

SBT – Efficiency for Buildings, Safety and Comfort for People

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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.

Automation and Drives (A&D)



Products, systems and solutions for industries and infrastructure / construction

49%

Industrial Solutions and Services (I&S)



Solutions focused on process industries and infrastructure

30%

Siemens Building Technologies (SBT)



Building automation, fire safety and security for buildings and critical infrastructures

21%

Total A&C Sales FY2005: €21 billion

The Siemens Automation and Control Groups offer comprehensive solutions for production, infrastructure and building management



Building Comfort

Comfort and energy efficiency

- HVAC controls
- Valves, Actuators
- Energy services and solutions

Fire Safety

Protecting life and property

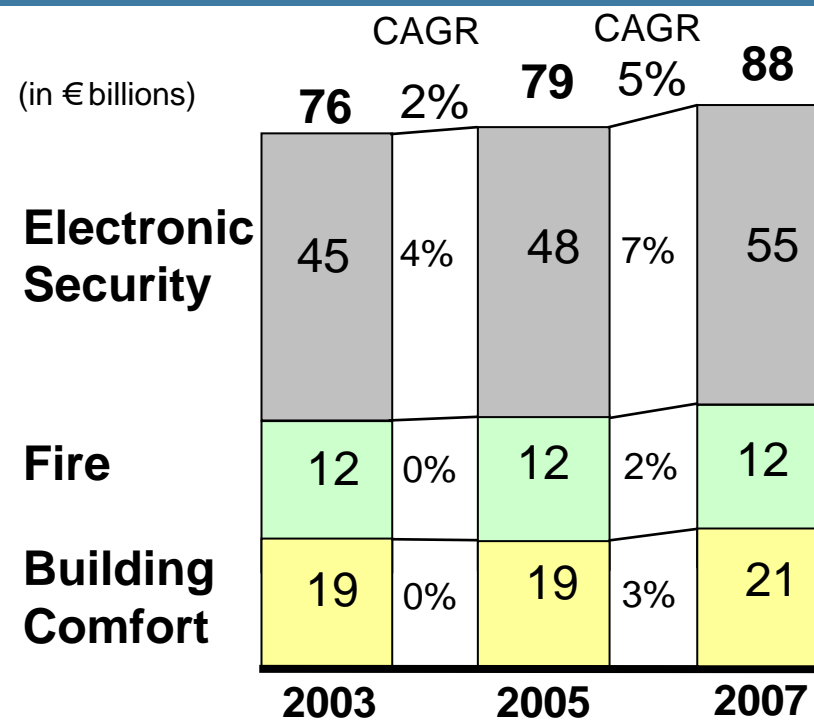
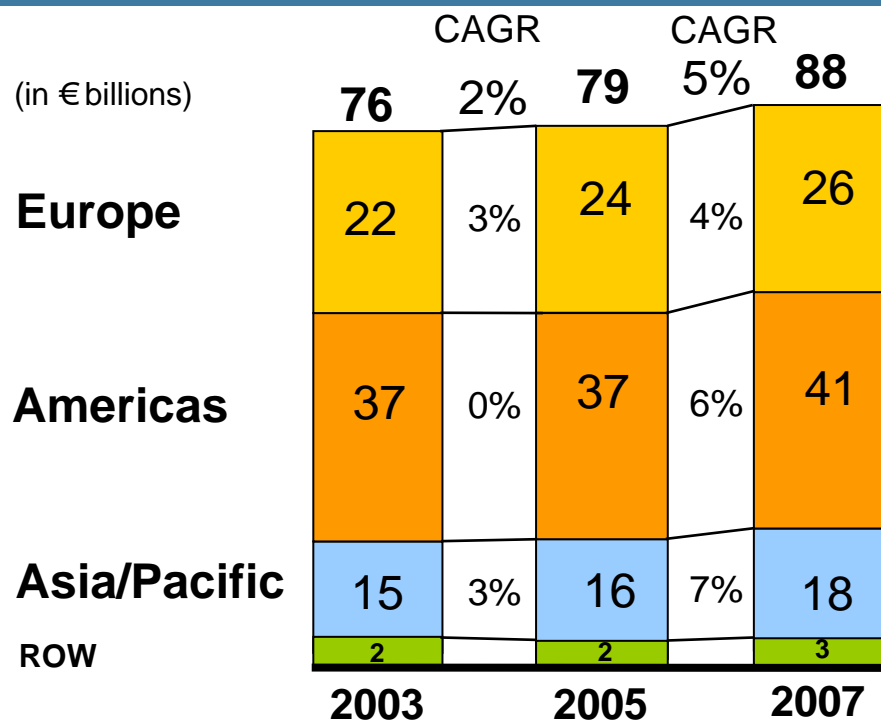
- Fire detection
- Extinguishing
- Evacuation

