B. Corporate Governance

22 B.1 Corporate Governance Report
22 B.1.1 Management and control structure
25 B.1.2 Purchase or sale of the Company’s shares
26 B.1.3 Shareholder relations
26 B.1.4 Significant differences between Siemens’ corporate governance and NYSE Corporate Governance Standards

28 B.2 Corporate Governance statement pursuant to Section 289a of the German Commercial Code (part of the Combined Management Report)

29 B.3 Compliance Report
29 B.3.1 Our compliance priorities
29 B.3.2 Integrity dialogue – Communication between managers and employees
30 B.3.3 Compliance risk assessments at business units
30 B.3.4 Collective action – Supporting business success through fair competition

31 B.4 Compensation Report (part of the Combined Management Report)
31 B.4.1 Remuneration of members of the Managing Board
42 B.4.2 Remuneration of members of the Supervisory Board
43 B.4.3 Other

44 B.5 Takeover-relevant information (pursuant to Sections 289 para. 4 and 315 para. 4 of the German Commercial Code) and explanatory report (part of the Combined Management Report)
B.1 CORPORATE GOVERNANCE REPORT

Good corporate governance is the basis for our decision-making and control processes and comprises responsible, value-based management and monitoring focused on long-term success, goal-oriented and efficient cooperation between our Managing and Supervisory Boards, respect for the interests of our shareholders and employees, transparency and responsibility in all our entrepreneurial decisions and an appropriate risk management system.

Siemens AG fully complies with all recommendations of the German Corporate Governance Code (Code) in the version of May 15, 2012.

The Managing Board and the Supervisory Board of Siemens AG have discussed compliance with the Code’s recommendations in detail. Based on their deliberations, the boards have approved the annual Declaration of Conformity as of October 1, 2012. This document is posted on our website and available on → PAGE 28.

Siemens voluntarily complies with the Code’s non-binding suggestions, with the following exception:

> In fiscal 2011, the Supervisory Board decided to appoint Dr. Roland Busch, Klaus Helmrich and Dr. Michael Süss to the Managing Board, each for a term of five years, and therefore to no longer follow the suggestion set out in Section 5.1.2 para. 2 sentence 1 of the Code, according to which the maximum possible appointment period of five years should not be the rule for first-time appointments to a managing board.

Our listing on the New York Stock Exchange (NYSE) subjects us to a number of provisions under U.S. securities laws (including the Sarbanes-Oxley Act (SOA) as well as to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) and the NYSE. To facilitate our compliance with the SOA, we have, among other things, a Disclosure Committee in place, comprising the heads of a number of our Corporate Units. This committee is responsible for reviewing certain financial and non-financial information and advising our Managing Board in its decisions regarding disclosure. We also have procedures in place that require the members of the management of our Sectors, Divisions, Financial Services, Cross-Sector Services, Regional Clusters and certain Corporate Units – supported by certifications provided by the management of entities under their direction – to confirm to us the correctness of the financial data that they have reported to Siemens’ corporate headquarters and the effectiveness of the related control systems. Their confirmation provides a basis for our CEO and CFO to certify our financial statements to the SEC. Consistent with the requirements of the SOA, we have procedures for handling accounting complaints in place as well as a Code of Ethics for Financial Matters. This Code of Ethics for Financial Matters was last updated in 2010.

B.1.1 Management and control structure

B.1.1.1 SUPERVISORY BOARD

Siemens AG is subject to German corporate law. It has a two-tier board structure, consisting of a Managing Board and a Supervisory Board. As required by the German Codetermination Act (Mitbestimmungsgesetz), the Company’s shareholders and its employees each select one-half of the Supervisory Board’s members. The term of office of the current members of the Supervisory Board will expire at the close of the Annual Shareholders’ Meeting 2013.

The Supervisory Board first defined the objectives for its composition in fiscal 2010. At its meeting on September 19, 2012, it modified these objectives in order to bring them into line with Section 5.4.1 of the amended Code of May 15, 2012 and reapplied them as follows:

> The composition of the Supervisory Board of Siemens AG shall be such that qualified control and advising for the Managing Board is ensured. The candidates proposed for election to the Supervisory Board shall have the expertise, skills and professional experience necessary to carry out the functions of a Supervisory Board member in a multinational company and safeguard the reputation of Siemens in public. In particular, care shall be taken in regard to the personality, integrity, commitment, professionalism and independence of the individuals proposed for election. The goal is to ensure that, in the Supervisory Board, as a group, all knowledge and experience is available that is considered essential in view of Siemens’ activities.

> Taking the Company’s international orientation into account, care shall also be taken to ensure that the Supervisory Board has an adequate number of members with extensive international experience. The goal for the next Supervisory Board election in 2013 is to make sure that the present considerable share of Supervisory Board members with international background is maintained.

> In its election proposals, the Supervisory Board shall also pay particular attention to the appropriate participation of women. Qualified women shall already be included in the initial process of selecting potential candidates for new elections or for the filling of Supervisory Board positions that have become vacant and shall be considered, as appropriate, in nominations. There are currently four women on our Supervisory Board. Our goal is, at the minimum, to maintain...
and, if possible, to increase this number at the next Supervisory Board election in 2013. It is also intended that a woman join the Nominating Committee following this Supervisory Board election.

> An adequate number of independent members shall belong to the Supervisory Board. Material and not only temporary conflicts of interest, such as organizational functions or advisory capacities with major competitors of the company, shall be avoided. Under the presumption that the mere exercise of Supervisory Board duties as an employee representative gives no cause to doubt the compliance with the independence criteria pursuant to Section 5.4.2 of the Code, the Supervisory Board shall have a minimum of sixteen members who are independent in the meaning of the Code. In any case, the Supervisory Board shall be composed in such a way that a number of at least six independent shareholder representatives in the meaning of Section 5.4.2 of the Code is achieved. In addition, the Supervisory Board members shall have sufficient time to be able to devote the necessary regularity and diligence to their mandate.

> The age limitation established in the Bylaws of the Supervisory Board will be taken into consideration. In addition, no more than two former members of the Managing Board of Siemens AG shall belong to the Supervisory Board.

The status of implementation of these objectives can be summarized as follows: On September 25, 2012, three women were elected, pursuant to the German Codetermination Act’s provisions regarding the election of employee representatives to a supervisory board, to serve as employee representatives on Siemens’ Supervisory Board. Their terms of office will begin at the close of the Annual Shareholders’ Meeting on January 23, 2013. In fiscal 2012, the Nominating Committee met six times in order to prepare the election of the Supervisory Board’s shareholder representatives by the Annual Shareholders’ Meeting 2013. In proposing candidates to the Supervisory Board, the Nominating Committee took into account not only the requirements of the German Stock Corporation Act, the Code and the Bylaws for the Supervisory Board but also the Supervisory Board’s objectives for its composition. On the basis of the Nominating Committee’s the Supervisory Board will propose that the Annual Shareholders’ Meeting 2013 elect as shareholder representatives on the Supervisory Board several candidates who are currently engaged in international activities and/or have many years of international experience. The candidates will include two women, one of whom is intended to join the Nominating Committee following the Supervisory Board election.

Some Supervisory Board members hold – or have held in the past year – high-ranking positions at other companies with which Siemens does business. Nevertheless, transactions between Siemens and such companies are carried out on an arm’s length basis. We believe that these transactions do not compromise the independence of the Supervisory Board members in question.

The Supervisory Board oversees and advises the Managing Board in its management of the Company’s business. At regular intervals, the Supervisory Board discusses business development, planning, strategy and implementation. It reviews the Annual Financial Statements of Siemens AG, the Consolidated Financial Statements of Siemens worldwide, Management Reports of these financial statements and the proposal for the appropriation of net income. It also discusses Siemens’ quarterly and half-yearly reports and approves the Annual Financial Statements of Siemens AG as well as the Consolidated Financial Statements of Siemens worldwide, taking into account both the audit reports issued by the independent auditors thereon and the results of the review conducted by the Audit Committee. In addition, the Supervisory Board concerns itself with the Company’s adherence to the statutory provisions, official regulations and internal Company policies (compliance). It also appoints the members of the Managing Board and determines each member’s duties. Important Managing Board decisions – such as those regarding major acquisitions, divestments and financial measures – require Supervisory Board approval, unless the Bylaws for the Supervisory Board specify that such authority be delegated to the Finance and Investment Committee of the Supervisory Board. In the Bylaws for the Managing Board, the Supervisory Board has established the rules that govern the work of the Managing Board – in particular, the rules regarding the allocation of duties among individual Managing Board members, the matters reserved for the Managing Board as a whole and the quorum required for Managing Board decisions.

The Supervisory Board currently has six committees whose duties, responsibilities and procedures fulfill the requirements of the German Stock Corporation Act and the Code, reflect applicable SOA requirements and incorporate applicable NYSE rules as well as certain NYSE rules, with which Siemens AG complies voluntarily. Each committee’s chairperson provides the Supervisory Board with regular reports regarding the activities of his or her committee.

The Chairman’s Committee, which comprises the Chairman and Deputy Chairmen of the Supervisory Board as well as one further employee representative elected by the Supervisory Board, performs the collective tasks of a “nominating, compensation and corporate governance committee” to the extent that such tasks are not performed by the Nominating Commit-
The Chairman's Committee takes into account a candidate’s professional qualifications, international experience and leadership qualities, the board’s long-range plans for succession as well as the board's diversity and, in particular, the appropriate consideration of women. The Chairman’s Committee concerns itself with questions regarding the Company’s corporate governance and prepares the resolution regarding the Declaration of Conformity with the Code to be approved by the Supervisory Board. Furthermore, the Chairman’s Committee submits recommendations to the Supervisory Board regarding the composition of Supervisory Board committees and decides whether to approve business transactions with Managing Board members and parties related to them.

The Audit Committee comprises the Chairman of the Supervisory Board, two of the Supervisory Board’s shareholder representatives and three of the Supervisory Board’s employee representatives. According to German law, the Audit Committee must include at least one independent Supervisory Board member with knowledge and experience in the application of accounting principles or the auditing of financial statements. The Chairman of the Audit Committee, Dr. Hans Michael Gaul, fulfills these German statutory requirements. The Supervisory Board has designated Dr. Hans Michael Gaul – in addition to Dr. Gerhard Cromme – as an “audit committee financial expert,” as defined by the SOA and the regulations of the SEC. The Audit Committee oversees the accounting process. It also prepares the Supervisory Board’s recommendation to the Annual Shareholders’ Meeting concerning the election of the independent auditors and submits the corresponding proposal to the full Supervisory Board. Furthermore, in addition to the work performed by the independent auditors, the Audit Committee discusses the Company’s financial statements prepared quarterly, half-yearly and annually by the Managing Board. On the basis of the independent auditors’ report on the annual financial statements, the Audit Committee makes, after its own review, recommendations to the Supervisory Board regarding the approval of the Annual Financial Statements of Siemens AG and the Consolidated Financial Statements of Siemens worldwide. It concerns itself with the Company’s risk monitoring system and oversees the effectiveness of the internal control system as this relates, in particular, to financial reporting, the risk management system and the internal audit system. The Internal Audit Department reports regularly to the Audit Committee. The Audit Committee awards the audit contract to the independent auditors elected by the Annual Shareholders’ Meeting and monitors the independent audit of the financial statements – including, in particular, the auditor’s independence, professional expertise and services – and performs other functions assigned to it under the SOA.

The Compliance Committee comprises the Chairman of the Supervisory Board, two of the Supervisory Board’s shareholder representatives and three of the Supervisory Board’s employee representatives. The Compliance Committee concerns itself, in particular, with the Company’s adherence to the statutory provisions, official regulations and internal Company policies.

The Nominating Committee, which comprises the Chairman of the Supervisory Board and two of the Supervisory Board’s shareholder representatives, is responsible for making recommendations to the Supervisory Board’s shareholder representatives regarding the shareholder candidates to be proposed for election to the Supervisory Board by the Annual Shareholders’ Meeting. In preparing these recommendations, the objectives specified by the Supervisory Board regarding its composition are to be taken into account as well as the required knowledge, abilities and experience of the proposed candidates; attention shall also to be paid to independence, diversity and, in particular, the appropriate participation of women.

The Mediation Committee, which comprises the Chairman of the Supervisory Board, the First Deputy Chairman (who is elected in accordance with the German Codetermination Act), one of the Supervisory Board’s shareholder representatives and one of the Supervisory Board’s employee representatives, submits proposals to the Supervisory Board in the event that the Supervisory Board cannot reach the two-thirds majority required for the appointment or dismissal of a Managing Board member.

