

Medical Solutions

For the financial press

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Joint press release from Draeger and Siemens

EU Commission gives go-ahead for Draeger-Siemens joint venture

Luebeck-based Draegerwerk AG und Erlangen-based Siemens Medical Solutions today received approval from the EU Commission for the proposed joint venture in the market for acute hospital care, subject to the following conditions: As announced in early March, Siemens shall sell its Life Support Systems unit (anesthesia and ventilation devices) to a third party. Also, in line with current corporate strategy, the joint venture shall continue to supply open data interfaces to enable integration of its products and devices with those of third parties.

Draeger contributes its entire Medical division and Siemens its Patient Care Systems (patient monitoring) – the unit, which in conjunction with Life Support Systems, makes up Siemens' Electromedical Systems Division. The joint venture, Draeger Medical – A Draeger and Siemens Company, will be headquartered in Luebeck and named Draeger Medical AG & Co. KGaA. Its worldwide workforce totals around 5,700. The joint venture is held at 65 percent by Draeger and at 35 percent by Siemens.

In its first full fiscal year 2004, the JV is expected to generate sales of over €1.1 billion. As to the current fiscal period, Draeger Medical is forecasting that the joint venture will deliver double-digit sales growth compared with the preceding year (fiscal and calendar years coinciding). In place of the operating business, proceeds from the disposal of Life Support Systems less transaction costs and taxes, will accrue to the joint venture. R&D and production are located at Luebeck, Germany, Best, Netherlands, Telford und Danvers, USA, as well as Shanghai, China. The new company has sales and service subsidiaries in over 40 countries and is represented in more than 190.

"The EU Commission's decision has assured us that we will be able to get the joint venture underway as briskly as possible. We are expanding our portfolio to include monitoring, which is an integral component of our customers' clinical processes. The expanded portfolio will put Draeger Medical in a better position for developing process-oriented solutions in acute hospital care. These system solutions will assist present and future customers in further lowering process costs while enhancing the quality of care," stated Dr. Wolfgang Reim, CEO of Draeger Medical.

The joint venture's sales organization will work closely together with that of Siemens, especially in developing cross-departmental solutions for hospitals and in supporting key accounts. "The JV solidifies Siemens' position as a solutions provider. Acute care will thus remain an integral part of our business," stated Prof. Dr. Erich R. Reinhardt, CEO of Siemens Medical Solutions.

Draeger and Siemens are pursuing a concerted development goal: the seamless integration of acute care information within the hospital IT network. In cooperation with Siemens and through the use of the Siemens' software platforms syngo and Soarian as basic architecture, the joint venture will develop, produce and market critical care IT solutions for optional integration into more comprehensive healthcare solutions. In the medium term, by accelerating the already launched innovation initiatives for products and process solutions, the joint venture will have a sustained boost on sales. More information will be available from Draeger at the annual accounts conference in Luebeck and the Analysts' Conference in Frankfurt, both to be held on May 15, 2003.

Draeger Medical is one of the world's leading manufacturers of medical equipment. As the largest division of Draegerwerk AG, Draeger Medical offers products, integrated systems and services throughout the entire patient care process in all CareAreas™ —Emergency Care, OR/Anesthesia, Critical Care and Home Care. The company employs around 4,900 people worldwide and is represented in over 140 countries. Based on preliminary figures for fiscal year 2002, the company increased its net sales by around 5 percent to reach €848 million (2001: €805.4 million) and nearly doubled its EBIT to €75 million (2001: €39.0 million). Draeger Medical continues to grow faster than the market at a rate of around 9 percent per annum. The company increased its EBIT from €9.1 million in 2000 to €75 million in 2002, marking the first two years of its business turnaround. Draeger Medical provides innovative solutions which are the result of a close dialog with customers, years of experience in the market, and continuous investment in R&D. The company's goal is to improve the quality of patient care while supporting cost-reduction in the health care sector. More information at: www.draeger-medical.com.

Siemens Medical Solutions (Med) is one of the largest suppliers of healthcare equipment in the world. Med is renowned for its innovative products, services and complete solutions, ranging from imaging systems for diagnosis and therapy equipment for treatment, to electromedicine and hearing instruments to IT solutions that optimize workflow and increase efficiency in hospitals, clinics and doctors' offices. Siemens also offers a variety of data management solutions for customers and is currently the largest Application

Service Provider. Employing approximately 31,000 people worldwide, in fiscal 2002 (September, 30), Med reported sales of 7.6 billion EUR, orders of 8.4 billion EUR and EBIT of 1 billion EUR. More information can be obtained through the Company's website <http://www.siemensmedical.com>.

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