Electronic Security

Protecting people, assets and processes

- Access control
- Video surveillance
- Intrusion protection
- Central monitoring stations

Market Development in € from 2003 to 2005 heavily impacted by currency (€/US\$)



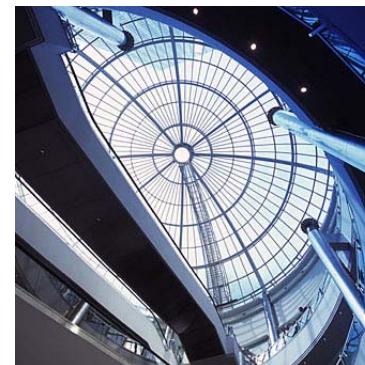
2005-07 Growth driven by

- ⇒ Americas, Asia/Pacific in all business segments
- ⇒ Security in Europe

2005-07 Growth in all business fields

- ⇒ Highest growth rates in security
- ⇒ Moderate growth in fire and building comfort

SBT – Our Key Figures



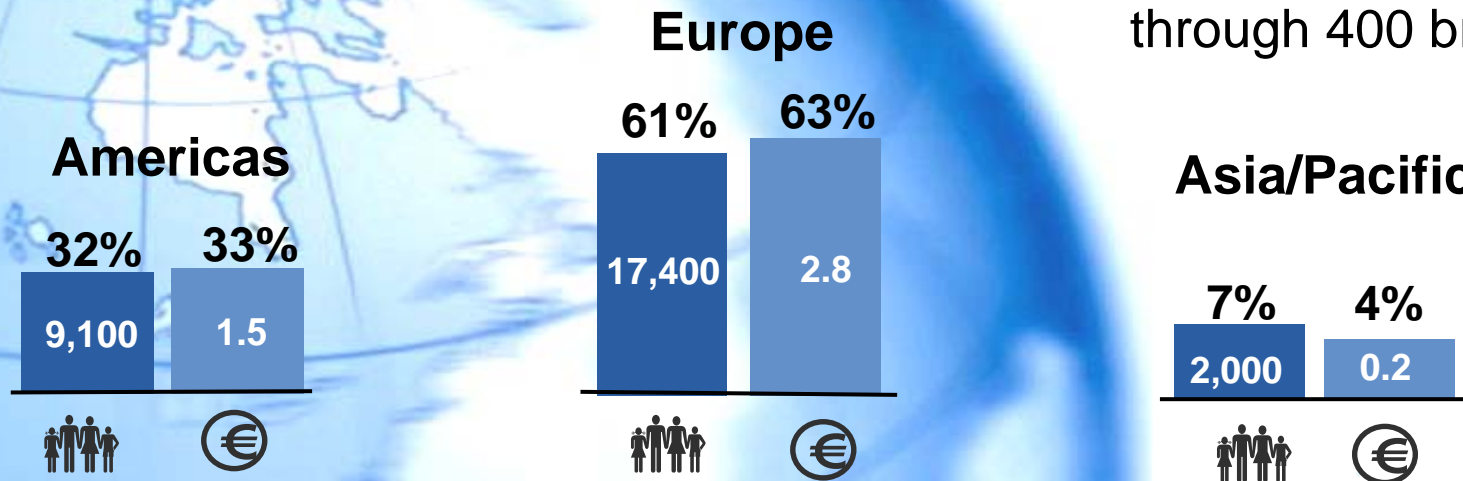
Fiscal Year 2005

	Building Comfort	Fire Safety	Electronic Security	Total SBT
Sales (€ mn)	~2,100	~1,500	~800	4,400
Employees	13,000	9,900	4,600	28,500 ^{*)}
Market Position	No. 2	No. 1	Top 5	

