

A.10 Compensation Report

This report is based on the recommendations of the German Corporate Governance Code (Code) and the requirements of the German Commercial Code (Handelsgesetzbuch), the German Accounting Standards (Deutsche Rechnungslegungs Standards) and the International Financial Reporting Standards (IFRS).

A.10.1 Remuneration of Managing Board members

A.10.1.1 REMUNERATION SYSTEM

The remuneration system for the Siemens Managing Board is intended to provide an incentive for successful corporate management with an emphasis on sustainability. Managing Board members 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. For this reason, a substantial portion of their total remuneration is linked to the long-term performance of Siemens stock. Their remuneration is to be commensurate with the Company's size and economic position. Exceptional achievements are to be rewarded adequately, while falling short of targets is to result in an appreciable reduction in remuneration. Their compensation is also structured so as to be attractive in comparison to that of competitors, with a view to attracting outstanding managers to the Company and retaining them for the long term.

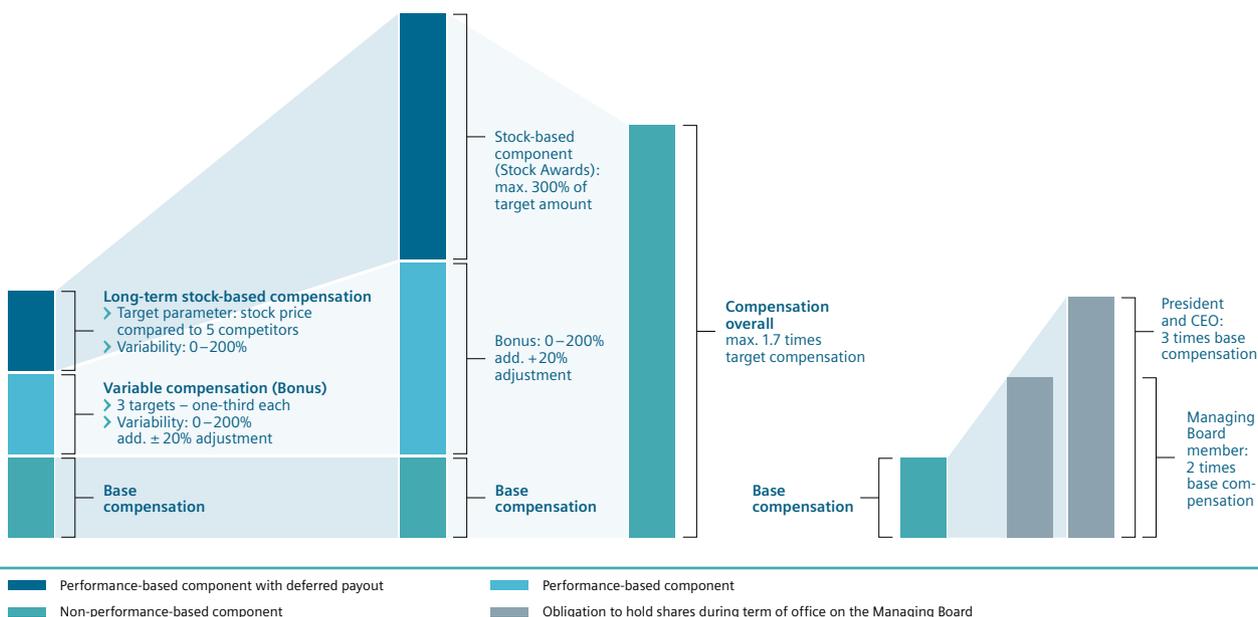
The system and levels for the Managing Board's remuneration are determined and regularly reviewed by the full Supervisory Board, based on proposals by the Compensation Committee. The Supervisory Board reviews remuneration levels annually to ensure that they are appropriate. In this process, the Company's economic situation, performance and outlook as well as the tasks and performance of the individual Managing Board members are taken into account. In addition, the Supervisory Board considers the common level of remuneration in comparison with peer companies and with the compensation structure in place in other areas of the Company. It also takes due account of the relationship between the Managing Board's remuneration and that of senior management and staff, both overall and with regard to its development over time. For this purpose, the Supervisory Board has also determined how senior management and the relevant staff are to be differentiated. The remuneration system that has been in place for Managing Board members since fiscal 2015 was approved at the Annual Shareholders' Meeting on January 27, 2015. The individual components of compensation – base compensation, variable compensation (Bonus) and long-term stock-based compensation – are weighted equally, and each comprises about one-third of target compensation. This equal weighting is also applied to the three target parameters of variable compensation.

Remuneration system for Managing Board members

Target compensation

Maximum amounts of compensation

Share Ownership Guidelines



In fiscal 2016, the Managing Board's remuneration system had the following components:

Non-performance-based components

Base compensation

Base compensation is paid as a monthly salary. Since October 1, 2015, the base compensation of President and CEO Joe Kaeser has amounted to €2,034,000 per year. The base compensation of the CFO and of those members of the Managing Board who are responsible for Divisions (including Healthineers) has been €1,042,800 per year. For the other member of the Managing Board, it has been €988,800 per year.

