SIEMENS AKTIENGESELLSCHAFT
Form 6-K
August 10, 2007

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form 6-K
Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16
of the Securities Exchange Act of 1934
August 10, 2007
Commission File Number: 1-15174
Siemens Aktiengesellschaft
(Translation of registrant s name into English)
Wittelsbacherplatz 2
D-80333 Munich
Federal Republic of Germany
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F þ Form 40-F o

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes o No þ

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes o No þ

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes o No þ

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-

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Introduction

Effective with the first quarter of fiscal 2007, Siemens prepares its primary financial reporting according to International Financial Reporting Standards (IFRS). For fiscal year end 2006, our primary financial reporting was still under United States Generally Accepted Accounting Principles (U.S. GAAP). In addition, we published our first IFRS Consolidated Financial Statements as supplemental information in December 2006. We generally prepare the Interim Report as an update of our Annual Report, with a focus on the current period. The supplemental IFRS Consolidated Financial Statements serve as a basis for our primary IFRS reporting beginning with the first quarter of fiscal 2007 and as such, the Interim Report should be read in conjunction with these IFRS Consolidated Financial Statements and our Annual Report.

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Key figures [1]

(in millions of , except where otherwise stated)	3rd quarter [2] 2007	3rd quarter [2] 2006	first nine months [3] 2007	first nine months [3] 2006
Income from continuing operations	**716**	1,341	**2,826**	2,845
Income from discontinued operations, net of income taxes	***1,349***	*3*	***1,286***	*361*
Net income	**2,065**	1,344	**4,112**	3,206
attributable to:				
Minority interest	***39***	*49*	***151***	*152*
Shareholders of Siemens AG	***2,026***	*1,295*	***3,961***	*3,054*
Basic earnings per share [4]				
(in euros)				
Income from continuing operations	**0.75**	1.45	**3.01**	3.04
Net income	**2.25**	1.45	**4.43**	3.43
Diluted earnings per share [4]				
(in euros)				
Income from continuing operations	**0.74**	1.11	**2.91**	3.03
Net income	**2.18**	1.11	**4.26**	3.39
Free cash flow [5][6]	**908**	850	**3,258**	958
Group profit from Operations [6]	**1,504**	1,231	**5,099**	3,622
New orders [6]	**22,147**	19,656	**70,198**	64,852
Revenue [6]	**20,176**	18,689	**59,870**	55,489

	June 30, 2007 Continuing operations	June 30, 2007 Total [7]	September 30, 2006 Continuing operations	September 30, 2006 Total [7]
Employees *(in thousands)*	**445**	**461**	424	475
Germany	**145**	**151**	143	161
International	**300**	**310**	281	314

(1) Unaudited, focused on continuing operations. Discontinued operations consist of carrier networks, enterprise networks and mobile devices activities.

(2) April 1 June 30, 2007 and 2006, respectively.

(3) October 1, 2006 and 2005 June 30, 2007 and 2006, respectively.

(4) Earnings per share attributable to shareholders of Siemens AG.

(5) Free cash flow represents net cash provided by operating activities less additions to intangible assets and property, plant and equipment, which are presented on the table Segment information.

(6) Continuing operations.

(7) Continuing and discontinued operations.

Note: Group profit from Operations is reconciled to Income before income taxes of Operations under Reconciliation to financial statements on the table Segment information.

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Management s discussion and analysis

Overview of financial results for the third quarter of fiscal 2007

Orders were 22.147 billion, a 13% increase compared to the third quarter a year earlier, and revenue rose 8% year-over-year, to 20.176 billion.

Group profit from Operations for the quarter climbed 22% year-over-year, to 1.504 billion, despite negative equity investment income of 371 million related to Nokia Siemens Networks (NSN).

Income from continuing operations was 716 million, including the negative equity investment income related to NSN. For comparison, income from continuing operations of 1.341 billion in the third quarter a year earlier benefited from a substantial, non-recurring positive effect at Corporate Treasury.

Net income was 2.065 billion and basic earnings per share were 2.25, compared to 1.344 billion and 1.45, respectively, in the third quarter a year earlier. Discontinued operations contributed 1.349 billion to net income in the current quarter, primarily due to a gain resulting from the transfer of assets into NSN.

On a continuing basis, Free cash flow in the third quarter increased to 908 million compared to 850 million in the prior-year period, despite payment of 419 million related to a previously disclosed European Commission antitrust investigation.

