

The Siemens logo is displayed in a bold, grey, sans-serif font. It is positioned in the upper right quadrant of the slide, set against a dark grey background. To the left of the logo, there are two vertical bars: a wider one in a medium blue color and a narrower one in a lighter blue color, both extending from the top to the middle of the slide.

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Automation and Drives – Sustainable Business Success

Helmut Gierse, Group President
Automation and Drives

Investor Meeting
December 8, 2003

Siemens Building Technologies (SBT)



Building automation, building security, life safety

Siemens Dematic (SD)



Mechanical and electronic systems for industry, postal services, infrastructure

Industrial Solutions and Services (I&S)

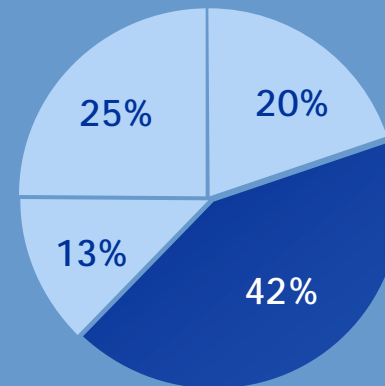


Solutions and services focused on process industries and infrastructure

Automation and Drives (A&D)



Products, systems and solutions for industries and infrastructure/ construction



Total A&C Sales
(2003,
non-consolidated)
19,977 bn EUR

The Siemens Automation and Control groups offer comprehensive solutions for production, logistics and building management in industry and infrastructure projects

A&D Business Activities

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Low Voltage Control and Installation Technologies



