Dear shareholders,

Despite a difficult economic environment and special burdens in the project business, Siemens’ overall performance in fiscal 2012 was respectable.

In fiscal 2012, the Supervisory Board performed the duties assigned to it by law, the Siemens Articles of Association and the Bylaws for the Supervisory Board. We regularly advised the Managing Board on the management of the Company and monitored the Managing Board’s activities. We were directly involved in all major decisions regarding the Company. In written and oral reports, the Managing Board regularly provided us with timely and comprehensive information on Company planning and business operations as well as on the strategic development and current state of the Company. Deviations from business plans were explained to us in detail. The Managing Board coordinated with us the Company’s strategic orientation. On the basis of reports submitted by the Managing Board, we considered in detail all business transactions of major significance to the Company. The proposals made by the Managing Board were approved after detailed examination and consultation. We held a total of six regular meetings.

In my capacity as Chairman of the Supervisory Board, I was in regular contact with the Managing Board between Supervisory Board meetings and was kept up-to-date on current developments in the Company’s business situation and on key business transactions. At separate strategy meetings, I discussed with the Managing Board the perspectives and future orientation of the Company’s individual businesses.

Work in the Supervisory Board committees
To ensure the efficiency of its work, the Supervisory Board has a total of six standing committees, which prepare the proposals for the Supervisory Board as well as the issues to be dealt with at the Board’s plenary meetings. Where legally permissible, the Supervisory Board’s decision-making powers are also delegated to these committees. The chairpersons of the committees report to the Supervisory Board on the committees’ work at the subsequent Board meetings. The composition of the individual Supervisory Board committees and the number of committee meetings and decisions are shown in chapter D.7 SUPERVISORY BOARD AND MANAGING BOARD, PAGES 234-235 below.

The Chairman’s Committee met six times in fiscal 2012. It also voted on five proposals using a notional, or written, voting process. Between meetings, I discussed topics of particular importance to the Company with the members of the Chairman’s Committee. The Committee dealt with corporate-governance-related matters, including the Declaration of Conformity with the German Corporate Governance Code, with the preparation of decisions concerning Managing Board compensation, with the assumption by Managing Board members of positions in other companies and institutions, and
with a variety of personnel-related topics. The Committee endorsed a decision by the Managing Board to issue warrant bonds with a value of up to US$5 billion and amended the Articles of Association after the Company’s capital stock had been reduced as a result of the Managing Board’s decision to retire treasury stock that had been acquired as part of a share buyback program.

The **Mediation Committee** was not required to meet in fiscal 2012.

The **Finance and Investment Committee** met three times. It also voted on five proposals using a notional, or written, voting process. The focuses of its meetings included the preparation of the decision regarding the budget for fiscal 2012, the further development of the Company’s medium-term strategy, the Company’s pension system and the approval of Company investment projects.

The **Audit Committee** met six times. In the presence of the independent auditors, the President and Chief Executive Officer, the Chief Financial Officer and the General Counsel, the Committee discussed the financial statements and the Combined Management Report for Siemens AG and Siemens worldwide, the proposal for the appropriation of net income and the Annual Report on Form 20-F for the U.S. Securities and Exchange Commission (SEC). In addition, the Audit Committee made a recommendation to the Supervisory Board regarding the Supervisory Board’s proposal to the Annual Shareholders’ Meeting concerning the election of the independent auditors. The Audit Committee also gave in-depth consideration to the appointment of the independent auditors for fiscal 2012, to monitoring the auditors’ independence and qualifications as well as the additional services they perform, to determining their fee and to the audit reviews of the Company’s quarterly financial reports and the half-year financial report. In addition, the Audit Committee dealt with the Company’s financial reporting process and risk management system and with the effectiveness, resources and findings of the internal audit as well as with reports concerning potential and pending legal disputes. The Audit Committee also focused on Company compliance with the provisions of Section 404 of the Sarbanes-Oxley Act (SOA) and on the internal audit of the effectiveness of our internal controls, regulatory compliance and the integrity of our financial reporting.

The **Compliance Committee** met five times in fiscal 2012. At its meetings, which were generally attended by Dr. Theodor Waigel in his capacity as Monitor, the Committee discussed primarily the quarterly reports and the annual report submitted by the Chief Compliance Officer and the Chief Counsel Compliance. The Committee also concerned itself with the preparation of the communications measures to be implemented in connection with the conclusion of the Monitorship.