Siemens third quarter demonstrates that the Company is on track, and we believe that Siemens is off to a good start on the new Fit for 2010 program, which includes ambitious new targets for profitability, cash, and return on capital employed as well as leadership in corporate responsibility.

In the third quarter, ended June 30, 2007, Siemens net income rose to 2.065 billion, an increase of 54% compared to 1.344 billion in the third quarter a year earlier. Basic earnings per share (EPS) rose to 2.25 from 1.45 in the prior-year quarter, and diluted EPS increased to 2.18 from 1.11 a year earlier. Discontinued operations contributed 1.349 billion to net income in the third quarter, compared to 3 million a year earlier. The difference is due primarily to a preliminary pre-tax non-cash gain of 1.702 billion generated by the transfer of our carrier-related businesses into a new entity, NSN, which began operations in the third quarter. This gain was partially offset by an impairment of the enterprise networks business, in the pre-tax amount of 355 million. Net income for the current period includes 125 million in expenses for outside advisors in connection with investigations into alleged violations of anti-corruption laws and related matters as well as remediation activities.

In the third quarter, income from continuing operations was 716 million compared to 1.341 billion a year earlier. While the current period was burdened with negative equity investment income of 371 million associated with NSN, the prior-year period benefited from a pre-tax 429 million positive effect at Corporate Treasury related to a convertible bond. Basic earnings per share on a continuing basis were 0.75 compared to 1.45 in the prior-year quarter, and diluted earnings per share were 0.74 compared to 1.11 a year earlier.

Group profit from Operations was also adversely affected by the negative equity earnings related to NSN, yet still rose 22% year-over-year, to 1.504 billion. Every Group in Operations increased its Group profit compared to the third quarter a year earlier, with most Groups delivering strong double-digit profit growth.

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Leading earnings contributors included Automation and Drives (A&D), Medical Solutions (Med), Power Generation (PG), Siemens VDO Automotive (SV), Power Transmission and Distribution (PTD), and Osram.

The other two components of Siemens, Financing and Real Estate and Corporate Treasury activities, contributed 183 million in income before income tax in the third quarter compared to 563 million a year earlier. The change year-over-year was due primarily to the 429 million convertible bond effect, which raised Corporate Treasury earnings to 528 million in the prior-year period. In the current period, Corporate Treasury activities earned 57 million. Financing and Real Estate generated earnings of 126 million, up from 35 million in the prior-year period.

In a favorable macroeconomic environment, third-quarter orders increased 13%, to 22.147 billion, and revenue of 20.176 billion was up 8% compared to the prior-year quarter. Excluding currency translation and portfolio effects, third-quarter orders rose 12% and revenue was up 7%. A majority of Groups in Operations increased both orders and revenue year-over-year, with particularly strong growth at A&D, Med, PTD and PG. On a regional basis, Asia-Pacific and Europe outside Germany posted double-digit growth in both orders and revenue compared to the prior-year period.

Free cash flow from continuing operations for the third quarter was 908 million, up from 850 million in the same quarter a year earlier. The current period was adversely affected by a 419 million payment related to a European Commission investigation of past anti-competitive behavior by providers of gas-isolated switchgear. In contrast, the prior-year period benefited from significant higher cash inflows at Corporate Treasury from foreign currency derivatives.

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Results of Siemens

Results of Siemens Third quarter of fiscal 2007 compared to third quarter of fiscal 2006

The following discussion presents selected information for Siemens for the third quarter:

	Three months ended June 30, 2007					
	New Orders			Revenue		
		% Change vs. previous year			*% Change vs. previous year*	
(in millions)	Location of customer	*Actual*	*Adjusted**	Location of customer	*Actual*	*Adjusted***
Germany	3,488	0%	(3)%	3,589	0%	(3)%
Europe (other than Germany)	6,558	14%	11%	6,226	11%	8%
Americas	6,275	10%	13%	5,468	4%	7%
Asia-Pacific	3,762	43%	40%	3,140	19%	17%
Africa, Middle East, C.I.S.***	2,064	(2)%	0%	1,753	11%	12%
Siemens	**22,147**	**13%**	**12%**	**20,176**	**8%**	**7%**

* Excluding currency translation and portfolio effects. Currency translation effects were: Americas (6)%, Asia-Pacific (1)%, Africa, Middle East, C.I.S. (3)% and for Siemens (2)%. The remaining difference results from portfolio effects.