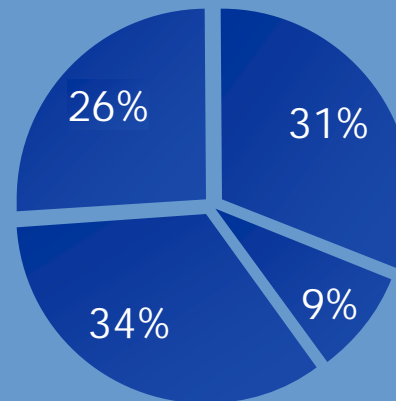
Manufacturing Automation



Motion Control



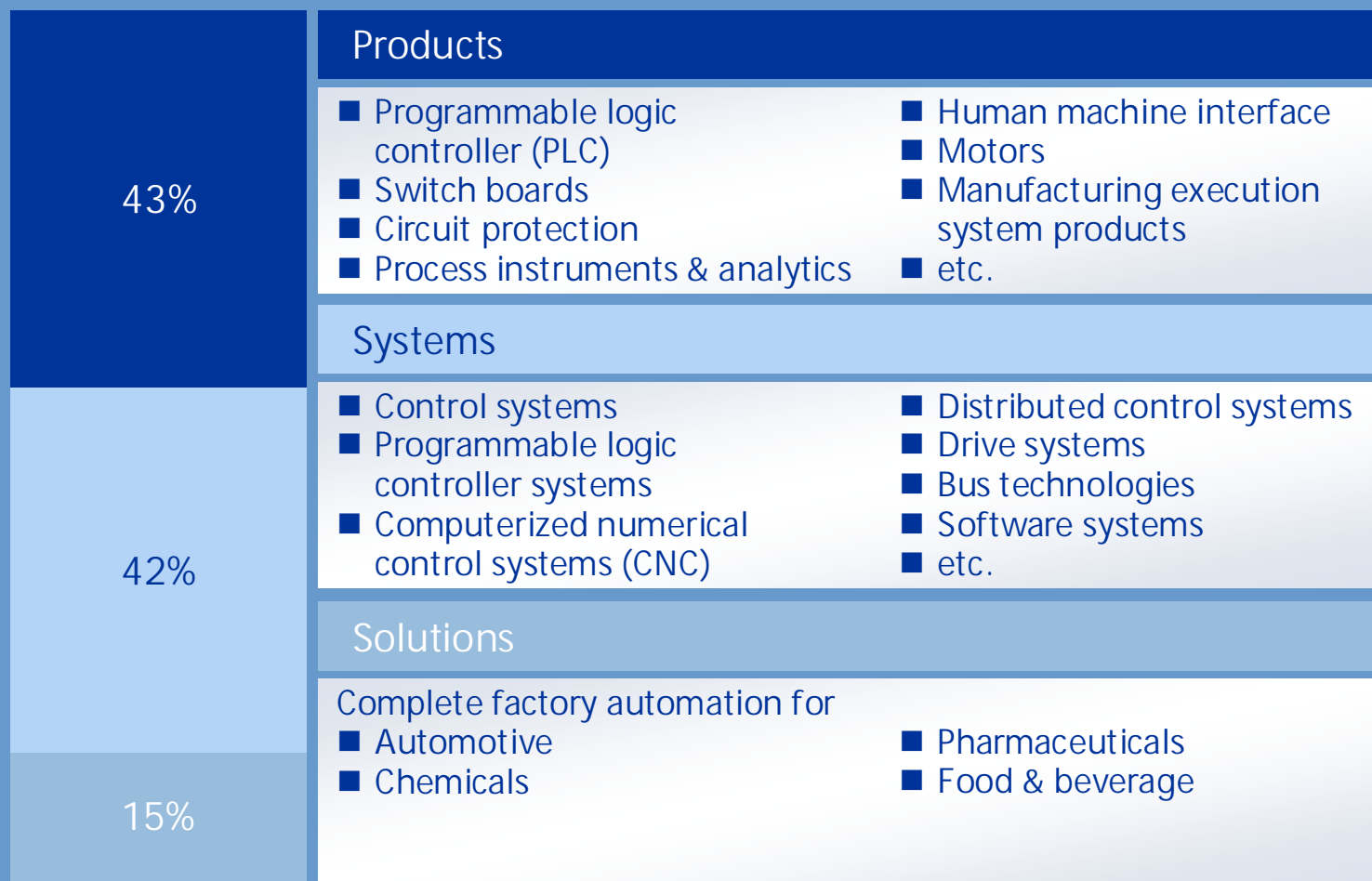
Process Automation



Total A&D Sales
(2003)
8,375 bn EUR

A&D is a global player on all fields of automation in industrial and construction applications

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The consistency of A&D's products and systems allows industrial and electro-technical solutions with high economic benefits for our customers

- ▶ All business units in #1 or #2 position
- ▶ Increase EVA (economic value added) in all business units (cost of capital: 9%)
- ▶ Group profit margin target: 11% - 13%
- ▶ Working capital turnover: 6.5
- ▶ Long term Sales growth: two times market growth (market growth ~2.5% p.a.)

A&D Market Position

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Sales of A&D Business in Position			Market Position in A&D Business Fields				
1998				#1	#2	#3	#4
#1	#2	≥3	<i>Low Voltage/ Installation</i>	Schneider	Siemens	ABB	GE
2002			<i>Motion Control</i>	Siemens	Mitsubishi	ABB	Rockwell
#1	#2	≥3	<i>Factory Automation</i>	Siemens	Rockwell	Mitsubishi	Schneider
			<i>Process Automation</i>	Emerson	ABB	Honeywell	Siemens

A&D has strongly improved the share of profitable #1 or #2 market position in it's portfolio

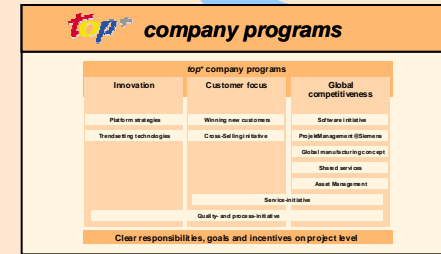
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The **top+** company programs are the next step towards sustainable business success

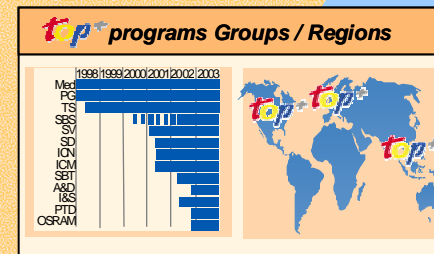
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Evolutionary development of **top+**

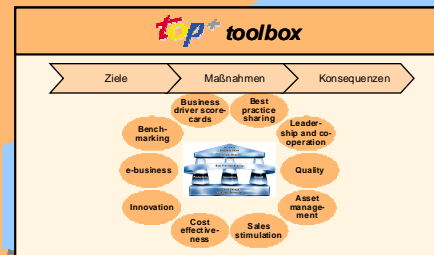
- Horizontal optimization and further strengthening of vertical optimization by defined focus topics



- Anchoring of program logic for systematic optimization in Groups and Regions with high penetration