The Finance and Investment Committee comprises the Chairman of the Supervisory Board, three of the Supervisory Board’s shareholder representatives and four of the Supervisory Board’s employee representatives. Based on the Company’s overall strategy, which is the focus of an annual strategy meeting of the Supervisory Board, the Committee prepares the discussions and resolutions of the Supervisory Board regarding questions relating to the Company’s financial situation and structure as well as its fixed assets and financial investments. In addition, the Finance and Investment Committee has been authorized by the Supervisory Board to decide on the approval of transactions and measures that require Supervisory Board...
approval and have a value of less than €600 million. The Finance and Investment Committee also exercises the right of the Supervisory Board pursuant to Section 32 of the German Co-determination Act to make decisions regarding the exercise of ownership rights resulting from interests in other companies. Section 32 para 1 sentence 2 of the German Co-determination Act stipulates that decisions made by the Finance and Investment Committee require only the votes of the shareholder representatives.

The composition of the Supervisory Board and its committees is presented in chapter D.7 SUPERVISORY BOARD AND MANAGING BOARD ON PAGES 232-235. Information on the work of this body is provided in the Report of the Supervisory Board on PAGES 12-17. The compensation paid to the members of the Supervisory Board is explained in the Compensation Report on PAGES 42-43.

B.1.1.2 MANAGING BOARD
As the Company’s top management body, the Managing Board is committed to serving the interests of the Company and achieving sustainable growth in Company value. The members of the Managing Board are jointly responsible for the entire management of the Company and decide on the basic issues of business policy and corporate strategy as well as on the Company’s annual and multi-year plans.

The Managing Board prepares the Company’s quarterly and half-yearly reports, the Annual Financial Statements of Siemens AG and the Consolidated Financial Statements of Siemens worldwide. In addition, the Managing Board must ensure that the Company adheres to the statutory provisions, official regulations and internal Company policies (compliance) and works to achieve compliance with these provisions and policies within the Siemens group. Further comprehensive information on the compliance program and related activities in fiscal 2012 is available on PAGES 29-30 (Compliance Report) and PAGES 109-111. The Managing Board and the Supervisory Board cooperate closely for the benefit of the Company. The Managing Board informs the Supervisory Board regularly, comprehensively and without delay on all issues of importance to the Company with regard to strategy, planning, business development, financial position, earnings, compliance and risks. When filling managerial positions at the Company, the Managing Board takes diversity into consideration and, in particular, aims for an appropriate consideration of women.

The Bylaws for the Managing Board provide for the establishment of committees to deal with specific tasks. Currently, there is one Managing Board committee, the Equity and Employee Stock Committee. This committee comprises three members of the Managing Board and oversees the utilization of authorized capital in connection with the issuance of employee stock and the implementation of certain capital measures. It also determines the scope and conditions of the share-based compensation components and/or programs for employees and managers (with the exception of the Managing Board).

The composition of the Managing Board and its committee is presented in chapter D.7 SUPERVISORY BOARD AND MANAGING BOARD ON PAGES 236-238 of this Annual Report. Information on the compensation paid to the members of the Managing Board is provided in the Compensation Report on PAGES 35-41.

B.1.1.3 SHARE OWNERSHIP
As of October 12, 2012, the Managing Board’s current members held a total of 293,808 (2011: 248,137) Siemens shares representing 0.03 (2011: 0.03)% of the capital stock of Siemens AG, which totaled 881,000,000 (2011: 914,203,421) shares.

As of the same day, the Supervisory Board’s current members of the Supervisory Board held Siemens shares representing less than 0.01 (2011: less than 0.01)% of the capital stock of Siemens AG, which totaled 881,000,000 (2011: 914,203,421) shares. These figures do not include the 11,454,464 (2011: 11,715,342) shares, or 1.30 (2011: 1.28)% of the capital stock of Siemens AG, which totaled 881,000,000 (2011: 914,203,421) shares, over which the von Siemens-Vermögensverwaltung GmbH (vSV), a German limited liability company, has voting control under powers of attorney based on an agreement between – among others – members of the Siemens family, including Gerd von Brandenstein, and vSV. These shares are voted together by vSV based on proposals by the family partnership established by the Siemens family or by one of its committees. Gerd von Brandenstein is the current chairman of the executive committee and has a deciding vote in cases of deadlock.

B.1.2 Purchase or sale of the Company’s shares
Pursuant to §15a of the German Securities Trading Act (WpHG), members of the Managing Board and the Supervisory Board are legally required to disclose the purchase or sale of shares of Siemens AG or of financial instruments based thereon if the total value of such transactions entered into by a board member or any closely associated person reaches or exceeds €5,000 in any calendar year. All transactions reported to Siemens AG in accordance with this requirement have been duly published and can be found on the Company’s website WWW.SIEMENS.COM/DIRECTORS-DEALINGS
A. To our Shareholders

B. Corporate Governance

B.1.3 Shareholder relations

Siemens AG reports to shareholders on its business development, financial position and earnings on a regular basis four times a year. An ordinary Annual Shareholders’ Meeting, at which we also report on business development, normally takes place within the first four months of each fiscal year. The Managing Board facilitates shareholder participation in this meeting through electronic communications – in particular the Internet – and enables shareholders who are unable to attend the meeting to vote by proxy. Furthermore, shareholders may exercise their right to vote in writing or by means of electronic communications (voting by mail). The Managing Board may enable shareholders to participate in the Annual Shareholders’ Meeting without the need to be present at the venue and without a proxy and to exercise some or all of their rights fully or partially by means of electronic communications. The reports, documents and information required by law, including the Annual Report, may be downloaded from our website. The same applies to the agenda for the Annual Shareholders’ Meeting and to possible counterproposals or shareholders’ nominations, if any, that are required to be disclosed.

The Annual Shareholders’ Meeting decides, among other things, on the appropriation of net income, the ratification of the acts of the Managing and Supervisory Boards, and the appointment of the independent auditors. Amendments to the Articles of Association and measures that change the Company’s capital stock are approved at the Annual Shareholders’ Meeting and are implemented by the Managing Board. Shareholders may submit proposals regarding the proposals of the Managing and Supervisory Boards and may contest decisions of the Annual Shareholders’ Meeting. Shareholders owning Siemens stock with an aggregate notional value of €100,000 or more may also demand the appointment of special auditors to examine specific issues.

As part of our investor relations activities, we inform our investors comprehensively about developments within the Company. For communication purposes, Siemens makes extensive use of the Internet. We publish quarterly, half-yearly and annual reports, earnings releases, ad hoc announcements, analyst presentations and press releases as well as the financial calendar for the current year, which contains the publication dates of significant financial communications and the date of the Annual Shareholders’ Meeting, at WWW.SIEMENS.COM/INVESTORS. Details of our investor relations activities are provided on PAGE 20 of this Annual Report.

B.1.3.1 CORPORATE GOVERNANCE GUIDELINES

Our Articles of Association, the Bylaws for the Supervisory Board and for its most important committees, the Bylaws for the Managing Board, all our Declarations of Conformity with the Code and a variety of other corporate-governance-related documents are posted on our website at WWW.SIEMENS.COM/CORPORATE-GOVERNANCE

B.1.4 Significant differences between Siemens’ corporate governance and NYSE Corporate Governance Standards

Companies listed on the NYSE are subject to the Corporate Governance Standards of Section 303A (NYSE Standards) of the NYSE Listed Company Manual. Under the NYSE Standards, Siemens AG, as a foreign private issuer, is permitted to follow its home-country corporate governance practices in lieu of the NYSE Standards, except that it must comply with the NYSE Standards in having an audit committee whose members are independent within the meaning of the SOA as well as with certain NYSE notification obligations. In addition, the NYSE Standards require that foreign private issuers disclose any significant differences between their own corporate governance practices and those that the NYSE Standards require of U.S. domestic companies.

As a company incorporated in Germany, Siemens AG must comply in the first instance with the German Stock Corporation Act and the German Codetermination Act and voluntarily follows the recommendations of the German Corporate Governance Code as set out on PAGES 22-25 above. Furthermore, Siemens complies with all binding rules and regulations of the markets on which its securities are listed, such as the NYSE, and also voluntarily complies with many of the NYSE requirements that by their terms apply only to U.S. domestic issuers.

The significant differences between our governance practices and those of domestic U.S. NYSE issuers are as follows:

B.1.4.1 TWO-TIER BOARD STRUCTURE

The German Stock Corporation Act requires Siemens AG to have a two-tier board structure, consisting of a Managing Board and a Supervisory Board. The two-tier structure is characterized by a strict separation of management and supervision. The roles and responsibilities of each of the two boards are clearly defined by law. The composition of the Supervisory...
The Chairman of the Supervisory Board is entitled to cast a deciding vote when the Supervisory Board is unable to reach a decision in two separate rounds of voting.

**B.1.4.2 INDEPENDENCE**

In contrast to the NYSE Standards, which require a board of directors to affirmatively determine the independence of the individual directors with reference to specific tests of independence, German law does not require the Supervisory Board to make such affirmative findings on an individual basis. German law requires an audit committee to include at least one independent supervisory board member with knowledge and experience in the application of accounting principles or the auditing of financial statements. In addition, the Bylaws for Siemens’ Supervisory Board contain several provisions to help ensure the independence of our Supervisory Board’s advice and supervision. Furthermore, the members of our Supervisory and Managing Boards are strictly independent of one another: a member of one board is legally prohibited from being concurrently active on the other. Our Supervisory Board members have independent decision-making authority and are legally prohibited from following any direction or instruction. Moreover, they may not enter into consulting, service or certain other contracts with Siemens, unless approved by the Supervisory Board. We also use the independence criteria of the Code as guiding principles.

**B.1.4.3 COMMITTEES**

In contrast to the NYSE Standards, which require the creation of several specific board committees, composed of independent directors and operating pursuant to written charters that define their tasks and responsibilities, the Supervisory Board of Siemens AG has assigned many of the functions of a nominating, compensation and corporate governance committee to its Chairman’s Committee and has delegated part of the remaining functions to its Nominating Committee. Nevertheless, certain responsibilities – for example, the determination of the compensation of the members of the Managing Board – have not been delegated to a committee because German law requires that these functions be performed by the full Supervisory Board. The Audit Committee, the Chairman’s Committee and the Compliance Committee have written bylaws – adopted by the Supervisory Board – that define their respective tasks and responsibilities. The NYSE Standards were taken into consideration in drawing up these bylaws.

The Audit Committee of Siemens AG is subject to the requirements of the SOA and the U.S. Securities Exchange Act of 1934, as these apply to a foreign private issuer, and performs – in cooperation with the Compliance Committee – functions similar to those assigned to an audit committee by the NYSE Standards. Nevertheless, German law prohibits delegating certain responsibilities – such as the selection of independent auditors (who, under German law, must be elected at the shareholders’ meeting) – to a committee.

The Supervisory Board of Siemens AG also has a Finance and Investment Committee and a Mediation Committee, the latter of which is required under German law. Neither of these committees is required by the NYSE Standards.

**B.1.4.4 SHAREHOLDER APPROVAL OF EQUITY COMPENSATION PLANS; STOCK REPURCHASES**

The NYSE Standards generally require that the domestic, i.e. U.S. companies listed on the NYSE obtain shareholder approval of all equity compensation plans (including stock option plans) and of any material revisions to such plans. Under German law, the creation of authorized or contingent capital in order to issue shares requires approval by our shareholders. Shareholders must also approve of the key points of a stock option plan as part of a decision regarding the creation of contingent capital or the authorization to repurchase and use Siemens shares for servicing a stock option plan.

Under German law, share buybacks generally require prior shareholder authorization. Such authorization was last given at our Annual Shareholders’ Meeting on January 25, 2011, and this matter will, as a general rule, be voted upon at the expiration of each authorization.
B.2 CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTION 289a OF THE GERMAN COMMERCIAL CODE

The Corporate Governance statement pursuant to Section 289a of the German Commercial Code (Handelsgesetzbuch) is an integral part of the Combined Management Report. In accordance with Section 317 para. 2 sentence 3 of the German Commercial Code, the disclosures made within the scope of Section 289a of the German Commercial Code are not subject to the audit by the auditors.

DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Managing Board and the Supervisory Board of Siemens AG approved the following Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act as of October 1, 2012:

"Declaration of Conformity by the Managing Board and the Supervisory Board of Siemens Aktiengesellschaft with the German Corporate Governance Code

Siemens AG fully complies and will continue to comply with the recommendations of the German Corporate Governance Code (‘Code’) in the version of May 15, 2012, published by the Federal Ministry of Justice in the official section of the electronic Federal Gazette (’elektronischer Bundesanzeiger’).

Since making its last Declaration of Conformity dated October 1, 2011, Siemens AG has complied with the recommendations of the Code in the prior version of May 26, 2010, with the exception stated and explained therein (that, contrary to the provisions of Section 5.4.6 para. 2 sentence 1 of the Code in the prior version of May 26, 2010, the rules for the compensation of the Supervisory Board members contain no performance-related compensation components since, in our view, a purely fixed compensation reinforces the independence of the Supervisory Board). The deviation no longer applies, because the recommendation for performance-related compensation for Supervisory Board members is no longer included in the new version of the Code.

Berlin and Munich, October 1, 2012

Siemens Aktiengesellschaft

The Managing Board The Supervisory Board"

INFORMATION ON CORPORATE GOVERNANCE PRACTICES
Suggestions of the Code

Siemens voluntarily complies with the Code’s non-binding suggestions, with the following exception:

In fiscal 2011, the Supervisory Board decided to appoint Dr. Roland Busch, Klaus Helmrich and Dr. Michael Süß to the Managing Board, each for a term of five years, and therefore to no longer follow the suggestion set out in Section 5.1.2 para. 2 sentence 1 of the Code, according to which the maximum possible appointment period of five years should not be the rule for first-time appointments to a Managing Board.

The Code can be downloaded from the Internet at: www.siemens.com/289a.

Further Corporate Governance Practices applied beyond legal requirements are contained in our Business Conduct Guidelines.

Our Company’s values and Business Conduct Guidelines

In the 165 years of its existence, our Company has built an excellent reputation around the world. Technical performance, innovation, quality reliability, and international engagement have made Siemens one of the leading companies in electronics and electrical engineering. It is top performance with the highest ethics that has made Siemens strong. This is what the Company should continue to stand for in the future.

The Business Conduct Guidelines provide the ethical and legal framework within which we want to maintain successful activities. They contain the basic principles and rules for our conduct within our Company and in relation to our external partners and the general public. They set out how we meet our ethical and legal responsibility as a company and give expression to our corporate values of being “Responsible – Excellent – Innovative.”

The Business Conduct Guidelines can be downloaded from the Internet on: www.siemens.com/289a.

OPERATION OF THE MANAGING BOARD, THE SUPERVISORY BOARD, AND COMPOSITION AND OPERATION OF THEIR COMMITTEES

The composition of the committees of the Managing and Supervisory Boards is given under chapter D.7 SUPERVISORY BOARD AND MANAGING BOARD ON PAGES 232-238, respectively of the Annual Report, as is a description of the composition of the Managing Board and the Supervisory Board. The compositions can be accessed via the Internet on: www.siemens.com/289a.

A general description of the functions and operation of the Managing Board and the Supervisory Board can be found under the heading “Management and control structure” under chapter 8.1.1 CORPORATE GOVERNANCE REPORT ON PAGES 22-25 and on: www.siemens.com/289a. Further details regarding the operation of the Managing and Supervisory Boards can be derived from the description of the committees as well as from the bylaws for the corporate bodies concerned. These documents can be found at: www.siemens.com/289a.
For Siemens, promoting integrity means acting in accordance with our values – responsible, excellent and innovative – wherever we do business. A key element of integrity is compliance, which means for us: adherence to the law and to our own internal regulations. We have zero tolerance for corruption and violations of the principles of fair competition. Preventing misconduct before it occurs is our primary goal. When we can’t prevent wrongdoing in individual cases, we investigate and take rigorous disciplinary action irrespective of the people involved or their positions.

Our Business Conduct Guidelines describe how we fulfill our compliance-related responsibilities. They’re also an expression of our values and lay the foundation for our own internal regulations. For us, compliance is not just a program but the way we do business and uphold integrity at our Company. Our compliance system instills a permanent awareness of these responsibilities in all our managers and employees. We actively support the ratification and enactment of the United Nations Convention against Corruption, which provides important guidance for our entire organization.

### B.3.1 Our compliance priorities

In fiscal 2011, we focused our compliance activities on four priorities that provide the basis for the ongoing development of our compliance system. This approach has proven its worth. Our compliance priorities take into account and fulfill the continuously evolving requirements in the field of compliance – requirements that are the result of our own compliance work, on the one hand, and of changing market conditions, on the other.

### B.3.2 Integrity dialogue – Communication between managers and employees

We keep managers and employees in areas with high risk profiles up to date on the latest compliance requirements. This is an established and key element of our preventive measures. For us, strengthening our managers’ personal responsibility for compliance is vital. That’s why we strive to ensure their commitment to our compliance goals and help them foster integrity visibly and energetically.

The principle is simple. First, Compliance Officers train the top managers in their respective units. These managers then train their immediate subordinates, who, in turn, train those under them. This compliance training is integrated into already scheduled meetings and personal discussions and, thus, increases the importance of dialogue between managers and their teams. Business units select the training materials from a catalogue of modules that’s available Company-wide and supplement these with specific compliance-related topics relevant for their own businesses.
We’ll begin introducing our integrity dialogues Company-wide in fiscal 2013. Compliance Officers will support managers throughout the process. They’ll also support the business units in selecting the employees for whom participation in compliance training programs and integrity dialogues is obligatory. Managers will select participants on the basis of Company-wide regulations, taking into account, among other things, the results of compliance risk assessments (CRAs) – a process that will enhance both management responsibility for compliance and the business-specific and risk-related orientation and efficiency of our entire compliance system.

B.3.3 Compliance risk assessments at business units

Initiating effective measures to detect and minimize compliance-related risks in business operations at an early stage is the heart of a successful compliance system. Our assessment and monitoring processes are being further improved by our CRAs. In use since the beginning of fiscal 2012, the CRA process improves the links between compliance and business operations at Siemens.

Every year, the CEOs of our business units meet with other key managers and the relevant Compliance Officers to systematically determine the compliance-related risks at their respective units. The compliance-related risks identified in the process are then assessed and measures for reducing them defined. The resulting analyses are incorporated into the Company-wide compliance risk analysis, which covers the material compliance-related risks for Siemens as a whole.

The accurate assessment of compliance-related risks depends on close and trust-based cooperation between the managers and specialists at our business units, on the one hand, and our Compliance Officers, on the other.

B.3.4 Collective action – Supporting business success through fair competition

Siemens promotes ethical business practices and fair competition beyond Company boundaries – this, too, is one of our key compliance priorities.

Going it alone can have only a limited impact in the fight against corruption. If real progress is to be made, as many stakeholders as possible must act in concert. That’s why we’ve joined forces with other organizations to combat corruption and promote ethical markets through collective action and through the Siemens Integrity Initiative.

Now that we’ve established collective action throughout the Company and involved a large number of our business units engaging with numerous partners in its implementation, we plan to focus our collective action activities in fiscal 2013 on our particular business requirements more intensively than in the past. There are many ways to do this. For example, future CRAs can increase the emphasis on defining collective action measures such as fair competition partnerships between bidders for large contracts or the voluntary self-commitment of industry federations to compliance standards that reduce compliance-related risks. As in the other areas described, close and trust-based cooperation between Compliance Officers, sales personnel and managers will play a key role here in identifying appropriate measures.

The further development of our compliance system entails continuously adapting it to the evolving requirements in the field of compliance. Our overall aim remains unchanged: we want to anchor compliance permanently throughout our global Company in order to ensure that we continue making sound business decisions based on clear principles of integrity.

To learn more, please see:

→ CHAPTER C.8.10. OF THE COMBINED MANAGEMENT REPORT

WWW.SIEMENS.COM/COMPLIANCE
The Compensation report outlines the principles underlying the determination of the total compensation of the members of the Managing Board of Siemens AG, and sets out the structure and level of the remuneration of the Managing Board members. It also describes the policies governing, and levels of, the compensation paid to Supervisory Board members.

This section is based on the recommendations of the German Corporate Governance Code and includes disclosures in accordance with the requirements of the German Commercial Code (HGB), German Accounting Standards (DRS), and International Financial Reporting Standards (IFRS). The Compensation Report is an integral part of the Combined Management Report.

**B.4.1 Remuneration of members of the Managing Board**

**B.4.1.1 REMUNERATION SYSTEM**

The remuneration system for the Managing Board at Siemens is intended to provide an incentive for successful corporate management with an emphasis on sustainability. Members of the Managing Board are expected to make a long-term commitment to and on behalf of the Company, and may benefit from any sustained increase in the Company's value. In the interest of that aim, a substantial portion of their total remuneration is linked to the performance of Siemens stock. A further aim is for their remuneration to be commensurate with the Company's size and economic position. Exceptional achievements are to be rewarded adequately, while falling short of goals is intended to result in an appreciable reduction in remuneration. The Managing Board's compensation is also structured so as to be attractive in comparison to that of competitors, with a view to attracting outstanding managers to our Company and keeping them with us for the long term.

The system and levels for the remuneration of the Managing Board are determined and reviewed regularly by the Supervisory Board, based on proposals from the Chairman’s Committee. The Supervisory Board reviews remuneration levels annually to ensure that they are appropriate. In that process, the economic situation and the results of the Company as well as the performance of the individual Managing Board members are taken into account. In addition, the Supervisory Board considers the adequacy of remuneration in comparison with standard practice at similar companies and with the compensation structure valid elsewhere in the Company. The remuneration system that has been used for the Managing Board members since fiscal 2011 was approved by a large majority at the Annual Shareholders' Meeting on January 25, 2011.

---

**REMUNERATION SYSTEM FOR MANAGING BOARD MEMBERS**

<table>
<thead>
<tr>
<th>Compensation</th>
<th>Granted in</th>
<th>Timing</th>
</tr>
</thead>
<tbody>
<tr>
<td>Stock-based compensation</td>
<td>Stock Awards (forfeitable grants of stock)</td>
<td>Performance period: 3 years, including year of compensation; subsequent restriction period: 4 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Restriction period and period for target measurement: 4 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Base compensation including other compensation</td>
</tr>
<tr>
<td>Cash compensation</td>
<td>Bonus Awards (non-forfeitable grants of stock)</td>
<td>Performance period: Year of compensation; subsequent waiting period: 4 years</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Performance period: Year of compensation</td>
</tr>
<tr>
<td></td>
<td>Cash</td>
<td>Performance period: Year of compensation</td>
</tr>
</tbody>
</table>


- Non-performance-based components
- Performance-based components
- Performance-based components with deferred payout

---

Share Ownership Guidelines: Obligation to hold shares for duration of membership in Managing Board
In fiscal 2012, the remuneration system for the Managing Board had the following components:

**Non-performance-based components**

**Base compensation**
Base compensation is paid as a monthly salary. It is reviewed regularly, and revised if appropriate. The base compensation of President and CEO Peter Löscher was set at the time of his appointment on July 1, 2007, and has remained essentially unchanged since then. It is €2,000,000 per year. The base compensation of the other members of the Managing Board has been €900,000 per year since October 1, 2010.

**Other compensation**
Other compensation includes costs, or the cash equivalent, of non-monetary benefits and perquisites, such as provision of a Company car, contributions toward the cost of insurance, reimbursement of fees for legal advice, tax advice and accommodation and moving expenses, including a gross-up for any taxes that have to be borne in this regard, as well as costs relating to preventive medical examinations.

**Performance-based components**

**Variable compensation component (bonus)**
The variable compensation component (bonus) is based on the Company’s business performance in the past fiscal year. The targets for the variable compensation component are derived from One Siemens, our target system for sustainably enhancing corporate value. On the basis of this target system, the Supervisory Board at the beginning of each fiscal year defines specific targets for several parameters. These target parameters – in addition to other factors – also apply to senior executives, with a view to establishing a consistent target system throughout the Company.

For a 100% target attainment (target amount) the amount of the bonus equals the amount of base compensation. The bonus is subject to a ceiling (cap) of 200%. If targets are substantially missed, the variable component may potentially not be paid at all.

The Supervisory Board is entitled to revise the amount resulting from attaining targets, by as much as 20% upward or downward, at its duty-bound discretion (pflichtgemäßes Ermessen); the adjusted amount of the bonus paid can be as much as 240% of the target amount. In choosing the factors to be considered in deciding on possible revisions of the bonus payouts (±20%), the Supervisory Board takes account of incentives for sustainable corporate management. The revision option may also be exercised in recognition of Managing Board members’ individual achievements.