** Excluding currency translation and

portfolio effects. Currency translation effects were: Americas (6)%, Asia-Pacific (1)%, Africa Middle East, C.I.S. (3)% and for Siemens (2)%. The remaining difference results from portfolio effects.

*** Commonwealth of Independent States.

Revenue in the third quarter of fiscal 2007 was 20.176 billion, an 8% increase from 18.689 billion in the prior-year period. Orders were 22.147 billion, 13% higher than 19.656 billion a year earlier. On an organic basis, excluding currency translation effects and the net effect of acquisitions and dispositions, revenue climbed 7% and orders rose 12%.

International revenue was up 10% and international orders for the third quarter increased 15% year-over-year, to 16.587 billion and 18.659 billion, respectively. In Germany, revenue and orders of 3.589 billion and 3.488 billion, respectively, were level with third quarter a year earlier. Within international results, Asia-Pacific was the leading contributor to growth. Revenue rose 19% compared to the third quarter a year earlier, to 3.140 billion, and orders rose 43% year-over-year, to 3.762 billion. Both China and India generated high double-digit growth in revenue and orders compared to the prior-year period. Europe (other than Germany) was also a strong contributor to growth, with third-quarter revenue rising 11%, to 6.226 billion, and orders climbing 14% year-over-year, to 6.558 billion. In the Americas, revenue of 5.468 billion and orders of 6.275 billion were 4% and 10% higher, respectively, than in the third quarter a year ago. Excluding currency translation and portfolio effects, revenue and orders in this region were up 7% and 13%. The region comprising Africa, Middle East, and the Commonwealth of Independent States (C.I.S.) contributed 1.753 billion to revenue in the third quarter, an 11% increase year-over-year. Order volume was higher than revenue, at 2.064 billion but came in 2% lower than the prior-year level which included a higher number of large orders.

	Three months ended June 30,	
(in millions)	**2007**	**2006**
Gross profit	5,600	4,774
as percentage of revenue	*27.8%*	*25.5%*

Gross profit for the third quarter increased 17% year-over-year to 5.600 billion, rising faster than revenue. Almost all Groups increased their gross profit, led by Med and A&D. The gross profit margin climbed to 27.8% in the third quarter compared to 25.5% a year earlier.

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(in millions)	Three months ended June 30, 2007	2006
Research and development expenses	(995)	(848)
as percentage of revenue	*4.9%*	*4.5%*
Marketing, selling and general administrative expenses	(3,226)	(2,988)
as percentage of revenue	*16.0%*	*16.0%*
Other operating income	197	108
Other operating expense	(218)	(94)
Income (loss) from investments accounted for using the equity method, net	(207)	129
Financial income (expense), net	(59)	603

Research and development (R&D) expense rose to 995 million from 848 million in the third quarter a year earlier. As revenue between the two periods increased, R&D expenses as percentage of revenue grew only slightly to 4.9% from 4.5% a year ago. Marketing, selling and general administrative expenses rose to 3.226 billion, as Med and A&D made major acquisitions between the periods under review while Siemens IT Solutions and Services (SIS) substantially reduced its Marketing, selling and general administrative expenses year-over-year. As percentage of revenue, Marketing, selling and general administrative expenses remained unchanged year-over-year at 16.0%. Other operating income increased to 197 million from 108 million, mainly due to higher earnings from disposals of businesses and sales of real estate. Other operating expense increased to 218 million from 94 million in the third quarter of the prior year, due primarily to expenses related to legal and regulatory matters and 31 million primarily to fund job placement companies for former Siemens employees affected by the bankruptcy of BenQ Mobile GmbH & Co. OHG (BenQ).

Income (loss) from investments accounted for using the equity method, net was a negative 207 million in the third quarter of fiscal 2007 compared to a positive 129 million in the prior-year period. The change year-over-year is primarily due to 371 million in negative equity investment income related to NSN. Financial income, net was a negative 59 million, including higher interest expense related primarily to bonds issued between the periods under review. Financial income, net in the prior-year period was a positive 603 million, benefiting from a 429 million positive effect related to mark-to-market valuation of a cash settlement option associated with the 2.5 billion convertible bond issued in 2003. This option was irrevocably waived in the third quarter of fiscal 2006, effectively eliminating subsequent earnings effects.