- Strong awareness and business specific utilization of management tools



Promoting strategy implementation: Three **top+** company programs with 11 initiatives

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Three **top+** Company Programs

Innovation	Customer Focus	Global Competitiveness
Initiatives:	Initiatives:	Initiatives:
Platform strategies	Winning new customers	Software initiative
Trendsetting technologies	Cross-selling initiative	Project management@Siemens
		Worldwide manufacturing concept
		Shared Services
		Asset Management
		Service initiative
Quality- and process initiative		

Existing **top+** activities will be transitioned

A&D-Initiatives (cross-divisional) in the framework of the **top+** Company Programs

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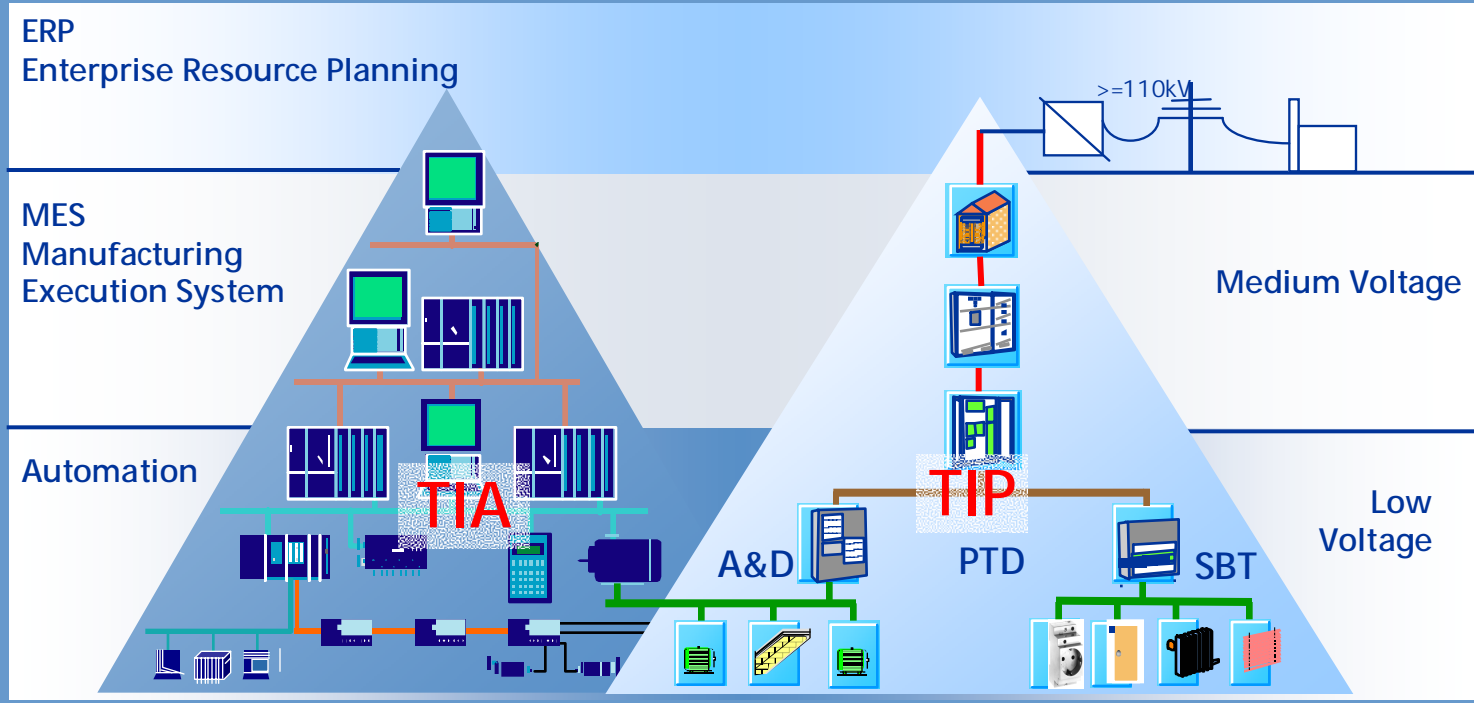
Three **top+** Company Programs