The **Nominating Committee** met six times in fiscal 2012 in order to prepare the election of the Supervisory Board’s shareholder representatives by the Annual Shareholders’ Meeting of Siemens AG on January 23, 2013. When preparing the list of candidates to be proposed to the Supervisory Board, the Nominating Committee took into account the requirements of the German Stock Corporation Act, the German Corporate Governance Code and the Bylaws for the Supervisory Board as well as the goals that the Supervisory Board had set for its own composition. The Nominating Committee considered, in particular, the character, integrity, commitment, professionalism and independence of the individuals recommended for nomination. With a view to the Company’s international orientation, the Nominating Committee attached particular importance to ensuring that a sufficient number of members had extensive international experience. It also endeavored to ensure that the participation of women was appropriate and that at least six shareholder representatives on the Supervisory Board
were independent in the meaning of Section 5.4.2 of the German Corporate Governance Code. The Nominating Committee recommended that the Supervisory Board propose to the Annual Shareholders’ Meeting on January 23, 2013 that Dr. Gerhard Cromme, Dr. Josef Ackermann, Gerd von Brandenstein, Michael Diekmann, Dr. Hans Michael Gaul, Prof. Dr. Peter Gruss and Dr. Nicola Leibinger-Kammüller be reelected and that Gérard Mestrallet, Güler Sabanci and Werner Wenning be elected for the first time to serve as shareholder representatives on the Supervisory Board. At an election held on September 25, 2012 in accordance with the provisions of the German Codetermination Act, the following individuals were elected to serve as employee representatives on the Supervisory Board, effective the end of the Annual Shareholders’ Meeting on January 23, 2013: Berthold Huber, Lothar Adler, Bettina Haller, Hans-Jürgen Hartung, Robert Kensbock, Harald Kern, Jürgen Kerner, Dr. Rainer Sieg, Birgit Steinborn and Sibylle Wankel.

**Topics at the plenary meetings of the Supervisory Board**

Regular topics of discussion at the Supervisory Board’s plenary meetings were revenue, profit and employment development at Siemens AG, at the Sectors and at Siemens worldwide as well as the Company’s financial position, profitability and major investment and divestment projects. The Managing Board reported to us regularly and comprehensively on Company planning and on the Company’s strategic development, business operations and current situation.

At our meeting on November 9, 2011, we discussed the key financial figures for fiscal 2011 and approved the budget for 2012. We also determined the compensation of Managing Board members for fiscal 2011 on the basis of their achievement of performance-related targets. The appropriateness of this compensation was confirmed by an independent compensation consultant.

At our meeting on November 30, 2011, we primarily discussed the financial statements and the Combined Management Report for Siemens AG and Siemens worldwide as of September 30, 2011 as well as the agenda for the Annual Shareholders’ Meeting on January 24, 2012. We also discussed the Annual Report for 2011 – in particular, the “Corporate Governance report” included therein – and established the targets for Managing Board compensation in fiscal 2012.

At our meeting on January 23, 2012, the Managing Board reported on the Company’s business and financial position following the conclusion of the first quarter. We also conducted by-elections for the Audit Committee and the Finance and Investment Committee.

At our meeting on April 24, 2012, the Managing Board reported on the Company’s business and financial position following the conclusion of the second quarter of fiscal 2012. In addition, the Energy Sector reported on the situation in its business. We also discussed profit protection measures with the Managing Board.

At our meeting on July 25, 2012, we discussed the Company’s business and financial position following the conclusion of the third quarter and decided to approve the Managing Board’s plan to acquire Siemens shares in order to retire them, offer them for purchase to employees, members of the governing bodies of Affiliated Companies and members of the Managing Board and/or use them to service convertible bonds or warrant bonds. In addition, we concerned ourselves with the new version of the German Corporate Governance Code of May 15, 2012. The Healthcare Sector also reported on the situation in its business.
At our meeting on September 19, 2012, the Managing Board provided us with an overview of the current state of the Company. On the occasion of the opening of an information and dialogue center for urban development in London, the Infrastructure & Cities Sector reported on the situation in its business. In addition, the Regional Company reported on business development in the UK. We were also provided with an overview of the activities of Siemens Corporate Technology and approved the acquisition of LMS International NV, Leuven (Belgium). LMS International NV is a leading provider of industry software for the testing and mechatronic simulation of complex products.