(in millions)	Three months ended June 30, 2007	2006
Income from continuing operations before income taxes	1,092	1,684
Income taxes	(376)	(343)
as percentage of income from continuing operations before income taxes	*34%*	*20%*
Income from continuing operations	716	1,341
Income from discontinued operations, net of income taxes	1,349	3
Net income	2,065	1,344
Net income attributable to Minority interest	39	49
Net income attributable to shareholders of Siemens AG	2,026	1,295

Income from continuing operations before income taxes was 1.092 billion compared to 1.684 billion in the third quarter a year ago. The change year-over-year is due primarily to the negative effect in the current year noted above in

Income (loss) from investments accounted for using the equity method, net and the positive effect noted above for the prior year in financial income (expense), net. Despite lower pre-tax income from continuing operations, income taxes were higher in the current quarter mainly due to the negative swing in Income (loss) from investments accounted for using the equity method, net and non-taxable earnings in the prior-year period. In combination with the effects noted above, this resulted in significantly lower income from continuing operations compared to the prior-year period.

Discontinued operations contributed income, net of income taxes of 1.349 billion. This result was due to a 1.702 billion preliminary pre-tax non-cash gain associated with the transfer of Siemens carrier-related assets into NSN, partially offset by a 355 million impairment relating to the enterprise networks business. A year earlier, discontinued operations earned income, net of income taxes of 3 million in the third quarter. Net income of 2.065 billion in the current quarter was 54% higher than in the third quarter a year earlier, and net income attributable to shareholders of Siemens AG was 2.026 billion, up 56% compared to the prior-year period.

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Results of Siemens First nine months of fiscal 2007 compared to first nine months of fiscal 2006

The following discussion presents selected information for Siemens for the first nine months:

	Nine months ended June 30, 2007					
	New Orders			Revenue		
	Location of customer	*% Change vs. previous year* *Actual*	*% Change vs. previous year* *Adjusted**	Location of customer	*% Change vs. previous year* *Actual*	*% Change vs. previous year* *Adjusted***
(in millions)						
Germany	12,185	4%	4%	11,349	3%	3%
Europe (other than Germany)	22,469	14%	13%	18,959	10%	9%
Americas	18,991	12%	18%	15,792	3%	8%
Asia-Pacific	10,250	6%	9%	8,729	14%	17%
Africa, Middle East, C.I.S.***	6,303	(8)%	(6)%	5,041	18%	20%
Siemens	**70,198**	**8%**	**10%**	**59,870**	**8%**	**10%**

* Excluding currency translation and portfolio effects. Currency translation effects were: Americas (9)%, Asia-Pacific (4)%, Africa, Middle East, C.I.S. (3)% and for Siemens (3)%. The remaining difference results from portfolio effects.

** Excluding currency translation and portfolio effects.

Currency translation effects were: Americas (8)%, Asia-Pacific (4)%, Africa Middle East, C.I.S. (4)% and for Siemens (3)%. The remaining difference results from portfolio effects.

*** Commonwealth of Independent States.

In the first nine months of fiscal 2007, revenue and orders both climbed 8% compared to the same period a year earlier. Revenue rose to 59.870 billion from 55.489 billion, and orders increased to 70.198 billion from 64.852 a year earlier. On an organic basis, excluding currency translation effects and the net effect of acquisitions and dispositions, revenue and orders both rose 10%.

International revenue and orders for the first nine months were both up 9% year-over-year, at 48.521 billion and 58.013 billion, respectively. In Germany, revenue for the first nine months rose 3%, to 11.349 billion, and orders increased 4%, to 12.185 billion. On a regional basis, Europe other than Germany was the strongest contributor to international volume growth, with revenue rising 10%, to 18.959 billion, and orders climbing 14%, to 22.469 billion. Both revenue and orders grew in the Americas as well, where revenue for the first nine months was 15.792 billion, up 3% compared to the prior-year period, and orders of 18.991 billion were 12% higher year-over-year. On an organic basis, revenue rose 8% in this region and orders climbed 18%. Within the region, the U.S. showed a similar pattern. Revenue rose 1% to 12.279 billion and orders increased 6% to 13.836 billion. Organic growth in the U.S. for the nine-month period included a 7% increase in revenue and 13% rise in orders.

Revenue in Asia-Pacific for the first nine months grew 14%, to 8.729 billion, and orders of 10.250 billion grew 6% compared to the prior-year period. Both periods included a similar level of major orders. Within Asia-Pacific, revenue in China rose 10%, to 3.193 billion for the first nine months, while orders of 3.742 billion came in 2% lower than a year earlier due in part to currency translation effects. The Africa, Middle East, C.I.S. region showed a similar development. Though nine-month orders of 6.303 billion were well above nine-month revenue of 5.041 billion, orders were 8% lower than a year earlier and revenue was 18% higher.