Innovation	Customer Focus	Global Competitiveness
<p>Initiatives:</p> <p>Sinamics</p> <p>Process Control</p>	<p>Initiatives:</p> <p>Increasing Effectiveness/ Efficiency in Sales</p>	<p>Initiatives:</p> <p>Software-Optimization</p> <p>PM@Siemens (SP A, PT)</p> <p>Internationalizing/ Optimizing the Value Creation Structure</p> <p>Central Functions II</p> <p>Asset Management</p>
<p>Quality / Process Standards / CIO-Initiatives</p>		

Existing **top+** activities will be transitioned

A&D: The Consistent Automation Solution

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Threefold Consistency

Threefold Customer Benefit

- Data Management
- Engineering
- Communication

- Cost Reduction
- Time Advantage
- Efficiency Advantage

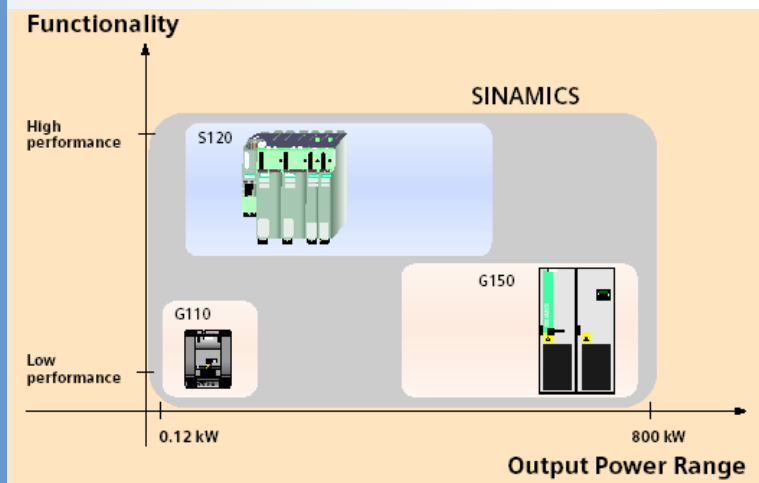
Automation and energy management in process-/manufacturing industries, functional buildings, infrastructure

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Platform Strategies: Sinamics – The A&D Drive Platform

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- Reduced number of software tools
- Improved efficiency
- Modular design, smaller footprint
- Communication Ability
- Easy to parameterize
- Easy to install