The bonus is paid half in cash, and half in the form of non-forfeitable stock commitments (Bonus Awards). After a four-year waiting period, the beneficiary will receive one share of Siemens stock for each Bonus Award. Instead of the transfer of Siemens stock, an equivalent cash settlement may be effected.

**Long-term stock-based compensation**
Long-term stock-based compensation consists of a grant of forfeitable stock commitments (Stock Awards). The beneficiaries will receive one free share of Siemens stock for each Stock Award after a restriction period. Beginning with fiscal 2011, the restriction period for Stock Awards ends at the close of the second day after publication of the operating results for the fourth calendar year after the date of the award.

In the event of extraordinary unforeseen developments that have an impact on the stock price, the Supervisory Board may decide to reduce the number of promised Stock Awards retroactively, or it may decide that in lieu of a transfer of Siemens Stock only a cash settlement in a defined and limited amount will be paid, or it may decide to postpone transfers of Siemens Stock for payable Stock Awards until the developments have ceased to have an impact on the stock price.

In the event of a 100% target attainment, the annual target amount for the monetary value of the Stock Awards commitment will be €2.5 million for the President and CEO, and €1 million for each of the other members of the Managing Board. Beginning with fiscal 2011, the Supervisory Board has the option of increasing, on an individual basis, the target amount for a member of the Managing Board who has been reappointed by as much as 75% above the amount of €1 million, for one fiscal year at a time. This option enables the Supervisory Board to take account of the Managing Board member’s individual accomplishments and experience as well as the scope and demands of his or her function. This rule does not apply to the President and CEO.

The foundation for the performance-based component of long-term stock-based compensation is One Siemens, our target system for sustainably enhancing corporate value. The allocation rules for long-term stock-based compensation take this focus into account as follows:

> On the one hand, half of the annual target amount for the annual Stock Awards is linked to the average basic earnings per share (EPS) for the last three completed fiscal years (from continuing and discontinued operations). In principle, the target value is the average basic earnings per share (from continuing and discontinued operations) from the past three fiscal years completed prior to the year of compensation. At the end of each fiscal year, the Supervisory Board decides on
a figure that represents that year’s target attainment, which may lie between 0% and 200% (cap). This target attainment will then determine the actual monetary value of the award and the resulting number of Stock Awards.

> On the other hand, the development of the performance of Siemens’ stock compared to its competitors is to have a direct effect on compensation. For this purpose, with respect to the other half of the annual target amount for the Stock Awards, the Supervisory Board will first grant a number of Stock Awards equivalent to the monetary value of half the target amount on the date of the award. The Supervisory Board will also decide on a target system (target value for 100% and target curve) for the performance of Siemens stock relative to the stock of competitors (at present ABB, General Electric, Philips, Rockwell, Schneider). The reference period for measuring the target will be the same as the four-year restriction period for the Stock Awards. After this restriction period expires, the Supervisory Board will determine how much better or worse Siemens stock has performed relative to the stock of its competitors. This determination will yield a target attainment of between 0% and 200% (cap). If target attainment is above 100%, an additional cash payment corresponding to the outperformance is effected. If target attainment is less than 100%, a number of Stock Awards equivalent to the shortfall from the target will expire without replacement.

With regard to the further terms of the Stock Awards, the same general principles apply for the Managing Board and for senior executives; these principles are discussed in more detail in \( \text{NOTE 33 IN D.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.} \) That note also includes further information about the stock-based employee investment plans.

Share Ownership Guidelines

The Siemens Share Ownership Guidelines are an integral part of the remuneration system for the Managing Board and senior management. These guidelines require the members of the Managing Board – after a certain buildup phase – to hold Siemens stock worth a multiple of their base compensation (300% for the President and CEO, 200% for the other members of the Managing Board) during their term of office on the Managing Board. The determining figure in this context is the average base compensation that the relevant member of the Managing Board has drawn over the four years of the buildup phase. Accordingly, changes that have been made to base compensation in the meantime are included. Non-forfeitable stock awards (Bonus Awards) are taken into account in determining compliance with the Share Ownership Guidelines.

Evidence that this obligation has been met must first be provided after the buildup phase, and updated annually thereafter.

If the value of the accrued holdings declines below the minimum to be evidenced from time to time because the market price of Siemens stock has fluctuated, the member of the Managing Board must acquire additional shares.

Pension benefit commitments

The members of the Managing Board, like all Siemens AG employees, are included in the Siemens Defined Contribution Benefit Plan (BSAV). Under the BSAV, members of the Managing Board receive contributions that are credited to their personal pension account. The amount of the annual contributions is based on a predetermined percentage which refers to the base compensation and the target amount for the bonus. This percentage is decided annually by the Supervisory Board; it was set most recently at 28%. The non-forfeitability of pension benefit commitments is in compliance with the provisions of the German Company Pensions Act (Betriebsrenten-gesetz). Special contributions may be granted to Managing Board members on the basis of individual decisions of the Supervisory Board. In the case of new appointments of members of the Managing Board from outside the Company, these contributions may be defined as non-forfeitable from their inception. If a member of the Managing Board had earned a pension benefit entitlement from the Company before the BSAV was introduced, a portion of his contributions went toward financing this prior commitment.

Members of the Managing Board are entitled to benefits under the BSAV on reaching the age of 60, at the earliest. They may choose to have their accrued pension benefit balance paid out as a pension, as a lump sum, or in a maximum of twelve annual installments. If the pension option is chosen, a decision must be made as to whether it should include pensions for surviving dependents. If a member of the Managing Board dies while receiving a pension, benefits will be paid to the member’s surviving dependents if the member has chosen such benefits. The Company will then provide a limited-term pension to surviving children until they reach age 27, or age 25 in the case of commitments made on or after January 1, 2007.

Benefits from the retirement benefit system that was in place before the BSAV was introduced are normally granted as pension benefits with a surviving dependents’ pension. In this case as well, a payout in installments or a lump sum may be chosen instead of pension payments.

Members of the Managing Board who were employed by the Company on or before September 30, 1983, are entitled to transition payments for the first six months after retirement, equal to the difference between their final base compensation and the retirement benefits payable under the corporate pension plan.
Commitments in connection with termination of Managing Board membership

Managing Board contracts provide for a compensatory payment if membership on the Managing Board is terminated prematurely by mutual agreement, without serious cause. The amount of this payment must not exceed the value of two years’ compensation (cap). The amount of the compensatory payment is calculated on the basis of the base compensation and the variable components of compensation actually received for the last fiscal year before termination. The compensatory payment is payable in the month when the member leaves the Managing Board. In addition, a one-time exceptional contribution is made to the BSAV. The amount of this contribution is based on the BSAV contribution that the Board member received for the previous year, together with the remaining term of the appointment, but is limited to not more than two years’ contributions (cap). The above benefits are not paid if an amicable termination of the member’s activity on the Managing Board is agreed upon at the member’s request, or if there is serious cause for the Company to terminate the employment relationship.

In the event of a change of control that results in a substantial change in the position of the Managing Board member (e.g., due to a change in corporate strategy or a change in the Managing Board member’s responsibilities), the member of the Managing Board has the right to terminate his or her contract with the Company for good cause. A change of control exists if one or more shareholders acting jointly or in concert acquire a majority of the voting rights in Siemens AG and exercise a controlling influence, or if Siemens AG becomes a dependent enterprise as a result of entering into an intercompany agreement within the meaning of Section 291 of the German Stock Corporation Act, or if Siemens AG is to be merged into an existing corporation or other entity. If this right of termination is exercised, the Managing Board member is entitled to a severance payment in the amount of not more than two years’ compensation. The calculation of the annual compensation includes not only the base compensation and the target amount for the bonus, but also the target amount for the Stock Awards, in each case based on the most recent completed fiscal year prior to termination of the contract. The stock-based components for which a firm commitment already exists will remain unaffected. There is no entitlement to a severance payment if the Managing Board member receives benefits from third parties in connection with a change of control. Moreover, there is no right to terminate if the change of control occurs within a period of twelve months prior to a Managing Board member’s retirement.

Additionally, compensatory or severance payments cover non-monetary benefits by including an amount of 5% of the total compensation or severance amount. Compensatory or severance payments will be reduced by 15% as a lump-sum allowance for discounted values and for income earned elsewhere. However, this reduction will apply only to the portion of the compensatory or severance payment that was calculated without taking account of the first six months of the remaining term of the Managing Board member’s contract.

If a member leaves the Managing Board, the variable component (bonus) is determined pro rata temporis after the end of the fiscal year in which the appointment was terminated and settled in cash at the usual payout or transfer date, as the case may be. If the employment contract is terminated in the course of an appointment period, the non-forfeitable stock awards (Bonus Awards) for which the waiting period is still in progress will remain in effect without restriction. If the employment agreement is terminated because of retirement, disability or death, a Managing Board member’s Bonus Awards will be settled in cash as of the date of departure from the Board.

By contrast, stock commitments that were made as long-term variable compensation (Stock Awards) and for which the restriction period is still in progress will expire without replacement if the employment agreement is terminated in the course of an appointment period. The same applies if the employment agreement is not extended after the end of an appointment period, either at the Board member’s request or because there is serious cause that would have entitled the Company to revoke the appointment or terminate the contract. However, once granted, Stock Awards do not expire if the employment agreement is terminated because of retirement, disability, or death, or in connection with a spin-off, the transfer of an operation, or a change of activity within the corporate group. In this case, the Stock Awards will remain in effect upon termination of the employment agreement and will be honored on expiration of the restriction period.
B.4.1.2 REMUNERATION OF THE MEMBERS OF THE MANAGING BOARD FOR FISCAL 2012

On the basis of our One Siemens target system, at the beginning of the fiscal year the Supervisory Board set the targets and weighting for the unchanged parameters compared to the previous year: organic revenue growth, return on capital employed (ROCE) adjusted, and free cash flow, in each case on the basis of continuing operations, together with earnings per share (EPS) on the basis of continuing and discontinued operations. The definition of these parameters and their weighting acknowledges a sustainable enhancement of corporate value.

An internal review of the appropriateness of the Managing Board’s compensation for fiscal 2012 has confirmed that the remuneration of the Managing Board resulting from the target attainment for fiscal 2012 is to be considered appropriate. Following the decision on determining the achievement of the targets set at the beginning of the fiscal year, the Supervisory Board decided at its meeting on November 7, 2012, to set the variable compensation component (bonus), the Stock Awards to be granted and the pension benefit contributions as follows:

**Variable compensation component (bonus)**

In setting the targets for the variable compensation (bonus) at the beginning of fiscal 2012, the Supervisory Board took into account that the Company focuses on a sustainable appreciation of value:

> The primary focus of the decision was capital-efficient growth; consequently, for fiscal 2012 more importance was attributed to the target parameters of organic revenue growth and return on capital employed (ROCE) adjusted.
> For ROCE adjusted, the target value from the prior year remained unchanged.
> The target for free cash flow was increased noticeably compared to the prior year.

As a consequence, the following targets were set and attained with respect to the variable compensation component:

<table>
<thead>
<tr>
<th>Target parameter</th>
<th>Weight</th>
<th>100% of target</th>
<th>Actual 2012 figure</th>
<th>Target attainment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue growth (organic)</td>
<td>40%</td>
<td>1%</td>
<td>3%</td>
<td>146.40%</td>
</tr>
<tr>
<td>ROCE adjusted</td>
<td>40%</td>
<td>16.1%</td>
<td>17.0%</td>
<td>123.75%</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>20%</td>
<td>€3,600 million</td>
<td>€4,790 million</td>
<td>139.67%</td>
</tr>
<tr>
<td><strong>Total target attainment</strong></td>
<td></td>
<td></td>
<td></td>
<td><strong>135.99%</strong></td>
</tr>
</tbody>
</table>

For the other half of the annual target amount for the Stock Awards, the Supervisory Board approved a number of Stock Awards equivalent to the monetary value of half the target amount on the award date. The amount by which these stock commitments must be adjusted – or an additional cash payment must be made – after the end of the restriction period will depend on the performance of Siemens stock compared to the stock of five competitors (ABB, General Electric, Philips, Rockwell, Schneider) over the coming four years, and will therefore not be determined until after the end of fiscal 2016.