^{*)} incl. not allocated + HQ

Our global Reach

- Local presence in around 50 countries worldwide
- Close to our customers through 400 branch offices



Investment in Asia/Pacific boosting previously weak presence

 Employees 2005

 Sales 2005 (in € billions)

Comfort and energy efficiency

In Building Comfort solutions, SBT is the market leader in Europe, No. 2 in North America, and a leading player in Asia

In heating, ventilation and air-conditioning components, SBT holds the No. 3 position



Hospitals Vorarlberg, Austria

Building Automation



Room Controls



Valves & Actuators



Protecting life and property

SBT maintains the global No.1 position in Fire Safety solutions. We are No.1 in Europe and No. 3 in USA

SBT's success is built on a benchmark product portfolio in Fire Detection, Fire Suppression and on a unique Service Network

Jin Mao, Shanghai, China



Danger Management



Fire Detection



Fire Suppression



Protecting people, assets and processes

In a highly fragmented market, SBT belongs to the global leading providers of electronic security

SBT's Total Security Solutions comprise world class Access Control, Video Surveillance, Biometric Detection, Screening and Intruder Alarm systems and services



Holland Casinos, Netherlands

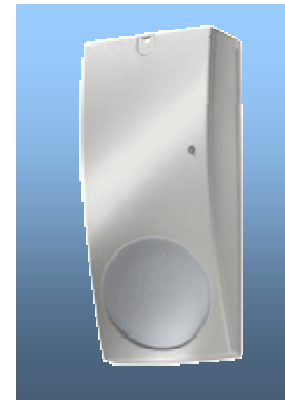
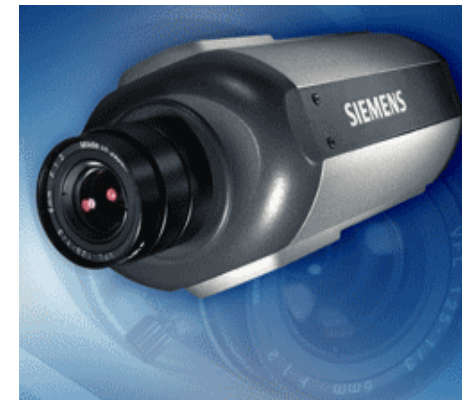
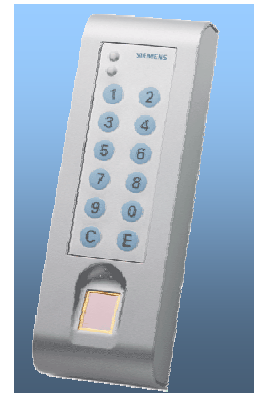
Monitoring Services