**Corporate Governance Code**

The Supervisory Board concerned itself with the provisions of and amendments to the German Corporate Governance Code. At our meeting on July 25, 2012, we discussed the amendments to the German Corporate Governance Code contained in the new version of May 15, 2012. At our subsequent meeting on September 19, 2012, the Bylaws for the Supervisory Board were amended to take into account the requirements of the new version of the Code. In addition, we adjusted the concrete goals for the Supervisory Board’s composition – which are set out in chapter → B.1 CORPORATE GOVERNANCE REPORT, PAGES 22-25 below – in order to take those requirements into account and determined that, in our estimation, the Supervisory Board had an appropriate number of independent members. Information on corporate governance at the Company and a detailed report on the level and structure of the compensation paid to the members of the Supervisory and Managing Boards is provided in chapter → B.4 COMPENSATION REPORT, PAGES 31-43 below. At their meetings on September 10 and 19, 2012, respectively, the Managing Board and the Supervisory Board approved the issuance of an unqualified Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz), stating that the Company complies with all the recommendations of the German Corporate Governance Code in the version of May 15, 2012 and will continue to do so in the future. The exception mentioned in the Declaration of Conformity of October 1, 2011 – namely, that the current compensation rules for the Supervisory Board do not stipulate a performance-related compensation component – no longer applies since the new version of the Code no longer includes a recommendation regarding the performance-related compensation of supervisory board members. Siemens’ Declaration of Conformity with the German Corporate Governance Code is permanently available to shareholders on the Company’s website.

**Detailed discussion of the financial statements**

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft audited the Annual Financial Statements of Siemens AG, the Consolidated Financial Statements of Siemens worldwide and the Combined Management Report for Siemens AG and Siemens worldwide for the fiscal year ended September 30, 2012 in accordance with the requirements of the German Commercial Code (HGB) and approved them without reservation. The Annual Financial Statements of Siemens AG and the Combined Management Report for Siemens AG and Siemens worldwide were prepared in accordance with the requirements of German commercial law. The Consolidated Financial Statements of Siemens worldwide were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and with the additional requirements set out in Section 315a (1) of the German Commercial Code (HGB). The financial statements also comply with the IFRS, as issued by the International Accounting Standards Board (IASB). The independent auditors conducted their audit in accordance with Section 317 of the HGB and in compliance with the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and with the International Standards on Auditing (ISA). The above-mentioned documents as well as the Managing Board’s proposal for the appropriation of net income were submitted to us by the Managing Board in a
timely manner. The Audit Committee discussed the Managing Board’s proposal for the appropriation of net income in detail at its meeting on November 6, 2012. The Committee discussed the Annual Financial Statements of Siemens AG, the Consolidated Financial Statements of Siemens worldwide and the Combined Management Report in detail at its meeting on November 27, 2012.

The audit reports prepared by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft were distributed to all members of the Supervisory Board and comprehensively reviewed at our meeting on November 28, 2012 in the presence of the independent auditors, who reported on the main findings of their audit. The independent auditors also reported that there were no major weaknesses in the Company’s internal audit or risk management systems. At this meeting, the Managing Board explained the financial statements of Siemens AG and Siemens worldwide as well as the Company’s risk management system. The independent auditors also discussed the scope, focal points and costs of the audit.

We concur with the results of the audit. Following the definitive findings of the examination by the Audit Committee and our own examination, we have no objections. The Managing Board prepared the Annual Financial Statements of Siemens AG and the Consolidated Financial Statements of Siemens worldwide. We adopted the Annual Financial Statements and approved the Consolidated Financial Statements. We endorse the Managing Board’s proposal that the net income available for distribution be used to pay out a dividend of €3.00 per share entitled to a dividend and that the amount of net income attributable to shares of stock not entitled to receive a dividend for fiscal 2012 be carried forward.

Changes in the composition of the Supervisory and Managing Boards
Dieter Scheitor resigned from the Supervisory Board, effective the end of the regular Annual Shareholders’ Meeting on January 24, 2012. Effective January 25, 2012, Jürgen Kerner was appointed to the Supervisory Board by court order. At the Supervisory Board meeting on January 23, 2012, Mr. Kerner was elected to succeed Mr. Scheitor as employee representative on the Audit Committee and the Finance and Investment Committee, effective January 25, 2012. The Supervisory Board would like to thank Mr. Scheitor for his many years of loyal support.

There were no changes in the composition of the Managing Board in fiscal 2012.

The Supervisory Board would like to thank the members of the Managing Board as well as the employees and the employee representatives of all Siemens companies for their work.

For the Supervisory Board

Dr. Gerhard Cromme
Chairman
Berlin and Munich, November 28, 2012