The number of stock commitments (Bonus Awards and Stock Awards) granted was based on the closing price of Siemens stock in Xetra trading on the date of commitment less the present value of dividends expected during the holding period, because beneficiaries are not entitled to receive dividends. This figure for determining the number of commitments amounted to €64.93 (prior year: €57.70).

The values measured for target attainment were not adjusted. The Supervisory Board decided, exercising its duty-bound discretion (pflichtgemäßes Ermessen), to individually adjust the bonus payout amounts resulting from target attainment upward or downward for single Managing Board members with business responsibility for Sector portfolios. In its decision, the Supervisory Board reflected the attained performance of the Sectors.

**Long-term stock-based compensation**

For half of the annual target amount for the Stock Awards, an average basic EPS (from continuing and discontinued operations) of €5.54 was determined for fiscal years 2010 through 2012, yielding a target attainment of 154%.

For half of the annual target amount for the Stock Awards, the Supervisory Board approved a number of Stock Awards equivalent to the monetary value of half the target amount on the award date. The amount by which these stock commitments must be adjusted – or an additional cash payment must be made – after the end of the restriction period will depend on the performance of Siemens stock compared to the stock of five competitors (ABB, General Electric, Philips, Rockwell, Schneider) over the coming four years, and will therefore not be determined until after the end of fiscal 2016.

The number of stock commitments (Bonus Awards and Stock Awards) granted was based on the closing price of Siemens stock in Xetra trading on the date of commitment less the present value of dividends expected during the holding period, because beneficiaries are not entitled to receive dividends. This figure for determining the number of commitments amounted to €64.93 (prior year: €57.70).
Performance-based components

On the basis of the Supervisory Board decisions described above, Managing Board compensation for fiscal 2012 totaled €39.61 million, which is at the same level as in the previous year (2011: €39.61 million). Of this total amount, €17.45 million (2011: €18.94 million) was attributable to the cash compensation components and €22.16 million (2011: €20.68 million) to stock-based compensation. Thus, more than half of the compensation was paid in the form of stock-based instruments with waiting or restriction periods of four years and therefore on a deferred basis.

The fair values of the granted stock-based compensation component shown in the following table do not represent a cash inflow for Managing Board members for fiscal 2012. They represent the notional value of the Bonus Awards and Stock Awards granted in fiscal 2012 as calculated on the basis of reporting standards. The transfer of one share per award will not take place until the expiration of the four-year waiting or restriction period, or in other words, not until November 2016. The number of Stock Awards linked to the performance of the price of Siemens stock will be adjusted after the end of the restriction period, on the basis of the actual target attainment. Accordingly, the value of the actual shares transferred may be higher or lower than shown here, also depending on the stock price in effect at the time of transfer.

The following compensation was determined for each of the members of the Managing Board for fiscal 2012 (individualized disclosure):

<table>
<thead>
<tr>
<th>Shares Fair value</th>
<th>Shares Fair value</th>
<th>Shares Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>A. To our Shareholders</td>
<td>A. Compensation Report</td>
<td>A. Corporate Governance</td>
</tr>
<tr>
<td>B. Corporate Governance Report</td>
<td>B. Corporate Governance statement pursuant to Section 289A of the German Commercial Code (part of the Combined Management Report)</td>
<td>B. Compliance Report</td>
</tr>
<tr>
<td>C. Compensation Report</td>
<td>C. Takeover-relevant information (pursuant to Sections 289 para. 4 and 315 para. 4 of the German Commercial Code) and explanatory report (part of the Combined Management Report)</td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

(Amounts in number of units or €)

<table>
<thead>
<tr>
<th>Managing Board members serving as of September 30, 2012</th>
<th>Non-performance-based components</th>
<th>with long-term incentive effect on non-performance-based stock component</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Base compensation</td>
<td>Other compensation a</td>
</tr>
<tr>
<td>Peter Löscher</td>
<td>2,000,000</td>
<td>2,000,000</td>
</tr>
<tr>
<td>Dr. Roland Busch b</td>
<td>900,000</td>
<td>450,000</td>
</tr>
<tr>
<td>Brigitte Ederer</td>
<td>900,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Klaus Helmrich</td>
<td>900,000</td>
<td>450,000</td>
</tr>
<tr>
<td>Joe Kaeser</td>
<td>900,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Barbara Kux</td>
<td>900,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Prof. Dr. Hermann Requardt b</td>
<td>900,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Prof. Dr. Siegfried Russwurm</td>
<td>900,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Peter Y. Solmsen b</td>
<td>900,000</td>
<td>900,000</td>
</tr>
<tr>
<td>Dr. Michael Süß</td>
<td>900,000</td>
<td>450,000</td>
</tr>
</tbody>
</table>

Former members of the Managing Board

| Wolfgang Dehen b                                  | –                    | 450,000                     | –                   | 25,046                      | –                   | 444,105                     | –                       | – |

Total: 10,100,000

1 Other compensation includes costs, or the cash equivalent, of non-monetary benefits and perquisites, such as provision of Company cars in the amount of €237,855 (2011: €227,641) contributions toward the cost of insurance in the amount of €87,429 (2011: €72,966), reimbursement of fees for legal advice, tax advice and accommodation and moving expenses, including any taxes that have been assumed in this regard as well as costs connected with preventive medical examinations, in the amount of €135,625 (2011: €370,656).

2 The expenses recognized for stock-based compensation (Bonus Awards and Stock Awards) and for the Share Matching Plan for members of the Managing Board in accordance with IFRS in fiscal 2012 and 2011 amounted to €15,995,543 and €15,193,559, respectively. The following amounts pertaining to the members of the Managing Board in fiscal 2012: Peter Löscher €3,757,710 (2011: €4,042,438), Dr. Roland Busch €735,167 (2011: €285,356), Brigitte Ederer €955,250 (2011: €766,761), Klaus Helmrich €735,167 (2011: €285,356),


4 For Bonus Awards as well as Stock Awards, whose target attainment depends on EPS for the past three fiscal years, the fair value on the award date is equivalent to the respective monetary values.
### Variable compensation component (bonus) Bonus Awards

<table>
<thead>
<tr>
<th>Shares</th>
<th>Fair value</th>
<th>FY 2011</th>
<th>Shares</th>
<th>Fair value</th>
<th>FY 2012</th>
<th>Shares</th>
<th>Fair value</th>
<th>FY 2011</th>
<th>Shares</th>
<th>Fair value</th>
<th>FY 2012</th>
<th>Shares</th>
<th>Fair value</th>
<th>FY 2011</th>
<th>Shares</th>
<th>Fair value</th>
<th>FY 2012</th>
<th>Shares</th>
<th>Fair value</th>
<th>FY 2011</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>34,208</td>
<td>1,973,802</td>
<td>29,648</td>
<td>1,925,045</td>
<td>19,252</td>
<td>1,195,549</td>
<td>24,697</td>
<td>1,425,017</td>
<td>21,664</td>
<td>1,336,014</td>
<td>7,871,173</td>
<td>8,738,227</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7,697</td>
<td>444,117</td>
<td>11,859</td>
<td>770,005</td>
<td>7,701</td>
<td>478,232</td>
<td>4,940</td>
<td>285,038</td>
<td>4,333</td>
<td>267,215</td>
<td>1,979,201</td>
<td>1,925,793</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>15,394</td>
<td>888,234</td>
<td>11,859</td>
<td>770,005</td>
<td>7,701</td>
<td>478,232</td>
<td>9,879</td>
<td>570,018</td>
<td>8,666</td>
<td>534,430</td>
<td>3,399,854</td>
<td>3,835,543</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7,697</td>
<td>444,117</td>
<td>11,859</td>
<td>770,005</td>
<td>7,701</td>
<td>478,232</td>
<td>4,940</td>
<td>285,038</td>
<td>4,333</td>
<td>267,215</td>
<td>4,449,118</td>
<td>1,925,793</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>15,394</td>
<td>888,234</td>
<td>20,754</td>
<td>1,347,557</td>
<td>13,477</td>
<td>836,922</td>
<td>9,879</td>
<td>570,018</td>
<td>8,666</td>
<td>534,430</td>
<td>4,381,334</td>
<td>3,853,303</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>15,394</td>
<td>888,234</td>
<td>11,859</td>
<td>770,005</td>
<td>7,701</td>
<td>478,232</td>
<td>9,879</td>
<td>570,018</td>
<td>8,666</td>
<td>534,430</td>
<td>3,406,117</td>
<td>3,949,068</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>15,394</td>
<td>888,234</td>
<td>11,859</td>
<td>770,005</td>
<td>7,701</td>
<td>478,232</td>
<td>9,879</td>
<td>570,018</td>
<td>8,666</td>
<td>534,430</td>
<td>3,558,714</td>
<td>3,843,457</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>15,394</td>
<td>888,234</td>
<td>11,859</td>
<td>770,005</td>
<td>7,701</td>
<td>478,232</td>
<td>9,879</td>
<td>570,018</td>
<td>8,666</td>
<td>534,430</td>
<td>3,414,303</td>
<td>3,822,195</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>15,394</td>
<td>888,234</td>
<td>11,859</td>
<td>770,005</td>
<td>7,701</td>
<td>478,232</td>
<td>9,879</td>
<td>570,018</td>
<td>8,666</td>
<td>534,430</td>
<td>3,405,655</td>
<td>3,845,612</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7,697</td>
<td>444,117</td>
<td>11,859</td>
<td>770,005</td>
<td>7,701</td>
<td>478,232</td>
<td>4,940</td>
<td>285,038</td>
<td>4,333</td>
<td>267,215</td>
<td>1,904,226</td>
<td>3,421,246</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>7,697</td>
<td>444,117</td>
<td>20,754</td>
<td>1,347,557</td>
<td>13,477</td>
<td>836,922</td>
<td>9,879</td>
<td>570,018</td>
<td>8,666</td>
<td>534,430</td>
<td>–</td>
<td>1,915,521</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td>157,360</td>
<td>9,079,674</td>
<td>145,274</td>
<td>9,432,642</td>
<td>94,337</td>
<td>5,858,327</td>
<td>103,731</td>
<td>5,985,277</td>
<td>90,992</td>
<td>5,611,454</td>
<td>39,607,083</td>
<td>39,612,146</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

#### Performance-based components

- **Stock Awards**: With long-term incentive effect
- **Total compensation**: Without long-term incentive effect

<table>
<thead>
<tr>
<th>Shares</th>
<th>Fair value</th>
</tr>
</thead>
<tbody>
<tr>
<td>4,940</td>
<td>285,038</td>
</tr>
<tr>
<td>4,333</td>
<td>267,215</td>
</tr>
<tr>
<td>4,333</td>
<td>285,038</td>
</tr>
</tbody>
</table>


6 The Supervisory Board adjusted the bonus payout amounts resulting from target attainment individually as follows: Dr. Roland Busch by 10% downward, equivalent to €22,391 and Prof. Dr. Hermann Requardt by 10% upward, equivalent to €122,391.

7 Dr. Roland Busch, Klaus Helmrich and Dr. Michael Süß were elected full members of the Managing Board effective April 1, 2011.

8 The Supervisory Board increased the annual target amount for the monetary value of the Stock Awards commitment for Joe Kaeser for fiscal 2012 by 75% to €1,750,000.

9 Peter Y. Solmssen will be reimbursed for relocation expenses incurred by him upon termination of his membership on the Managing Board of Siemens AG.

10 Wolfgang Dehen resigned from the Managing Board effective March 31, 2011. Due to rounding, numbers presented may not add up precisely to totals provided.
Pension benefit commitments
For fiscal 2012, the members of the Managing Board were granted contributions under the BSAV totaling €5.7 million (2011: €5.2 million), based on the resolution of the Supervisory Board dated November 7, 2012. Of this amount, €0.1 million (2011: €0.1 million) related to funding of pension commitments earned prior to transfer to the BSAV and the remaining €5.6 million (2011: €5.1 million) to contributions to their personal pension accounts.

The contributions under the BSAV are added to the personal pension accounts each January following the close of the fiscal year, with value date on January 1. Until the beneficiary’s time of retirement, the pension account is credited with an annual interest payment (guaranteed interest), currently 1.75%, on January 1 of each year.