Security Solutions



Security Equipment



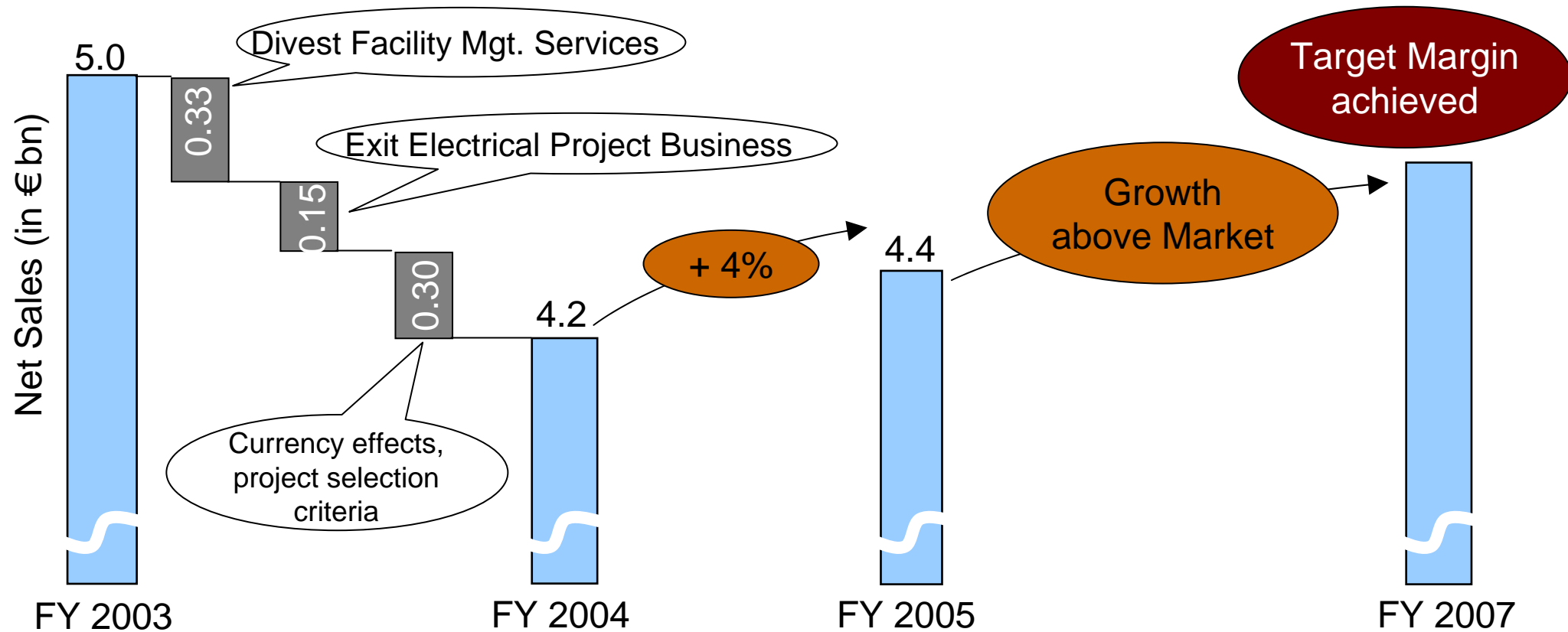
Our Path to Success

Clear priorities and objectives year-over-year

- Portfolio Clean-up
- Strategic Alignment

- Operational Excellence
- Gain Growth Momentum

- Maintain Growth
- Strengthen Portfolio
- Reach Target Margin



FY 2003 to FY 2004 Portfolio Clean-up & Strategic Alignment

Divestment of
non-core business

Re-alignment of
core business

- **Facility Management Services** sold in GER, SWZ and U.S. (Sales: €330 mn, Employees: 2,700)
- **Electrical Installation Project Business** exited by restructuring / MBO (Sales: €150 mn, Employees: 650) and redeployment of key personnel into Fire Safety and Security
- **Security:** Market segmentation with products focusing on standard segment and solutions & services focusing on engineered & value segment
- **Fire Safety:** Determined region specific go-to-market models and merged fire products and solutions business
- **Comfort:** New focused business fields in Building Service and Energy & Environmental Solutions

Operational Excellence & Gain Growth Momentum

Global Competitiveness

Consistent implementation of Siemens Management System and *top+* methodologies:

- **Global Procurement** activities centralized
- New **Manufacturing Concept**: Sold or closed 5 factories in U.S., UK, FIN, SWZ and SPA.
- Clear targets for **Productivity Improvements** and action tracking tool implemented in all regions
- Implemented harmonized **Field Processes** for Sales, Project Execution and Services
- Launched a Corporate **Business Impact Team** to provide support to targeted regions
- Enhanced **process harmonization** with standard Siemens ERP solution
- Introduced structured **competency development**

