

Annual Shareholders' Meeting of Siemens AG

Report by
Dr. Klaus Kleinfeld, President and Chief Executive Officer

Munich, January 26, 2006

Dynamic growth – More than 2x global GDP

in millions of euros	FY 05	Δ (FY 04–05)
New orders continuing operations	83,791	+11%
Sales continuing operations	75,445	+7%

Comparable earnings level achieved

in millions of euros	FY 05	FY 04
Group profit from Operations continuing operations	4,687	5,136
Income continuing operations	3,058	3,450 -403* 3,047
Earnings per share, in euros continuing operations	3.43	3.87
Dividend, in euros proposed	1.35	1.25

* Effects related to Infineon share sale and a goodwill impairment (Pretax gain of €590 million on sale of Infineon shares plus related €246 million reversal of deferred tax liability, less a goodwill impairment of €433 million)

11 of 13 Groups – have reached margin targets or are closing in

Groups	Group profit (in millions of euros)	Profit margin (in %)	Target (in %)	Status
Com	454	3.5	8–11	
SBS	-690	-12.8	5–6	
A&D	1,210	12.3	11–13	
I&S	139	2.6	4–6	
L&A	69	4.7	7–9	
SBT	181	4.1	7–9	
PG	951	11.8	10–13	
PTD	212	5.0	5–7	
TS	45	1.1	5–7	
SV	630	6.6	5–6	
Med	976	12.8	11–13	
Osram	465	10.8	10–11	
SFS	319*	32**	18–22	

* Income before income tax (IBIT)

** Return on equity

Huge investment in research and development

SIEMENS

- **€5.2 billion** invested in research and development (R&D)

- **47,000 employees** in R&D worldwide
- **30,000 software engineers**



- **8,800 inventions**, patent applications filed for 2/3 of these
- More than **53,000 active patents**

Growth in global workforce

	FY 05*	Δ (FY 04–05)
Total	461,000	+37,000
Germany	165,000	+4,000
Inter- national	296,000	+33,000

Germany

- **8,300 new hires**
- **10,000 apprentices in total**
- **2,400 new apprentices**

* continuing operations

Q1 Fiscal 2006 – Key Figures

in millions of euros	Q1 06	Δ (Q1 05–Q1 06)
New orders continuing operations	26,788	+31%
Sales continuing operations	20,719	+22%
Group profit from Operations continuing operations	1,402	-10%
Net income	813	-19%
Net cash continuing operations	-820	+1,186

Fit4More – Generating profitable growth

Fit4More – Profit & Growth Program

Performance and Portfolio

- Solve Mobile Devices
- Finalize strategic reorientation of I&C i.e. Com and SBS
- Strategic reorientation of L&A
- Reach target margins at all Groups
- Build portfolio for 2x GDP growth

Operational Excellence

- Execute Siemens Management System (powered by *top+*) with focus on
 - Innovation
 - Customer Focus
 - Global Competitiveness

People Excellence

- Achieve high performance culture
- Establish Leadership Excellence Program
- Increase global talent pool
- Strengthen expert careers

Corporate Responsibility

- Achieve Best in Class in:
 - Corporate Governance
 - Business Practices
 - Sustainability
 - Corporate Citizenship

Execution by April 2007!