The following table shows individualized details of the contributions (additions) under the BSAV for fiscal 2012 as well as the defined benefit obligations for the pension commitments:

<table>
<thead>
<tr>
<th>Managing Board members serving as of September 30, 2012</th>
<th>Total contributions¹ for FY 2012</th>
<th>FY 2011</th>
<th>Defined benefit obligation² for all pension commitments excluding deferred compensation³</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter Löscher</td>
<td>1,120,000</td>
<td>1,120,000</td>
<td>14,717,395⁴</td>
</tr>
<tr>
<td>Dr. Roland Busch</td>
<td>504,000</td>
<td>252,000</td>
<td>1,446,910</td>
</tr>
<tr>
<td>Brigitte Eder</td>
<td>504,000</td>
<td>504,000</td>
<td>1,102,958</td>
</tr>
<tr>
<td>Klaus Helmreich</td>
<td>504,000</td>
<td>252,000</td>
<td>1,723,759</td>
</tr>
<tr>
<td>Joe Kaeser</td>
<td>504,000</td>
<td>504,000</td>
<td>4,388,859</td>
</tr>
<tr>
<td>Barbara Kux</td>
<td>504,000</td>
<td>504,000</td>
<td>2,201,963</td>
</tr>
<tr>
<td>Prof. Dr. Hermann Requardt</td>
<td>504,000</td>
<td>504,000</td>
<td>4,433,581</td>
</tr>
<tr>
<td>Prof. Dr. Siegfried Russwurm</td>
<td>504,000</td>
<td>504,000</td>
<td>2,893,761</td>
</tr>
<tr>
<td>Peter Y. Solmsen</td>
<td>504,000</td>
<td>504,000</td>
<td>14,862,470</td>
</tr>
<tr>
<td>Dr. Michael Süß</td>
<td>504,000</td>
<td>252,000</td>
<td>1,789,619</td>
</tr>
<tr>
<td>Former members of the Managing Board</td>
<td></td>
<td>252,000</td>
<td>2,374,826</td>
</tr>
<tr>
<td>Wolfgang Dehen</td>
<td>–</td>
<td>252,000</td>
<td>2,166,086</td>
</tr>
<tr>
<td>Total</td>
<td>5,656,000</td>
<td>5,152,000</td>
<td>51,936,101</td>
</tr>
</tbody>
</table>


² Defined benefit obligations reflect one-time special contributions of €19,358,000 for new appointments from outside the Company, including €8,300,000 for Peter Löscher, €10,518,000 for Peter Y. Solmsen and €340,000 for Barbara Kux. The defined benefit obligations under all pension commitments, including deferred compensation, to Managing Board members serving as of September 30, 2011 came to €47.0 million, in addition to €2.2 million for former Managing Board member Wolfgang Dehen.


⁴ Dr. Roland Busch, Klaus Helmrich and Dr. Michael Süß were elected full members of the Managing Board effective April 1, 2011.

⁵ Wolfgang Dehen resigned from the Managing Board effective March 31, 2011. Due to rounding, numbers presented may not add up precisely to totals provided.
Former members of the Managing Board and their surviving dependents received emoluments within the meaning of Section 314 para. 1 No. 6 b of the HGB totaling €15.8 million (2011: €15.0 million) in fiscal 2012, but no Stock Awards (2011: no Stock Awards).

The defined benefit obligation (DBO) of all pension commitments to former members of the Managing Board and their surviving dependents as of September 30, 2012, amounted to €181.6 million (2011: €161.9 million). This amount is included in NOTE 23 in D.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

Other
No loans or advances from the Company are provided to members of the Managing Board.

B.4.1.3 ADDITIONAL INFORMATION ON STOCK-BASED COMPENSATION INSTRUMENTS IN FISCAL 2012

This section provides information concerning the Stock Awards and stock options held by members of the Managing Board that were components of stock-based compensation in fiscal 2012 and prior years, and also about the Managing Board members’ entitlements to matching shares under the Siemens Share Matching Plan.

Stock Commitments
The following table shows the changes in the stock commitments (Bonus Awards and Stock Awards) held by Managing Board members in fiscal 2012:

<table>
<thead>
<tr>
<th>Managing Board members serving as of September 30, 2012</th>
<th>Non-forfeitable commitments of Bonus Awards</th>
<th>Forfeitable commitments of Stock Awards</th>
<th>Non-forfeitable commitments of Bonus Awards</th>
<th>Forfeitable commitments of Stock Awards</th>
<th>Vested during fiscal year</th>
<th>Forfeited during fiscal year</th>
<th>Balance at end of fiscal 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter Löscher</td>
<td>- 144,180</td>
<td>34,208</td>
<td>24,697</td>
<td>21,664</td>
<td>66,402</td>
<td>- 34,208</td>
<td>124,139</td>
</tr>
<tr>
<td>Dr. Roland Busch</td>
<td>- 8,042</td>
<td>7,697</td>
<td>6,076</td>
<td>5,330</td>
<td>2,958</td>
<td>- 7,697</td>
<td>16,490</td>
</tr>
<tr>
<td>Brigitte Ederer</td>
<td>- 12,422</td>
<td>15,394</td>
<td>9,879</td>
<td>8,666</td>
<td>4,179</td>
<td>- 15,394</td>
<td>26,788</td>
</tr>
<tr>
<td>Klaus Helmrich</td>
<td>- 11,816</td>
<td>7,697</td>
<td>6,540</td>
<td>5,737</td>
<td>4,257</td>
<td>- 7,697</td>
<td>19,836</td>
</tr>
<tr>
<td>Joe Kaeser</td>
<td>- 57,673</td>
<td>15,394</td>
<td>9,879</td>
<td>8,666</td>
<td>26,561</td>
<td>- 15,394</td>
<td>49,657</td>
</tr>
<tr>
<td>Barbara Kux</td>
<td>- 29,055</td>
<td>15,394</td>
<td>9,879</td>
<td>8,666</td>
<td>-</td>
<td>- 15,394</td>
<td>47,600</td>
</tr>
<tr>
<td>Prof. Dr. Hermann Requardt</td>
<td>- 57,673</td>
<td>15,394</td>
<td>9,879</td>
<td>8,666</td>
<td>26,561</td>
<td>- 15,394</td>
<td>49,657</td>
</tr>
<tr>
<td>Prof. Dr. Siegfried Russwurm</td>
<td>- 57,673</td>
<td>15,394</td>
<td>9,879</td>
<td>8,666</td>
<td>26,561</td>
<td>- 15,394</td>
<td>49,657</td>
</tr>
<tr>
<td>Peter Y. Solmssen</td>
<td>- 20,435</td>
<td>7,697</td>
<td>7,118</td>
<td>6,244</td>
<td>8,884</td>
<td>- 7,697</td>
<td>24,913</td>
</tr>
<tr>
<td>Dr. Michael Süß</td>
<td>- 57,673</td>
<td>7,697</td>
<td>4,940</td>
<td>4,333</td>
<td>26,561</td>
<td>- 7,697</td>
<td>40,385</td>
</tr>
</tbody>
</table>

Former members of the Managing Board

| Wolfgang Dehen                                      | 57,673                                     | 7,697                                   | 4,940                                    | 4,333                                   | 26,561                   | - 7,697                   | 40,385                      |

**Total**                                               | 514,315                                    | 157,360                                 | 108,645                                  | 95,304                                  | 219,485                  | - 157,360                 | 498,779                     |

1 The weighted average fair value as of the grant-date for fiscal 2012 was €58.75 per granted share.
2 Amounts do not include stock commitments (Bonus Awards and Stock Awards) granted in November 2012 for fiscal 2012. For details, see → PAGES 36-37. However, these amounts may include Stock Awards received as compensation by the Managing Board member before joining the Managing Board.
3 Dr. Roland Busch, Klaus Helmrich and Dr. Michael Süß were elected full members of the Managing Board effective April 1, 2011.
4 Wolfgang Dehen resigned from the Managing Board effective March 31, 2011. Because he changed positions within the Corporate group, his awards remain in effect under the applicable guidelines.
Stock options
The authorization to issue stock options expired in December 2006. On completion of a two-year vesting period, plan participants were entitled to exercise their subscription rights within a three-year period. Allowing for the vesting period, the last options were exercised in fiscal 2011. Any options still unexercised expired that same year. Consequently no options were outstanding either as of September 30, 2012, or in the prior year.

Shares from the Share Matching Plan
In fiscal 2011, the members of the Managing Board were entitled for the last time to participate in the Siemens Share Matching Plan, and under the plan were entitled to invest up to 50% of the annual gross amount of their variable cash compensation component (bonus) determined for fiscal 2010 in Siemens shares. After expiration of a vesting period of approximately three years, plan participants will receive one free matching share of Siemens stock for every three Siemens shares acquired and continuously held under the plan, provided the participants were employed without interruption at Siemens AG or a Siemens company until the end of the vesting period. The following table shows the development of the matching share entitlements of the individual members of the Managing Board in fiscal 2012.

<table>
<thead>
<tr>
<th>Managing Board members serving as of September 30, 2012</th>
<th>Balance at beginning of fiscal 2012</th>
<th>Due during fiscal year</th>
<th>Forfeited during fiscal year</th>
<th>Balance at end of fiscal 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td>Peter Löscher</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dr. Roland Busch                                    2</td>
<td>868</td>
<td>802</td>
<td>–</td>
<td>66</td>
</tr>
<tr>
<td>Brigitte Ederer</td>
<td>560</td>
<td>560</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Klaus Helmrich</td>
<td>1,131</td>
<td>1,128</td>
<td>–</td>
<td>3</td>
</tr>
<tr>
<td>Joe Kaeser</td>
<td>7,661</td>
<td>3,855</td>
<td>–</td>
<td>3,806</td>
</tr>
<tr>
<td>Barbara Kux</td>
<td>698</td>
<td>–</td>
<td>–</td>
<td>698</td>
</tr>
<tr>
<td>Prof. Dr. Hermann Requardt</td>
<td>5,641</td>
<td>3,228</td>
<td>–</td>
<td>2,413</td>
</tr>
<tr>
<td>Prof. Dr. Siegfried Russwurm</td>
<td>5,459</td>
<td>4,926</td>
<td>–</td>
<td>533</td>
</tr>
<tr>
<td>Peter Y. Solmssen</td>
<td>6,051</td>
<td>6,051</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Dr. Michael Süß</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Former members of the Managing Board</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Wolfgang Dehen</td>
<td>5,845</td>
<td>4,140</td>
<td>–</td>
<td>1,705</td>
</tr>
<tr>
<td>Total</td>
<td>33,914</td>
<td>24,690</td>
<td>–</td>
<td>9,224</td>
</tr>
</tbody>
</table>

1 Amounts may include entitlements acquired before the member joined the Managing Board.
2 The entitlements of the Managing Board members serving in fiscal 2012 had the following fair values: Peter Löscher €0 (2011: €0), Dr. Roland Busch €3,464 (2011: €21,039), Brigitte Ederer €0 (2011: €11,958), Klaus Helmrich €527 (2011: €25,059), Joe Kaeser €222,277 (2011: €305,003), Barbara Kux €31,282 (2011: €43,282), Prof. Dr. Hermann Requardt €140,823 (2011: €210,169), Prof. Dr. Siegfried Russwurm €25,487 (2011: €131,068), Peter Y. Solmssen €0 (2011: €129,588) and Dr. Michael Süß €0 (2011: €0). The above fair values also take into account that the shares acquired under the Base Share Program as part of the Share Matching Plan were provided with a Company subsidy (for additional information on the Base Share Program see Note 33 in the Notes to Consolidated Financial Statements).
3 Dr. Roland Busch, Klaus Helmrich and Dr. Michael Süß were elected full members of the Managing Board effective April 1, 2011.
4 Wolfgang Dehen resigned from the Managing Board effective March 31, 2011. Because he changed positions within the Corporate Group, his entitlements remain in effect under the applicable guidelines.
**Share Ownership Guidelines**

Different deadlines apply for the individual members of the Managing Board to provide their first-time proof of compliance with the Siemens Share Ownership Guidelines, depending on the date when the member was appointed to the Managing Board. The following table shows the number of Siemens shares held by Managing Board members as of the deadline in March 2012 for showing compliance with the Share Ownership Guidelines, and the number of Siemens shares to be held permanently with a view to future deadlines.

<table>
<thead>
<tr>
<th>Managing Board members required to show proof as of March 9, 2012</th>
<th>Obligation under Share Ownership Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Required value (^1)</td>
</tr>
<tr>
<td>Peter Löscher</td>
<td>5,961,250</td>
</tr>
<tr>
<td>Joe Kaeser</td>
<td>1,645,000</td>
</tr>
<tr>
<td>Prof. Dr. Hermann Requardt</td>
<td>1,645,000</td>
</tr>
<tr>
<td>Prof. Dr. Siegfried Russwurm</td>
<td>1,645,000</td>
</tr>
<tr>
<td>Peter Y. Solmssen</td>
<td>1,645,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>12,541,250</strong></td>
</tr>
</tbody>
</table>

1 The amount of the obligation is based on a member’s average base compensation for the four years prior to each review of his or her achievement of the targets defined by the Share Ownership Guidelines.