Operational Excellence & Gain Growth Momentum

Customer Focus

- **Growth@SBT** program boosts order intake
- **Vertical market teams** and **global account management** increase customer focus and application know-how
- Bundling of **One Siemens** solutions

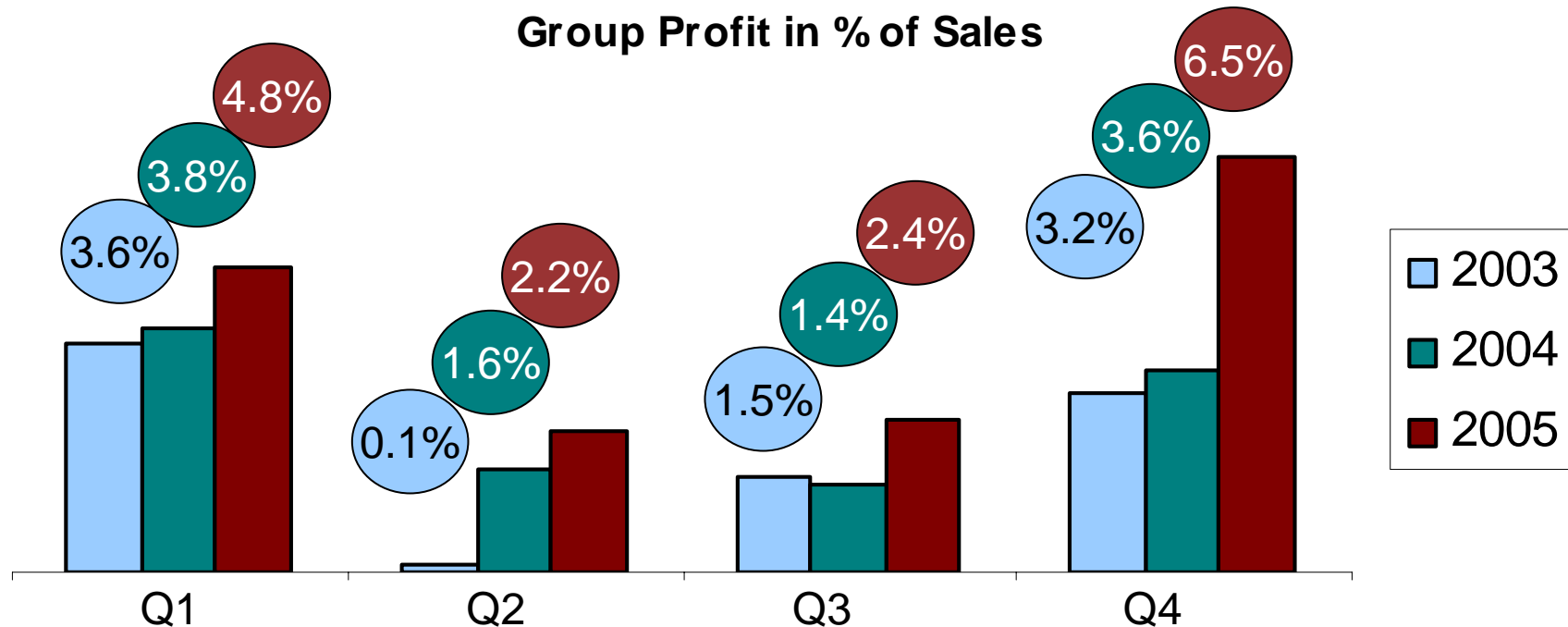
Selective Acquisitions

- **Photo Scan**: Access to the most important Security market in Europe, UK
- **Bewator**: Strengthens SBT's market position in Security products:
 - Strong Access Control and Video portfolio for distributor and installer channels
 - Distribution channels in Northern Europe
- Small **regional acquisitions** to close geographic or competency gaps

Our Way to Success

SBT has reported improvements Quarter by Quarter

On-going year-over-year improvement of profitability.....