	Nine months ended June 30,	
(in millions)	**2007**	**2006**
Gross profit	16,066	14,072
as percentage of revenue	*26.8%*	*25.4%*

Gross profit for the first nine months rose to 16.066 billion from 14.072 billion in the same period a year earlier. This represents 14% growth year-over, clearly exceeding revenue growth of 8% on a nine-month basis. Most Groups increased their gross profit. Gross profit margin for the first nine months of fiscal 2007 rose year-over-year as well, to 26.8% from 25.4%.

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(in millions)	Nine months ended June 30, 2007	2006
Research and development expenses	(2,650)	(2,496)
as percentage of revenue	*4.4%*	*4.5%*
Marketing, selling and general administrative expenses	(9,177)	(9,098)
as percentage of revenue	*15.3%*	*16.4%*
Other operating income	537	502
Other operating expense	(880)	(163)
Income from investments accounted for using the equity method, net	143	468
Financial income (expense), net	(50)	304

Research and development expenses increased nominally year-over-year but declined slightly as a percentage of revenue due to more rapid business growth. Marketing, selling and general administrative expenses increased modestly on a nine-month basis but declined as a percent of revenue to 15.3%, partly due to a positive development at SIS, reflecting an improved cost position and substantial severance charges in the prior year. Other operating income was higher in the current period, benefiting from a gain on the sale of a locomotive leasing business at Transportation Systems (TS) and gains on disposals of other businesses. A year earlier, other operating income included a positive effect from the settlement of an arbitration proceeding. A number of factors led to the substantial increase in other operating expense in the first nine months compared to the prior year. Most important among these were expenses related to legal and regulatory matters, including the previously disclosed European Commission penalty of 423 million mentioned above. Other operating expense also includes 81 million primarily to fund job placement companies for former Siemens employees affected by the bankruptcy of BenQ and a 52 million goodwill impairment at a regional payphone unit. Nine-month income from investments accounted for using the equity method, net declined year-over-year to 143 million, mainly due to negative equity investment income of 371 million related to NSN. Financial income (expense), net for the first nine months of fiscal 2007 was a negative 50 million compared to a positive 304 million, including a 143 million negative impact at Corporate Treasury from the convertible bond cash settlement option mentioned above. This negative turn is primarily due to higher interest expense associated with bonds issued between the periods under review and lower income from available-for-sale financial assets.

(in millions)	Nine months ended June 30, 2007	2006
Income from continuing operations before income taxes	3,989	3,589
Income taxes	(1,163)	(744)
as percentage of income from continuing operations before income taxes	*29%*	*21%*
Income from continuing operations	2,826	2,845
Income from discontinued operations, net of income taxes	1,286	361
Net income	4,112	3,206
Net income attributable to Minority interest	151	152
Net income attributable to Shareholders of Siemens AG	3,961	3,054

For the first nine months of fiscal 2007, income from continuing operations before income taxes was 3.989 billion. The primary factor in the 11% increase compared to the prior-year period was the 14% increase in Gross profit. The change year-over-year was positively influenced by developments at SIS, where 396 million in severance charges resulted in a significant loss for the prior-year period but helped the Group return to profitability in the first nine months of fiscal 2007. The current year was negatively affected by the 143 million net impact from the convertible bond cash settlement option. The income tax rate for the first nine months increased from 21% a year earlier to 29%, due primarily to the 423 million penalty mentioned above, which was not tax-deductible as well as higher earnings in Germany and the decrease of Income from investments accounted for using the equity method, net. As a result, income from continuing operations in the nine months of 2.826 billion was slightly below the level a year earlier.

Discontinued operations, net of income taxes increased to 1.286 billion in the first nine months, compared to income of 361 million in the same period of the prior year due to the 1.702 billion preliminary pre-tax non-cash gain associated with the transfer of carrier-related assets into NSN, partially offset by impairments totaling 503 million. The prior-year period benefited from a 356 million gain on the sale of shares in Juniper Networks, Inc. (Juniper), partially offset by 198 million in severance charges. Net income for the first nine months rose 28% year-over-year, to 4.112 billion. Net income attributable to shareholders of Siemens AG rose 30% year-over-year, to 3.961 billion.