2 Based on the average XETRA opening price of €72.81 for the fourth quarter of 2011 (October – December).

3 As per March 9, 2012 (date of proof), including 2011 Bonus Awards.

The following table shows the proof-of-compliance obligations of the other Managing Board members in view of the Share Ownership Guidelines:

<table>
<thead>
<tr>
<th>Managing Board members required to show proof in subsequent years</th>
<th>Obligation under Share Ownership Guidelines</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Required value (^1)</td>
</tr>
<tr>
<td>Dr. Roland Busch</td>
<td>1,800,000</td>
</tr>
<tr>
<td>Brigitte Ederer</td>
<td>1,800,000</td>
</tr>
<tr>
<td>Klaus Helmrich</td>
<td>1,800,000</td>
</tr>
<tr>
<td>Barbara Kux</td>
<td>1,705,000</td>
</tr>
<tr>
<td>Dr. Michael Süß</td>
<td>1,800,000</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>8,905,000</strong></td>
</tr>
</tbody>
</table>

1 The amount of the obligation is based on a member’s average base compensation for the four years prior to each review of his or her achievement of the targets defined by the Share Ownership Guidelines. The amount shown here is based on average base compensation since the member's initial appointment.

2 Based on the average XETRA opening price of €72.81 for the fourth quarter of 2011 (October – December).
B.4.2 Remuneration of members of the Supervisory Board

The current remuneration policies for the Supervisory Board were authorized at the Annual Shareholders’ Meeting held on January 25, 2011. Details are set out in Section 17 of the Articles of Association of Siemens AG. The remuneration of the Supervisory Board consists entirely of fixed compensation. The remuneration of the members of the Supervisory Board reflects the responsibilities and scope of work of the Supervisory Board members. The Chairman and deputy chairmen of the Supervisory Board, as well as the Chairmen and members of the Audit Committee and the Chairman’s Committee, and – to a lesser degree – the Compliance Committee and the Finance and Investment Committee, receive additional compensation.

According to current rules, members of the Supervisory Board receive an annual base compensation of €140,000; the Chairman of the Supervisory Board receives a base compensation of €280,000, and each of the deputy chairmen receives €220,000.

The members of the Supervisory Board committees receive the following additional fixed compensation for their work on those committees: The Chairman of the Audit Committee receives €160,000, and each of the other members receives €80,000; the Chairman of the Chairman’s Committee receives €120,000, and each of the other members receives €80,000; the Chairman of the Finance and Investment Committee receives €80,000, and each of the other members receives €40,000; the Chairman of the Compliance Committee receives €80,000, and each of the other members receives €40,000. However, no additional compensation is paid for work on the Compliance Committee if a member of that committee is already entitled to compensation for work on the Audit Committee.

If a Supervisory Board member does not attend a meeting of the Supervisory Board, one third of the aggregate compensation due to that member is reduced by the percentage of Supervisory Board meetings not attended by the member in relation to the total number of Supervisory Board meetings held during the fiscal year.

In addition, the members of the Supervisory Board are entitled to receive a meeting attendance fee of €1,500 for each meeting of the Supervisory Board and its committees that they attend.

The members of the Supervisory Board are reimbursed for out-of-pocket expenses incurred in connection with their duties and for any value-added tax to be paid on their remuneration. For the performance of his duties, the Chairman of the Supervisory Board is furthermore entitled to an office with secretarial support and use of the Siemens carpool service.

No loans or advances from the Company are provided to members of the Supervisory Board.

The following compensation was determined for each of the members of the Supervisory Board for fiscal 2012 (individualized disclosure):
The Company provides a group insurance policy for board and committee members and certain employees of the Siemens organization that is taken out for one year and renewed annually. The insurance covers the personal liability of the insured in the case of a financial loss associated with employment functions. The insurance policy for fiscal 2012 includes a deductible for the members of the Managing Board and the Supervisory Board in compliance with the requirements of the German Stock Corporation Act and the German Corporate Governance Code.
B.5 TAKEOVER-RELEVANT INFORMATION (PURSUANT TO SECTIONS 289 PARA. 4 AND 315 PARA. 4 OF THE GERMAN COMMERCIAL CODE) AND EXPLANATORY REPORT

The Takeover-Relevant Information pursuant to Sections 289 para. 4 and 315 para. 4 of the German Commercial Code (Handelsgesetzbuch) and Explanatory Report are part of the Combined Management Report.

B.5.1 Composition of common stock

As of September 30, 2012, the Company’s common stock totaled €2.643 billion (2011: €2.743 billion) divided into 881 million (2011: 914,203,421) registered shares with no par value and a notional value of €3.00 per share. The shares are fully paid in. In accordance with Section 4 para. 3 of the Company’s Articles of Association, the right of shareholders to have their ownership interests evidenced by document is excluded, unless such evidence is required under the regulations of a stock exchange on which the shares are listed. Collective share certificates may be issued. Pursuant to Section 67 para. 2 of the German Stock Corporation Act (Aktiengesetz), only those persons recorded in the Company’s stock register will be recognized as shareholders of the Company. For purposes of recording the shares in the Company’s stock register, shareholders are required to submit to the Company the number of shares held by them and their e-mail address if they have one and, in the case of individuals, their name, address and date of birth, or in the case of legal entities, their company name, business address and registered offices.

All shares confer the same rights and obligations. At the Annual Shareholders’ Meeting, each share of stock has one vote and accounts for the shareholders’ proportionate share in the Company’s net income. Excepted from this rule are treasury shares held by the Company, which do not entitle the Company to any rights. The shareholders’ rights and obligations are governed by the provisions of the German Stock Corporation Act, in particular by Sections 12, 53a et seq., 118 et seq. and 186 of this German Stock Corporation Act.

B.5.2 Restrictions on voting rights or transfer of shares

Shares issued to employees worldwide under the stock scheme implemented since the beginning of fiscal 2009, in particular the Share Matching Plan, are freely transferable. However, participants are required to own and hold the shares issued to them under the rules of the Plan for a vesting period of about three years, during which the participants have to have been continuously employed by Siemens AG or another Siemens company, in order to receive one matching share free of charge for each three shares provided. The right to receive matching shares forfeits, if the underlying shares are sold, transferred, hedged on, pledged or hypothecated in any way during the vesting period.

The von Siemens-Vermögensverwaltung GmbH (vSV) has, on a sustained basis, powers of attorney allowing it to vote, as of October 12, 2012, 11,454,464 shares on behalf of members of the Siemens family, whereby aforementioned shares constitute a part of the overall number of shares held by members of the Siemens family. The vSV is a German limited liability company and party to an agreement with, among others, members of the Siemens family (family agreement). In order to bundle and represent their interests, the members of the Siemens family established a family partnership. This family partnership makes proposals to the vSV with respect to the exercise of the voting rights at Shareholders’ Meetings of the Company, which are taken into account by the vSV when acting within the bounds of its professional discretion. Pursuant to the family agreement, the shares under powers of attorney are voted by the vSV collectively.

B.5.3 Equity interests exceeding 10% of voting rights

We are not aware of, nor have we been notified of, any shareholder directly or indirectly holding 10% or more of the voting rights.

B.5.4 Shares with special rights conferring powers of control

There are no shares with special rights conferring powers of control.

B.5.5 System of control of any employee share scheme where the control rights are not exercised directly by the employees

Shares of stock issued by Siemens AG to employees under its employee stock scheme are transferred directly to the employees. The beneficiary employees who hold shares of employee stock may exercise their control rights in the same way as any other shareholder directly in accordance with applicable laws and the Articles of Association.
B.5.6 Legislation and provisions of the articles of association applicable to the appointment and removal of members of the Managing Board and governing amendment to the Articles of Association

The appointment and removal of members of the Managing Board is subject to the provisions of Sections 84 and 85 of the German Stock Corporation Act and Section 31 of the German Codetermination Act (Mitbestimmungsgesetz). According to these provisions, members of the Managing Board are appointed by the Supervisory Board for a maximum term of five years. They may be reappointed or have their term of office extended for one or more terms of up to a maximum of five years each. Pursuant to Section 31 para. 2 of the German Codetermination Act, a majority of at least two thirds of the members of the Supervisory Board is required to appoint members of the Managing Board. If such majority is not achieved, the Mediation Committee shall give, within one month after the first round of voting, a recommendation for the appointments to the Managing Board. The Supervisory Board will then appoint the members of the Managing Board with the votes of the majority of its members. If such appointment fails as well, the Chairman of the Supervisory Board shall have two votes in a new round of voting.

According to Section 8 para. 1 of the Articles of Association, the Managing Board is comprised of several members, the number of which is determined by the Supervisory Board. Pursuant to Section 84 of the German Stock Corporation Act and Section 9 of the Articles of Association, the Supervisory Board may appoint a President of the Managing Board as well as a Vice President. If a required member of the Managing Board has not been appointed, the necessary appointment shall be made, in urgent cases, by a competent court upon motion by any party concerned, in accordance with Section 85 of the German Stock Corporation Act. Pursuant to Section 84 para. 3 of the German Stock Corporation Act, the Supervisory Board may revoke the appointment of an individual as member of the Managing Board or as President of the Managing Board for good cause.

According to Section 179 of the German Stock Corporation Act, any amendment to the Articles of Association requires a resolution of the Annual Shareholders’ Meeting. The authority to adopt purely formal amendments to the Articles of Association was transferred to the Supervisory Board under Section 13 para. 2 of the Articles of Association. In addition, by resolution of the Annual Shareholders’ Meetings on January 27, 2009 and January 25, 2011, the Supervisory Board has been authorized to amend Section 4 of the Articles of Association in accordance with the utilization of the Authorized Capital 2009 and the Authorized Capital 2011, and after expiration of the then-applicable authorization period.

Resolutions of the Annual Shareholders’ Meeting require a simple majority vote, unless a greater majority is required by law. Pursuant to Section 179 para. 2 of the German Stock Corporation Act, amendments to the Articles of Association require a majority of at least three-fourth of the capital stock represented at the voting round, unless another capital majority is prescribed by the Articles of Association.

B.5.7 Powers of the Managing Board to issue and repurchase shares

The Managing Board is authorized to increase, with the approval of the Supervisory Board, the capital stock until January 26, 2014 by up to €520.8 million through the issuance of up to 173.6 million registered shares of no par value against cash contributions and/or contributions in kind (Authorized Capital 2009). The Managing Board is authorized to exclude, with the approval of the Supervisory Board, preemptive rights of shareholders in the event of capital increases against contributions in kind. In addition, preemptive rights of shareholders may be excluded in the event of capital increases against cash contributions, (1) to make use of any fractional amounts, (2) in order to grant holders of conversion or option rights issued by the Company or any of its subsidiaries, as protection against the effects of dilution, preemptive rights to subscribe for new shares, and (3) if the issue price of the new shares is not significantly lower than their stock market price and the total of the shares issued in accordance with Section 186 para. 3 sentence 4 of the German Stock Corporation Act (against cash contributions not significantly below the stock market price, with shareholders’ subscription rights excluded) together with other shares issued or disposed of by direct or mutatis mutandis application of this statutory regulation during the effective period of this authorization until the date of using this authorization does not exceed 10% of the capital stock at that point in time.

Furthermore, the Managing Board is authorized to increase, with the approval of the Supervisory Board, the capital stock until January 24, 2016 by up to €90 million through the issuance of up to 30 million registered shares of no par value against contributions in cash (Authorized Capital 2011). Preemptive rights of existing shareholders are excluded. The new shares shall be issued under the condition that they are offered exclusively to employees of Siemens AG and its subsidiaries. The new shares may also be issued to a suitable bank that assumes the obligation to use these shares for the sole purpose
of granting them to employees of Siemens AG and any of its consolidated subsidiaries. To the extent permitted by law, employee shares may also be issued in such a manner that the contribution to be paid on such shares is covered by that part of the annual net income which the Managing Board and the Supervisory Board may allocate to other retained earnings under Section 58 para. 2 of the German Stock Corporation Act.