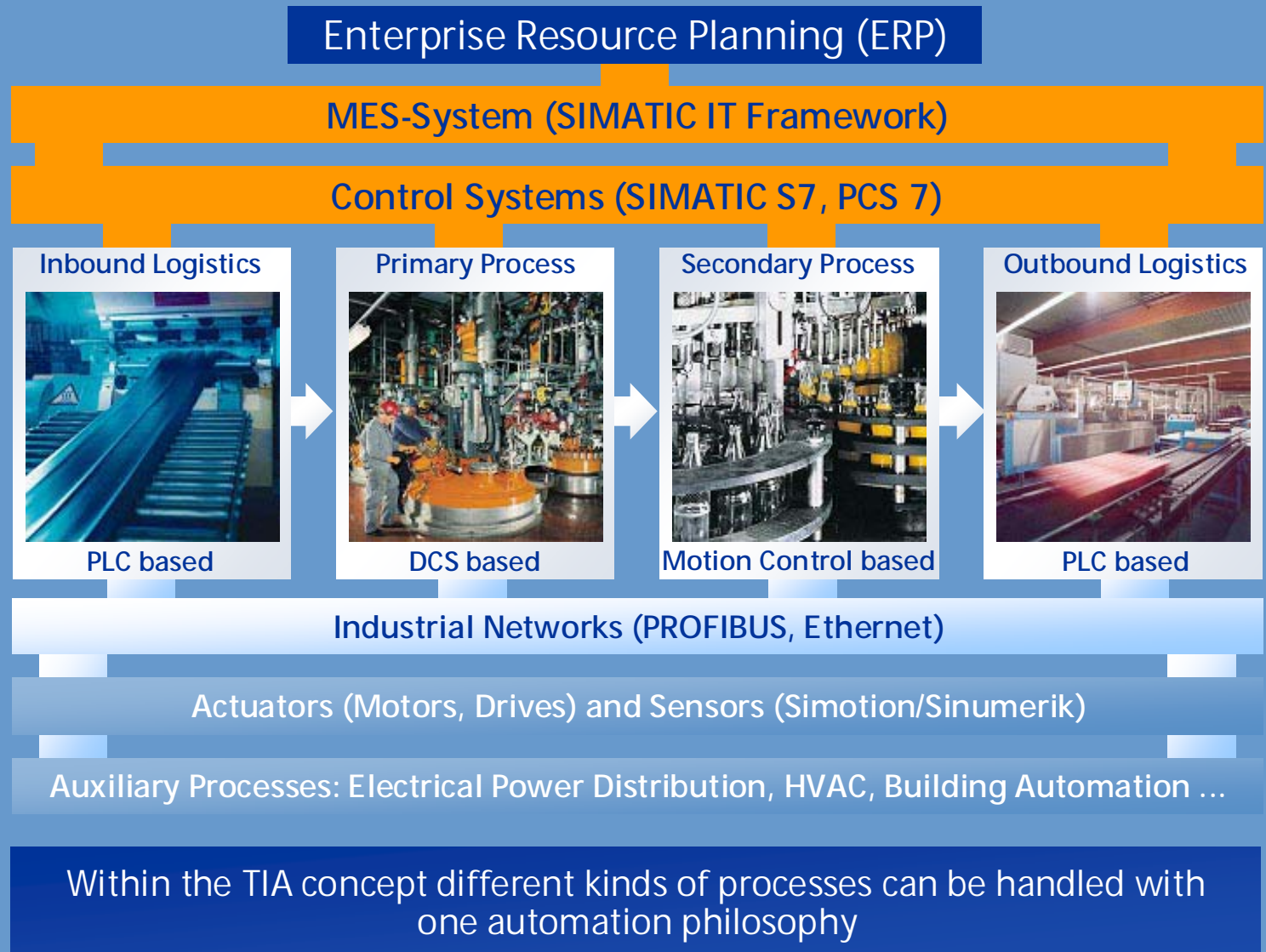
The New
Drive Family



With Sinamics A&D starts the generalization of all current drive systems into one strong platform concept to increase customer benefit and ease of use

Platform Strategies: Automation Platform Solutions vs. Best of Breed Product Solutions

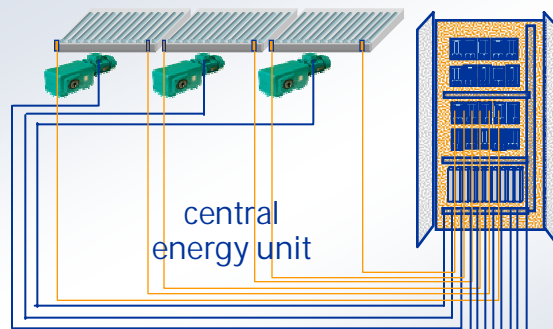
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Trendsetting Technologies: Innovation in Low Voltage

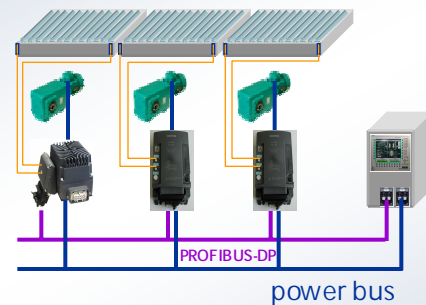
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Conventional Solution

