

For the business and financial press

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## **Siemens to raise target margin ranges for Operations**

**Siemens is raising the target margin ranges for its operating units. “We’re convinced that the creation of new structures within the three planned Sectors Energy, Industry and Healthcare will make our company less complex, more transparent, more focused and, therefore, faster and more successful. As a result, it’s also clear we’ll exceed the current goals of our Fit for 2010 program,” said Peter Löscher, Siemens CEO. The new target margin ranges for the future Energy and Industry Sectors will be announced at the end of January 2008. Effective immediately, the target margin range for the Medical Solutions Group (Med) will be raised to 14-17% from the current 13-15%. In the course of the restructuring, Siemens also intends to reduce selling, general and administrative costs, as a percentage of sales, 10-20% by 2010.**

If approved by the Supervisory Board on November 28, 2007, implementation of the new company structure will begin in January 2008. External financial reporting on the basis of the new structure will begin in the second half of fiscal 2008. Financial information will be reported at the Sector level and below. “We’re again making our financial reporting considerably more transparent than it is today,” said Löscher.

The Energy Sector will essentially comprise the Groups Power Generation (PG) and Power Transmission and Distribution (PTD). This Sector will target a highly attractive market, which is growing at 11% a year. Siemens expects the market’s total volume to be well above €300 billion by 2010.

The Industry Sector will comprise the business activities of Automation and Drives (A&D), Industrial Solutions and Services (I&S), Transportation Systems (TS), Siemens

Building Technologies (SBT) and Osram. Siemens assumes that the Sector's markets will grow 5% a year to reach a total volume of nearly €500 billion by 2010.

The Healthcare Sector will comprise the Medical Solutions Group (Med). Med's latest acquisitions have more than doubled its market to €57 billion and enabled the Group to tap attractive new segments.

Siemens IT Solutions and Services and Siemens Financial Services (SFS) will continue to operate as cross-sector businesses.

The planned new structure will generate considerable synergy potentials. "We're going to precisely define how staff functions are assigned to the various levels in the new structure," said Peter Löscher, with reference to the selling, general and administrative costs, which totaled some 17% of sales in fiscal 2007.

**Siemens AG** (Berlin and Munich) is a global powerhouse in electrical engineering and electronics. The company has around 400,000 employees (continuing operations) working to develop and manufacture products, design and install complex systems and projects, and tailor a wide range of services for individual requirements. Siemens provides innovative technologies and comprehensive know-how to benefit customers in some 190 countries. Founded 160 years ago, the company focuses on the areas of Information and Communications, Automation and Control, Power, Transportation, Medical, and Lighting. In fiscal 2007 (ended September 30), Siemens had revenue from continuing operations of €72.4 billion and net income from continuing operations of €3.909 billion (IFRS) – preliminary figures, unaudited. Further information is available on the Internet at: [www.siemens.com](http://www.siemens.com).

All figures are preliminary and unaudited. Reconciliation and definitions of our non-GAAP measures are available on our Investor Relations website at [www.siemens.com/ir](http://www.siemens.com/ir), Financial Publications, Quarterly Reports.

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