As of September 30, 2012, the total unissued authorized capital of Siemens AG therefore consisted of €610.8 million nominal that may be issued in installments with varying terms by issuance of up to 203.6 million registered shares of no par value. For details, please refer to Section 4 of the Articles of Association.

By resolution of the Annual Shareholders’ Meeting of January 26, 2010, the Managing Board was authorized until January 25, 2015 to issue bonds in an aggregate principal amount of up to €15 billion with conversion rights or with warrants attached, or a combination of these instruments, entitling the holders to subscribe to up to 200 million new registered shares of Siemens AG of no par value, representing a pro rata amount of up to €600 million of the capital stock. The bonds under this authorization are to be issued against cash or non-cash contributions.

Besides, by resolution of the Annual Shareholders’ Meeting of January 25, 2011, the Managing Board was authorized until January 24, 2016 to issue bearer or registered bonds in an aggregate principal amount of up to €15 billion with conversion rights or with bearer or registered warrants attached or a combination of these instruments, entitling the holders to subscribe to up to 90 million new registered shares of Siemens AG of no par value, representing a pro rata amount of up to €270 million of the capital stock. The bonds under this authorization are to be issued against cash contributions.

For further details of the authorizations please refer to the respective resolutions of the Annual Shareholders’ Meetings. In particular, the bonds are, as a matter of principle, to be offered to shareholders for subscription, including the possibility of issuing them to banks with the obligation that they must be offered to shareholders for subscription. However, the Managing Board is authorized to exclude shareholders’ subscription rights with the approval of the Supervisory Board (1) provided that the issue price of the bonds is not significantly lower than their theoretical market price computed in accordance with generally accepted actuarial methods, (2) to the extent the exclusion is necessary with regard to fractional amounts resulting from the subscription ratio, (3) in order to grant holders of conversion or option rights or conversion or option obligations on Siemens shares subscription rights as compensation against the effects of dilution, and (4) to the extent that bonds were issued against non-cash contributions, in particular within the context of business combinations or when acquiring companies or interests therein.

In order to grant shares of stock to holders of convertible bonds or warrant bonds issued until January 25, 2015 by the Company or any of its consolidated subsidiaries in accordance with the authorization of the Managing Board adopted by the Annual Shareholders’ Meeting on January 26, 2010, the capital stock was conditionally increased by €600 million through the issuance of up to 200 million no-par value shares registered in the names of the holders (Conditional Capital 2010). In order to grant shares of stock to holders or creditors of convertible bonds or warrant bonds issued until January 24, 2016 by the Company or any of its consolidated subsidiaries in accordance with the authorization of the Managing Board adopted by the Annual Shareholders’ Meeting on January 25, 2011, the capital stock was conditionally increased by €270 million through the issuance of up to 90 million no-par value shares registered in the names of the holders (Conditional Capital 2011).

The total of the shares to be issued on the basis of bond issues under these authorizations pursuant to Section 186 para. 3 sentence 4 of the German Stock Corporation Act, in combination with other shares issued or sold by direct or mutatis mutandis application of this statutory regulation during the effective period of these authorizations, does not exceed 10% of the capital stock at the date of using these authorization. This limit also includes shares of stock issued up to this point in time against non-cash contributions, under exclusion of shareholders’ subscription rights, on the basis of the Authorized Capital 2009. In addition, the issue of convertible bonds and/or warrant bonds pursuant to both authorizations shall be limited to convertible bonds and/or warrant bonds that entitle or oblige to subscribe to a maximum number of 200 million Siemens shares representing a pro rata amount of €600 million of the capital stock while both authorizations are simultaneously effective.

In February 2012 Siemens issued bonds with warrant units with a volume of US$3 billion. The bonds with warrant units with a minimum per-unit denomination of US$250,000 were offered exclusively to institutional investors outside the U.S. Pre-emptive rights of Siemens shareholders were excluded. The bonds issued by Siemens Financieringsmaatschappij N.V. are guaranteed by Siemens AG and complemented with warrants issued by Siemens AG. The warrants entitle their holders to receive Siemens shares against payment of the exercise price in Euros. At issuance, the warrants resulted in option rights relating to a total of about 21.7 million Siemens shares. The terms and conditions of the warrants enable Siemens to service exercised option rights also by delivering treasury stock as well as to buy back the warrants. The bonds with warrant units were issued in two tranches with maturities of
5.5 and 7.5 years, respectively. The maturities refer to both the bonds and the related warrants. After issuance, the warrants can be detached from the bonds, the option period commenced on March 28, 2012. The bonds with warrant units, the bonds detached from warrants and the warrants detached are listed by Deutsche Bank AG in the Open Market segment of the Frankfurt Stock Exchange (Freiverkehr).

On January 25, 2011, the Annual Shareholders’ Meeting authorized the Company to acquire until January 24, 2016 up to 10% of its 914,203,421 shares of stock existing at the date of adopting the resolution or – if this value is lower – as of the date on which the authorization is exercised. The aggregate of shares of stock of Siemens AG repurchased under this authorization and any other Siemens shares previously acquired and still held in treasury by the Company or attributable to the Company pursuant to Sections 71d and 71e of the German Stock Corporation Act, may at no time exceed 10% of the then existing capital stock. Any repurchase of Siemens shares shall be accomplished at the discretion of the Managing Board either (1) by acquisition over the stock exchange or (2) through a public share repurchase offer.

The Managing Board is additionally authorized, with the approval of the Supervisory Board, to complete the repurchase of Siemens shares in accordance with the authorization described above, with the use of certain equity derivatives (put options, call options, forward purchases and by using a combination of these derivatives). In exercising this authorization, all stock repurchases based on the equity derivatives are limited to a maximum volume of 5% of the capital stock of 914,203,421 shares existing at the date of adopting the resolution at the Annual Shareholders’ Meeting. An equity derivative’s term of maturity must, in each case, not exceed 18 months and must be chosen in such a way that the repurchase of Siemens shares upon exercise of the equity derivative will take place no later than January 24, 2016.

Besides selling them over the stock exchange or through a public sales offer to all shareholders, the Managing Board was authorized by resolution of the Annual Shareholders’ Meeting on January 25, 2011 to also use Siemens shares repurchased on the basis of this or any previously given authorization as follows: such Siemens shares may be (1) retired; (2) offered for purchase to individuals currently or formerly employed by the Company or any of its consolidated subsidiaries as well as to board members of any of the Company’s consolidated subsidiaries, or awarded and/or transferred to such individuals with a vesting period of at least two years, provided that the employment relationship or board membership existed at the time of the offer or award commitment; (3) offered and transferred, with the approval of the Supervisory Board, to third parties against non-cash contributions, particularly in connection with business combinations or the acquisition of companies, businesses, parts of businesses or interests therein; (4) sold, with the approval of the Supervisory Board, to third parties against payment in cash if the price at which such Siemens shares are sold is not significantly lower than the market price of Siemens stock at the time of selling, or (5) used to meet obligations or rights to acquire Siemens shares arising from, or in connection with, convertible bonds or warrant bonds issued by the Company or any of its consolidated subsidiaries. The aggregate volume of shares used under the authorization pursuant to (4) and (5) by mutatis mutandis application of the provisions of Section 186 para. 3 sentence 4 of the German Stock Corporation Act together with other shares issued or sold by direct or mutatis mutandis application of this statutory regulation during the effective period of this authorization until the date of using this authorization must not exceed 10% of the capital stock at that point in time.

Furthermore, the Supervisory Board was authorized by resolution of the Annual Shareholders’ Meeting on January 25, 2011 to use shares acquired on the basis of this or any previously given authorization to meet obligations or rights to acquire Siemens shares that were or will be agreed with members of the Managing Board of Siemens AG within the framework of rules governing Managing Board compensation. In particular, repurchased shares may be offered for acquisition, or awarded and/or transferred subject to a restriction period, by the Supervisory Board to the members of the Managing Board, provided that Managing Board membership existed at the time of the offer or award commitment.

In August 2012, Siemens announced a share buy back amounting to up to €3 billion, using the authorization given by the Annual Shareholders’ Meeting on January 25, 2011. The shares repurchased may be used for the purposes of cancellation and reduction of capital stock, issuance to employees, board members of affiliated companies and members of the Managing Board as well as to meet obligations arising under and in connection with convertible bonds and warrant bonds. The share buy back was completed on November 7, 2012, after repurchasing 37,949,286 shares, the total consideration paid for the shares amounting to about €2.9 billion (excluding incidental transaction charges). Additionally, the Managing Board decided to cancel 33,203,421 treasury shares, which reduced the common stock from 914,203,421 to 881 million shares. As of September 30, 2012, the Company held 24,725,674 (2011: 39,952,074) shares of stock in treasury.

For further information on the authorized and conditional capitals and on the treasury stock of the Company as of September 30, 2012 see → NOTE 26 IN D.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.
B.5.8 Significant agreements which take effect, alter or terminate upon a change of control of the Company following a takeover bid

Siemens AG maintains two lines of credit in an amount of €4 billion and an amount of US$4 billion respectively which provide its lenders with a right of termination in the event that (1) Siemens AG becomes a subsidiary of another company or (2) a person or a group of persons acting in concert acquires effective control over Siemens AG by being able to exercise decisive influence over its activities (Art. 3(2) of Council Regulation (EC) 139/2004). In addition, Siemens AG has a bilateral credit line at its disposal in the amount of €450 million which may be terminated by the lender if major changes in Siemens AG’s corporate legal situation occur that jeopardize the orderly repayment of the credit.

Framework agreements concluded by Siemens AG under International Swaps and Derivatives Association Inc. documentation (ISDA Agreements) grant the counterparty a right of termination upon the occurrence of the following events: (i) the Company consolidates with, merges into, or transfers at least substantially all its assets to a third party and (1) the resulting entity’s creditworthiness is materially weaker than the Company’s immediately prior to such event, or (2) the resulting entity fails to simultaneously assume the Company’s obligations under the ISDA Agreement; or (ii) additionally some ISDA Agreements grant the counterparty a right of termination upon a third party acquiring the beneficial ownership of equity securities having the power to elect a majority of the Company’s Supervisory Board or otherwise acquiring the power to control the Company’s material policy-making decisions and the creditworthiness of the Company is materially weaker than it was immediately prior to such event. In either situation, ISDA Agreements are designed such that upon termination all outstanding payment claims documented under them are to be netted.

In February 2012 Siemens issued bonds with warrant units with a volume of US$3 billion. In case of a “Change of Control”, the terms and conditions of these warrants enable their holders to receive a higher number of Siemens shares in accordance with an adjusted strike price if they exercise their option rights within a certain period of time after the Change of Control. This period of time shall end either (1) not less than 30 days and no more than 60 days after publication of the notice of the issuer regarding the Change of Control, as determined by the issuer or (2) 30 days after the Change of Control becomes first publicly known. The strike price adjustment decreases depending on the remaining term of the warrants and is determined in detail in the terms and conditions of the warrants. In this context, a Change of Control occurs if a person or persons acting in concert, respectively, acquires or acquire control of the Company.

B.5.9 Compensation agreements with members of the Managing Board or employees in the event of a takeover bid

In the event of a change of control – that is if one or several shareholders acting jointly or in concert acquire a majority of the voting rights in Siemens AG and exercise a controlling influence, or if Siemens AG becomes a dependent enterprise as a result of entering into an intercompany agreement within the meaning of Section 291 of the German Stock Corporation Act, or if Siemens AG is to be merged into another company – any member of the Managing Board has the right to terminate the contract of employment if such change of control results in a substantial change in position (for example due to a change in corporate strategy or a change in the Managing Board member’s duties and responsibilities). If this right of termination is exercised, the Managing Board member is entitled to a severance payment in the amount of not more than two years’ compensation. The calculation of the annual compensation includes not only the base compensation and the target amount for the bonus, but also the target amount for the Stock Awards. This calculation will be based on the last contractual year before the termination of the contract. Additionally, the severance payments cover non-monetary benefits by paying an amount of 5% of the compensation or severance total. Furthermore, compensatory or severance payments will be reduced 15% as a lump-sum allowance for discounted values and for income earned elsewhere. However, this reduction will apply only to the portion of the compensatory or severance payment that was calculated without taking account of the first six months of the remaining term of the Managing Board member’s contract. The stock-based compensation components for which a firm commitment already exists remain unaffected. No severance payments are made to the extent the Managing Board member receives benefits from third parties on the occasion of, or in connection with, a change of control. A right of termination does not exist if the change of control occurs within a period of twelve months prior to a Managing Board member’s retirement.