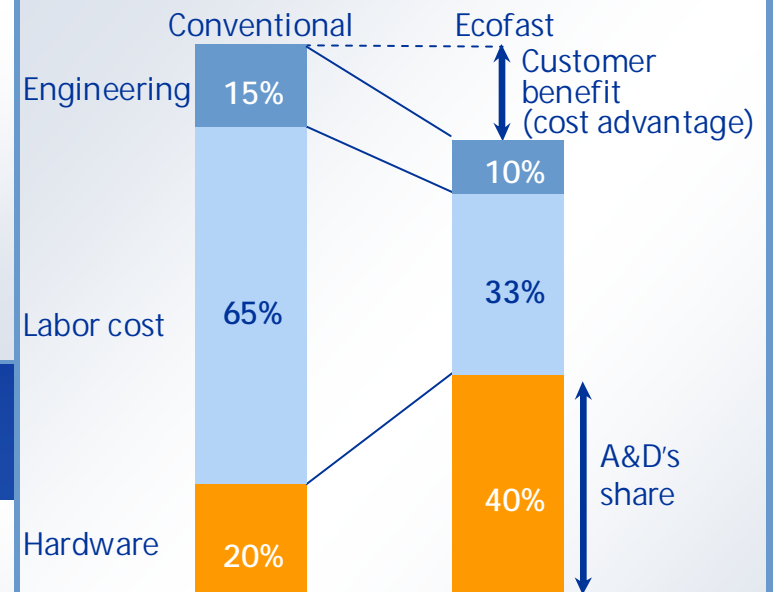


Innovative Solution – Ecofast

Cabinet-free decentralization with communication and power bus



Typical Cost Structure and Customer Benefit

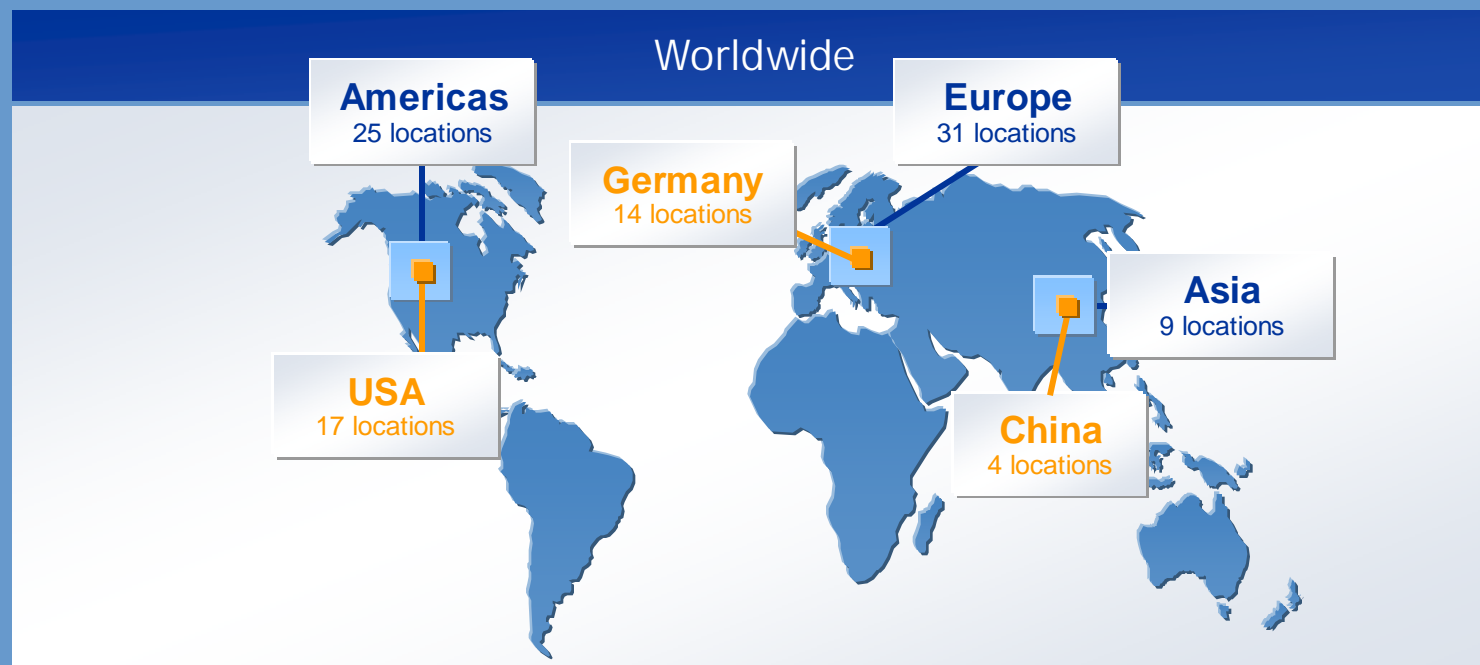


- Standardized connection technology
- Fast and safe planning (SW-Tool)
- Less time and effort involved in cabling
- Reduction of plant or system engineering times
- Higher plant or system availability

Standardized Ecofast products reduce the labor cost of our customers. A&D's share increases, reduction of up to 20% of total cost

