR xenon lamps designed for operating theater lighting)

LEDs

→ Osram's thin film technology enables that almost all the light is emitted at the surface

* In comparison to traditional light bulb

Asia & Eastern Europe as growth regions



↑ **Megatrends: Demographic change and urbanization** ↑

Further expansion in Asia

OSRAM in Asia today	Goal	Concrete actions
<ul style="list-style-type: none"> ■ Companies & sales offices in 11 countries; 9 factories ■ Strong market position in Japan, Korea, Taiwan ■ High sales growth in China, India, Indonesia 	<ul style="list-style-type: none"> ■ Grow market share ■ Strengthen Asian product portfolio ■ Further expansion of regional production base 	<ul style="list-style-type: none"> ■ Regional Asia organization to be built in 2006 and 2007 ■ Division Ballasts & Luminaires will operate regional center in Asia (HQs in Asia) ■ Display Systems business unit will be managed from Asia



Further expansion in Eastern Europe

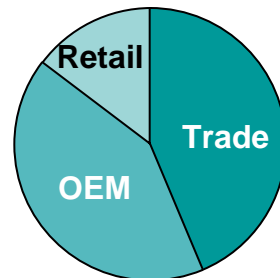
OSRAM in Eastern Europe* today	Goal	Concrete actions
<ul style="list-style-type: none"> ■ Companies & sales offices in 22 countries; 3 factories ■ Expansion of our factories in Bruntál and Nové Zámky (transfer of labor-intensive production) ■ Only international lighting company with factory in Russia (acquisition of SVET, 2004) 	<ul style="list-style-type: none"> ■ Grow market share ■ Further expansion of regional production for Eastern and Western Europe 	<ul style="list-style-type: none"> ■ Stronger local presence ■ Marketing & sales initiatives ■ Strengthen manufacturing capabilities ■ Upgrade machine equipment



* Incl. Russia

Marketing strengths

Valuable brands	Global distribution	Efficient e-processes
<ul style="list-style-type: none"> OSRAM, SYLVANIA (North America), MITSUBISHI OSRAM (Japan) Only brand exclusively focused on lighting New packaging design for brand anniversary 	<ul style="list-style-type: none"> 65 subsidiaries / sales offices for 100 countries About 50 additional countries supported by local agencies or by headquarters 	<ul style="list-style-type: none"> Successful e-business e.g. 70% of sales in the U.S. processed via electronic media Internet, a strong communication tool: e.g. 15 million retrieved information from OSRAM web sites p.a.



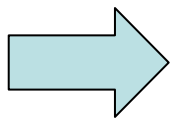
Sales by channels



Success by long-term strategy...



- **Our approach:**
Long-term strategy ...
... combined with continuous adjustment to current market requirements.
- **Our goal:**
Create value ...
... by driving innovations,
... focusing on regional growth,
... while continuously improving operational and people excellence.



We will remain a strong contributor to Siemens' success.

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

Siemens Investor Relations Team

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