

SiemensSays

Viewpoints from Siemens Medical Solutions Executives

Shaping the Future of Healthcare, in a Way that Only Siemens Can Erich Reinhardt, Ph.D., president and CEO, Siemens Medical Solutions

Siemens Medical Solutions' acquisition of Diagnostic Products Corporation (DPC, announcement in April 2006, closing in July 2006) and its pending acquisition of Bayer HealthCare's Diagnostics Division (announced in June 2006) have marked Siemens' entrance into the world of in-vitro diagnostics (IVD). Upon completion of the Bayer acquisition, which is planned for January 1st, 2007, Bayer and DPC will merge and become Siemens Medical Solutions Diagnostics – a business unit within Siemens Medical Solutions. Coming on the heels of the 2005 acquisition of CTI Molecular Imaging, Inc. it is clear that Siemens is committed to transforming healthcare through integrated clinical workflow solutions, relying on a truly integrated portfolio covering both in-vitro and in-vivo diagnostics combined with knowledge-driven healthcare information technology (IT) and including innovative molecular technologies. As the world's first full-service diagnostics company, Siemens is well positioned to address the complex challenges facing the healthcare industry, today and tomorrow.



Why did Siemens make these investments in in-vitro diagnostics?

The acquisition of DPC and Bayer HealthCare Diagnostics is part of our targeted strategy to provide superior workflow, improving solutions by creating the healthcare industry's first fully integrated diagnostics company. Now we combine the entire imaging diagnostics, laboratory diagnostics, and clinical IT value chain under one roof. This places us in a unique position to leverage trendsetting technologies for improved quality of patient care at reduced costs and thereby meet the globally increasing

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Shaping the Future of Healthcare (cont.)

demand for healthcare solutions. By combining in-vivo and in-vitro diagnostics in one company for the first time, we'll be expanding our leading position across the entire diagnostics chain – from prevention, diagnosis and treatment, to rehabilitation and aftercare. We believe this uniquely positions us to provide integrated solutions that best help our partners master the increasing demands on healthcare systems around the world, driven by global megatrends, such as urbanization and a growing and aging population.

How can Siemens make a difference for healthcare professionals?

Siemens' unique combination of leading-edge clinical diagnostics, medical imaging, healthcare IT, radiation therapy, management consulting, and related services gives our customers access to the most comprehensive portfolio available. We are working to deliver integrated solutions – today and tomorrow – that will help healthcare providers achieve improved clinical workflow, make gains in productivity and efficiency, and reach higher levels of quality, accuracy, and safety.

Ultimately, the goal is to deliver more personalized care to patients. Advances in molecular medicine are already helping physicians choose medications that are targeted for specific patient groups, predict the effects of those medications, and personalize treatment for improved results. At Siemens, the future holds even more promise for research and development in these areas.

How can advances in medical technology decrease the cost of care?

Siemens believes that enabling earlier diagnosis, more targeted therapies – e.g. closely observed by drug response monitoring – and an improved management of patient information will

not only help improve the quality, but also decrease the cost of care.

Inefficient and incorrect care does not help the patient and it costs the healthcare system a tremendous amount of money. If physicians can accurately diagnose and characterize a patient's disease long before it impacts the patient's quality of life and precisely treat the disease with limited side effects, there will be significant savings to the healthcare system and immeasurable benefits to the patient.

At Siemens, we understand that helping patients stay well is the key to improving the efficiency and quality of healthcare. And we believe that a population that stays well – thanks to advances in medical technology – will cost the healthcare system less on a comparable level.

How is Siemens' strategy different than other medical technology companies?

Siemens is the first and only company that has made a significant investment in becoming a truly integrated diagnostic solution provider through its IVD acquisitions, giving us the unique opportunity to combine these capabilities with medical imaging and radiation therapy – all linked by healthcare IT. By combining our research and development expertise across these areas, we believe we will be able to more quickly bring advances to market that will have a transformational impact on healthcare. Siemens will have the power to provide more precise knowledge to physicians – giving them the integrated workflow technology tools they need to deliver higher quality, more efficient care at all phases of a patient's experience.

What challenges and opportunities lie ahead for Siemens?

In the U.S., our customers are dealing with proposed reimbursement cuts for

medical imaging services under the 2006 Deficit Reduction Act. While Congress is examining the potential impact to patients, Siemens and other industry partners are working with our customers to demonstrate the benefits of medical imaging and how costs can be reduced with earlier and more precise diagnosis. We will continue to partner with industry associations to facilitate proactive, ongoing communication with legislators to reconsider these cuts, which we believe could leave patients without access to potentially life-saving technologies.

Another hot topic across the U.S. and in Europe is pay-for-performance initiatives for healthcare providers. In a recent survey, 85 percent of healthcare organizations say they have initiated pay-for-performance initiatives, while only 70 percent had started such programs in 2002. Siemens IT solutions are helping healthcare providers take advantage of pay-for-performance incentives by providing tools to help reduce medical errors and through comprehensive tracking of indicators that are needed to determine performance.

For Siemens, our biggest challenge and opportunity is to deliver on the promise that lies ahead for us as the first full-service diagnostics company. We are well positioned to drive and support innovation throughout the healthcare continuum, including development of new drug interventions and therapies; individualized therapy based on genetic profiles; diagnostic technologies that control and improve therapy progress; and healthcare IT solutions that help physicians manage and maximize clinical knowledge. With a history of more than 130 years of trendsetting innovation, we are confident that we will deliver on this promise, and that Siemens Medical Solutions will continue to shape the future of healthcare.

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