Global Competitiveness: Worldwide Manufacturing Concept

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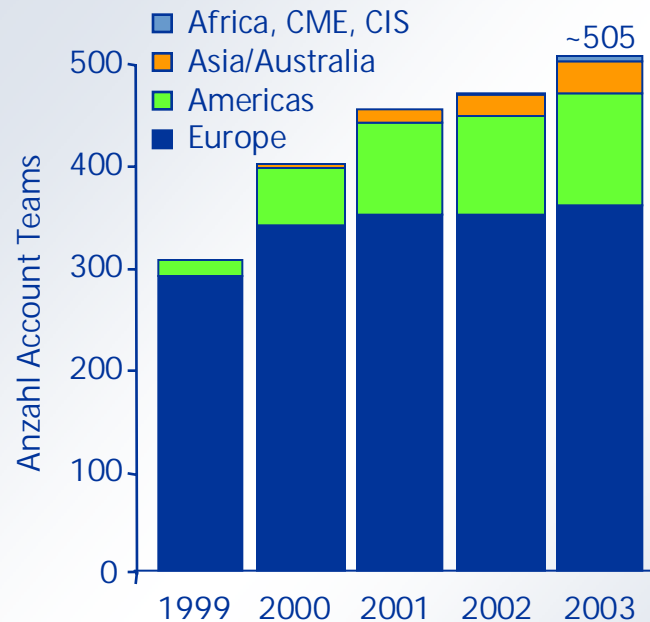
1/3 of our manufacturing workers are now in low cost countries



- Focus on main manufacturing sites
- Relocations from the US to Mexico
- Benefit from the advantages of low cost countries (e.g. Romania for manufacturing or India, Hungary for software development)
- Shift and build up capacities in fast growing markets (e.g. China)

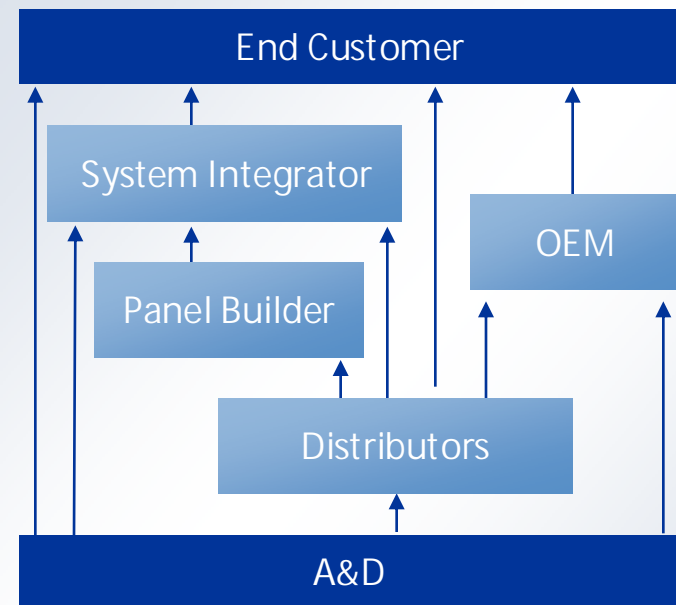
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Account Plan Process (APP+)



- Implementation of this concept in other regional companies
- Enforcement of cross selling