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Portfolio activities

On January 2, 2007, Siemens completed the acquisition of the diagnostics division of Bayer. The acquisition which was consolidated as of January 2007, will be integrated into Med together with the recently acquired Diagnostic Products Corporation (DPC). The Bayer diagnostics division will enable Siemens to expand its position in the growing molecular diagnostics market. The estimated purchase price, payable in cash, amounts to 4.5 billion (including 185 million cash acquired). The Company has not yet finalized the purchase price allocation.

On May 4, 2007, Siemens completed the acquisition of U.S.-based UGS Corp. (UGS), one of the leading providers of product lifecycle management (PLM) software and services for manufacturers. UGS, which was consolidated as of May 2007, will be integrated into A&D. The acquisition will enable Siemens to provide an end-to-end software and hardware portfolio for manufacturers encompassing the complete lifecycle of products and production facilities. The estimated purchase price, including the assumption of debt, amounts to 2.7 billion (including 75 million cash acquired). The company has not yet finalized the purchase price allocation.

In April 2007, Siemens contributed its carrier-related operations and Nokia Corporation (Nokia), Finland contributed its Networks Business Group into NSN, in exchange for shares in NSN. Siemens and Nokia each own an economic share of approximately 50% of NSN. In the third quarter of fiscal 2007, the transaction resulted in a preliminary pre-tax non-cash gain of 1.702 billion which is included in discontinued operations. Siemens has the ability to exercise significant influence over operating and financial policies of NSN and beginning April 2007 reports its equity interest in NSN in Investments accounted for using the equity method and its share of income (loss) in NSN in Income (loss) from investments accounted for using the equity method, net.

For further information on our acquisitions and dispositions, see Subsequent events and Notes to Consolidated Financial Statements.

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Segment information analysis
Operations
Information and Communications
Siemens IT Solutions and Services (SIS)

	Third quarter				Nine months ended June 30,			
			% Change				*% Change*	
(in millions)	**2007**	**2006**	*Actual*	*Adjusted**	**2007**	**2006**	*Actual*	*Adjusted***
Group profit	66	(92)			172	(501)		
Group profit margin	5.3%	(7.6)%			4.4%	(11.7)%		
Revenue	1,257	1,218	3%	5%	3,922	4,269	(8)%	6%
New orders	1,094	1,189	(8)%	(6)%	3,561	4,308	(17)%	(2)%

* Excluding currency translation effects of (1)% on revenue and orders, and portfolio effects of (1)% on revenue and orders.

** Excluding currency translation effects of (1)% on revenue and orders, and portfolio effects of (13)% and (14)% on revenue and orders, respectively.

Beginning in the third quarter, SIS combines the former Siemens Business Services (SBS) Group with certain other IT activities within Siemens. Results for SIS are stated on a retroactive basis, to provide a meaningful comparison with prior periods.

Group profit at SIS was 66 million in the third quarter. The Group benefited from an improved cost structure, in part due to prior-year severance programs. The third quarter a year ago included severance charges as well as negative effects related to divestment of the Group s Product Related Services (PRS) division at the beginning of the third quarter of fiscal 2006. Revenue for the current period rose 3% year-over-year to 1.257 billion, while orders of 1.094 billion came in below the prior-year level which included a higher number of major orders.

For the first nine months of fiscal 2007, Group profit at SIS was 172 million. The change year-over-year was due primarily to 396 million in severance charges in the first nine months a year earlier, as well as the adverse effects from the PRS divestment. The severance charges contributed to a significant loss for the prior-year period but helped the Group to return to profitability in the current period. Nine-month revenue and orders came in lower compared to a year earlier due primarily to the PRS divestment between the periods under review. On an adjusted basis, revenue rose year-over-year, while selective order intake held orders 2% below the prior-year level.

Automation and Control

Automation and Drives (A&D)

	Third quarter				**Nine months ended June 30,**			
			% Change				*% Change*	
(in millions)	**2007**	**2006**	*Actual*	*Adjusted**	**2007**	**2006**	*Actual*	*Adjusted***
Group profit	507	404	25%		1,483	1,148	29%	
Group profit margin	13.1%	12.4%			13.5%	12.2%		
Revenue	3,885	3,259	19%	16%	10,986	9,432	16%	17%
New orders	4,270	3,590	19%	16%	12,443	10,792	15%	16%

* Excluding currency translation effects of (2)% and (1) on revenue and orders, respectively, and portfolio effect