...coupled with sound cash generation and gaining growth momentum in new orders and sales

Maintain Growth, Strengthen Portfolio & Reach Target Margin

Cost reduction and productivity measures will continue creating a strong base for further profitability improvement

Implementation of *top+* Measures

- **Reduce SG&A** through process harmonization and synergy gains
- Strengthen product development and manufacturing in **low-cost countries**
- Strong focus on **procurement** using Siemens' buying power
- Gain productivity out of volume growth through strong headcount control

However, the difference will be made through innovation strength and differentiation on the customer side

Strengthen Portfolio with Innovation

New product releases strengthen portfolio in all business segments



New Desigo Web



Sinteso

Fire Safety Solutions



SiPass

Access Control



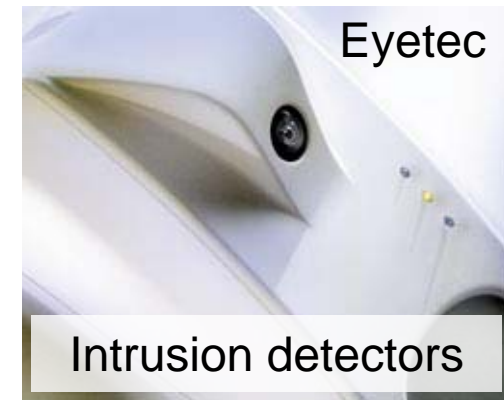
Synco

Home automation



BC80

Fire Safety
for emerging markets



Eyetec

Intrusion detectors

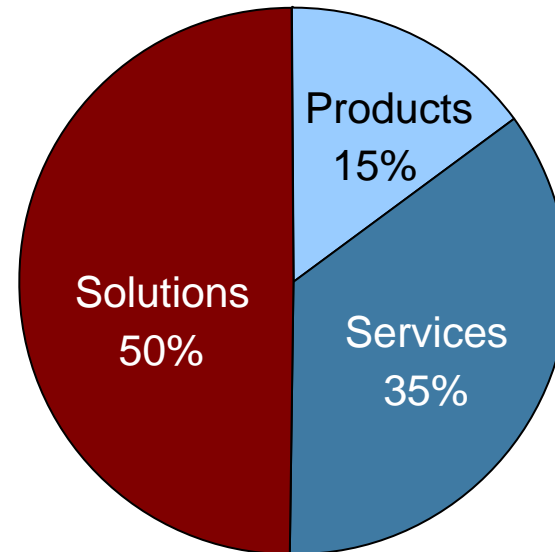
Communication capabilities, e.g. BACnet or wireless technology, will open further opportunities for SBT

Strengthen Portfolio with Optimized Business Mix

SBT is a solutions and service company

Market reality:

- Largest profit pool in product and service business
- Lower margin potential in solution business



Market opportunity:

- Solution business key to reach end-customers with high value offerings
- Solution business builds installed base for attractive service business

- Accelerate growth in product business based on strong portfolio
- Maximize service business out of extremely large installed base

- Manage growth in solution business towards stronger differentiation and high service potential
- Reduce contracting business and serve with product portfolio

We are optimizing our business mix and building on our strengths

A unique offer: Total Building Solutions

as integrated solution

- Building Automation
- Fire Safety
- Security

for total lifecycle

- New Installation
- Maintenance Service
- Value Adding Service, e.g. Central Monitoring Services
- Performance Contracting for Energy Solutions