End Customer Concept

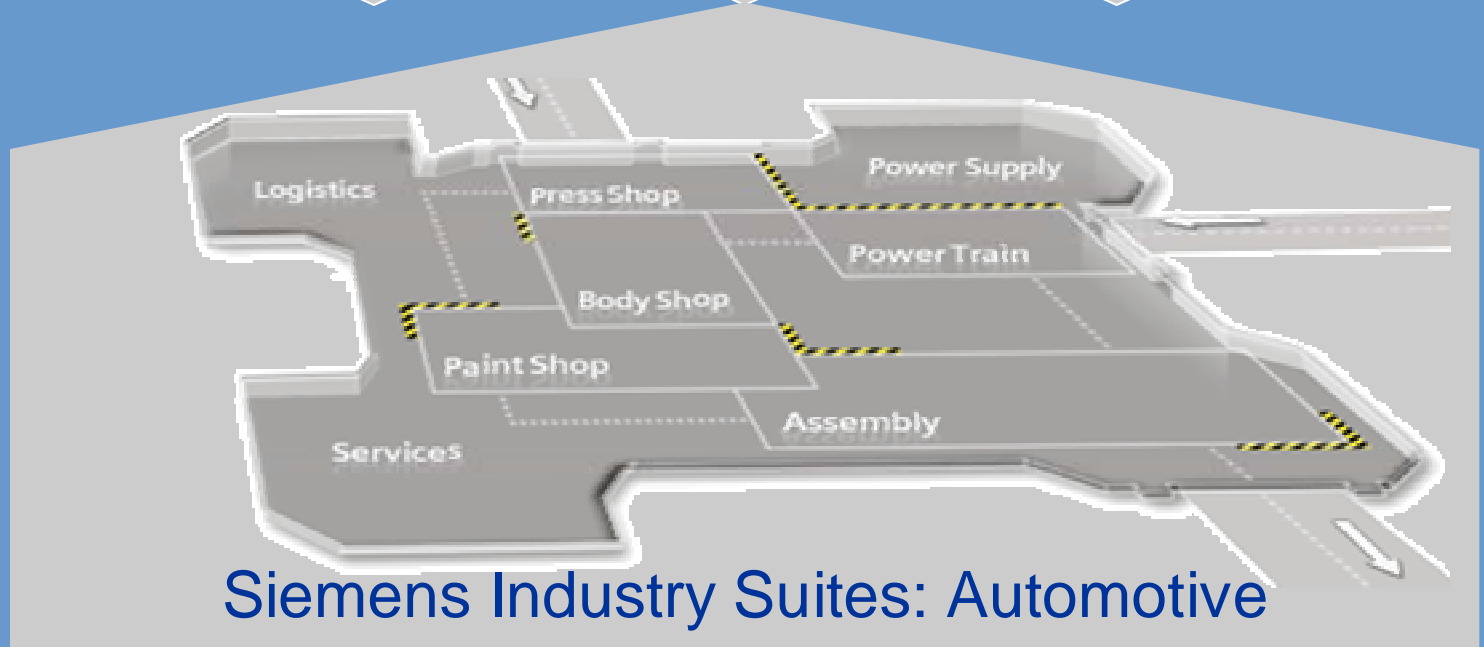
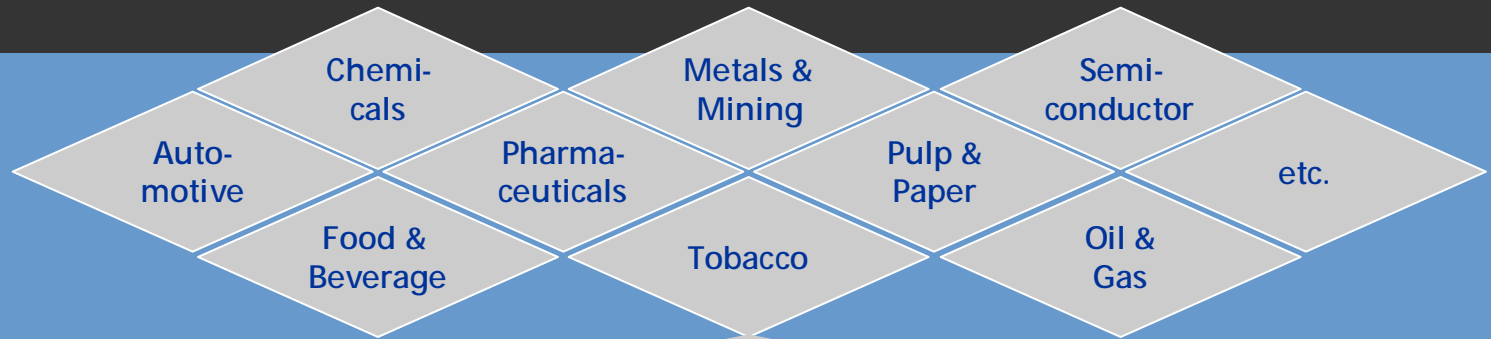


- End customer certification leads to pull effects
- Employment of system integrators in solution business

A&D's sales concept is optimized for the structure and the needs of our customers. A sophisticated channel management is the key for success

Cross Selling Initiatives: Industry Suites – The Standardized Sector-oriented Range

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I&S
Solutions/
Services

PTD
Power
Distribution

A&D
Automation

SD
Logistics

SBT
Building
Automation

etc.

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A&D Business Figures

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	2001	2002	2003
Orders thereof international	9,065 +11% 5,602	8,728 -4% 5,373	8,476 -3% 5,155
Sales thereof international	8,947 +13% 5,502	8,635 -3% 5,341	8,375 -3% 5,014
Group Profit Group Profit Margin	981 11.0%	723 8.4%	806 9.6%
Net Cash from Operating and Investing Activities	533	1,019	1,060
Research & Development in % of sales	498 5.6%	511 5.9%	515 6.2%
Employees	54,200	51,200	50,400

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in million of Euro

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