with comprehensive offerings

- Products
- Solutions
- Services

We extend our offer jointly with other Siemens Groups, e.g. Com, Med, A&D

Our Challenge and Opportunity

Customers and markets with different expectations and requirements

Customers with different expectations

Building Users

- Easy to operate system
- Comfortable room climate
- Good design

Building Owners

- High energy efficiency
- Lower maintenance cost

Channel Partners

- Comprehensive portfolio
- Short commissioning time

Our response

Vertical Market Solutions

Understand customer processes and requirements and provide tailored solutions

Enhanced Product Portfolio

Provide comprehensive portfolio to selected Value Adding Partners

Appropriate Sales Channels

Optimize direct / indirect channels according to market reality

Markets with different requirements

Value Buyer Segment

Engineered Systems

Standard Systems

Select offering and sales channels to maximize differentiation potential

Vertical Markets

Differentiation through industry specific knowledge & experience

Selection criteria for vertical markets / industry sector

Market Attractiveness

- Growth and margin potential above average

Differentiation Potential

- Customer / Industry with specific requirements

Differentiation Capability

- SBT has unique offerings / expertise versus competition



We have a thorough understanding of our customers' business processes

We provide tailored solutions for:

- Specific Buildings (Hotels, Stadiums)
- Critical Infrastructure (Airports, Hospitals)
- Critical Environment (Pharma, Food & Beverage)

Vertical Market Pharma

Differentiation through excellence in Compliance & Validation

It takes years and millions of Euros to develop a successful drug

Fast time to market, low risk, no business interruption are key for pay-back

Customer Requirements:

- Fast time-to-market
- Compliance and Validation
- Strong security & safety demands
- High-quality standards

SBT has proven competence and reliability in more than 1,000 projects

SBT serves 9 of the top 10 global pharmaceutical companies

Solutions for successful Life Science Environments™

SBT value proposition includes validation and certification services to ensure compliance with FDA and other regulations

Vertical Market Hospitality

We know how to reach the stars

Hotel Owners need:

- Satisfied guests
- High occupation
- Efficient processes
- Low upgrading cost

SBT serves its customers

- Through whole lifecycle
- With specific technology
- With 24/7 service availability
- With global reach for international hotel chains

Hotel Guests expect:

- Comfort
- Safety & Security
- Privacy
- Individual treatment

Hotel Golden Dragon Macau

**Perfect fire solution:
reliable, flexible and
easy to operate**

Photo 2

MGM MIRAGE Las Vegas

**US\$100 million contract for Siemens
One thanks to excellent SBT
reputation**

vegas-online.de

Growth Engines for SBT Electronic Security

SBT a market leader in Airport Security

The global Electronic Security market is growing at **7% p.a.**

SBT Security has grown orders by **23%** in 2005

SBT Security Solutions focuses on the Value segment with large service revenue potential

Airports demand

- **Technically and economically optimized solutions**
- **Integration of systems in different areas, such as passenger infrastructure, baggage and cargo handling and airside lighting**

SBT's Security solutions expedite passenger handling and increase security levels and passenger comfort

SBT provides services on scanning and screening systems for TSA in 450 U.S. airports

Growth Engines for SBT Electronic Security

SBT a front runner in Port Security and Cargo Tracking

SBT installs the new nuclear container screening system in the Rotterdam Harbor

Chicago Port of Illinois project opens further opportunities for SBT in U.S. port security

Cooperation among General Electric, Mitsubishi and Siemens provides superior customer benefit: Container security around the globe

60 million containers are moved around the world annually

Double-digit growth rates demand for:

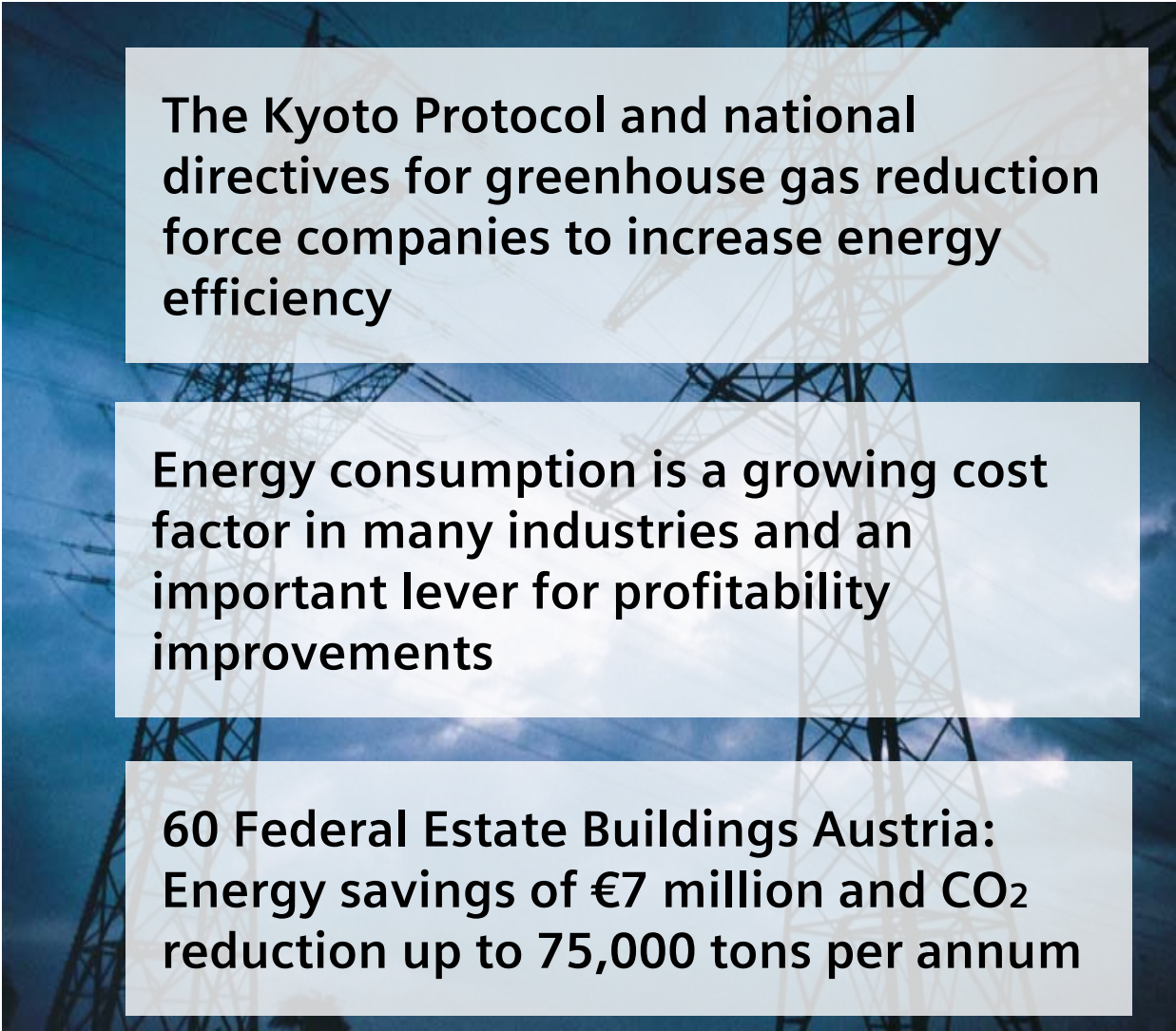
- Monitored and secure logistic chains
- Enhanced efficiency of global trade

Growth Engines for SBT Energy & Environmental Solutions

Energy Services is the fastest growing business field in Building Automation: **8%** in 2005

SBT Energy & Environmental Solutions grew in 2005 by more than **30%**

SBT solutions have saved our customers over €1 billion in energy cost so far



The Kyoto Protocol and national directives for greenhouse gas reduction force companies to increase energy efficiency

Energy consumption is a growing cost factor in many industries and an important lever for profitability improvements

60 Federal Estate Buildings Austria:
Energy savings of €7 million and CO₂ reduction up to 75,000 tons per annum

Building Technologies

High value for our customers

We protect people and property

**We protect families and kids
against fire, theft and crime**

**We make people feel safe and
comfortable at work and at home**

**While people are working or sleeping at night, we save
energy and, helping preserve our environment**

Katy Stadium, Houston

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

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