Fringe benefits

Fringe benefits include the costs, or the cash equivalent, of non-monetary benefits and other perquisites, such as the provision of a company car, contributions toward the cost of insurance, the reimbursement of expenses for legal advice and tax advice, accommodation and moving expenses, including a gross-up for any taxes due in this regard, currency adjustment payments and costs relating to preventive medical examinations.

Performance-based components

Variable compensation (Bonus)

Variable compensation (Bonus) is based on the Company's business performance in the past fiscal year. The Bonus depends on an equal one-third weighting of target achievement of the target parameters return on capital employed, earnings per share and individual targets. To achieve a consistent target system Company-wide, corresponding targets – in addition to other factors – also apply to senior managers.

For 100% target achievement (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, variable compensation may not be paid at all (0%).

At its duty-bound discretion, the Supervisory Board may revise the amount resulting from target achievement upward or downward by as much as 20%; the adjusted amount of the Bonus paid can thus 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 ($\pm 20\%$), the Supervisory Board takes account of incentives for sustainable corporate management. Decisions to make discretionary adjustments may take factors such as the results of an employee survey or a customer satisfaction survey into account as well as the Company's economic situation. The revision option may also be exercised in recognition of Managing Board members' individual achievements. The Bonus is paid entirely in cash.

Long-term stock-based compensation

Long-term stock-based compensation consists of a grant of forfeitable stock commitments (Stock Awards) at the beginning of the fiscal year. Beneficiaries receive one free share of Siemens stock per Stock Award after an approximately four-year restriction period and subject to target achievement. If the employment agreement begins during the fiscal year, an equivalent number of Siemens Phantom Stock Awards will be granted instead of Stock Awards. In lieu of a transfer of shares, only a cash equivalent is given at the end of the restriction period for Siemens Phantom Stock Awards. Beyond that, the same provisions agreed upon for Siemens Stock Awards apply. In the event of extraordinary unforeseen developments that impact the share 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 impact the share price.

In the event of 100% target achievement, the annual target amount for the monetary value of the Stock Awards commitment is €2,120,000 for the President and CEO (effective October 1, 2015). For the CFO and for those members of the Managing Board who are responsible for Divisions (including Healthineers) it is €1,080,000. For the other member of the Managing Board, it is €1,040,000. Since fiscal 2015, the Supervisory Board has had the option of increasing the target amount for each member of the Managing Board, on an individual basis, by as much as 75% for one fiscal year at a time. This option enables the Supervisory Board to take account of each Managing Board member's individual accomplishments and experience as well as the scope and demands of his or her position.

Long-term stock-based compensation is linked to the performance of Siemens stock compared to its competitors. The Supervisory Board will decide on a target system (target value for 100% and target line) for the performance of Siemens stock relative to the stock of – at present – five competitors (ABB, General Electric, Rockwell, Schneider Electric and Toshiba). If significant changes occur among these competitors during the period under consideration, the Supervisory Board may take these changes into account, as appropriate, in determining the values for comparison and/or calculating the relevant stock prices of those competitors.

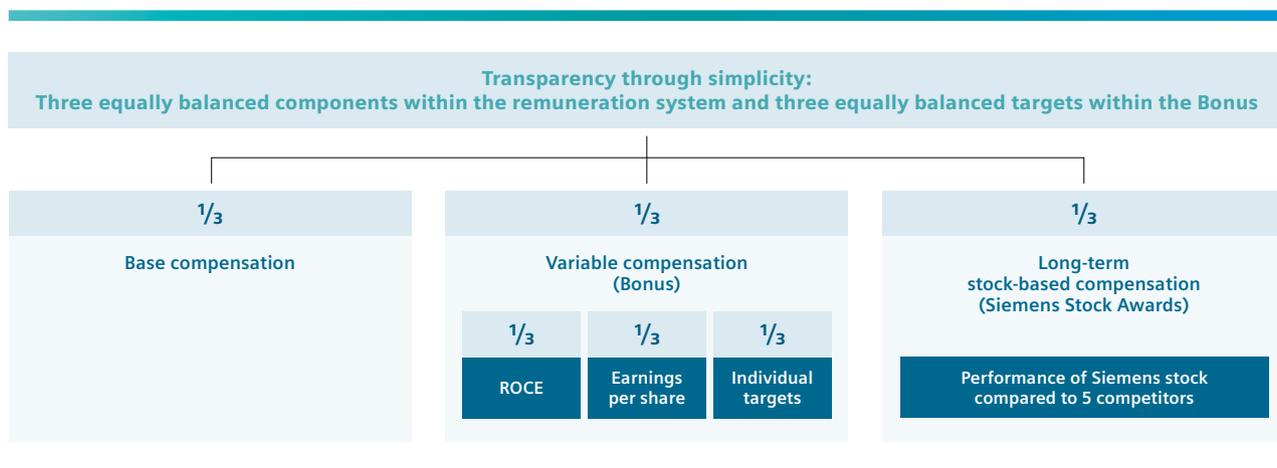
Changes in the share price are measured on the basis of a twelve-month reference period (compensation year) over three years (performance period), while Stock Awards are restricted for a period of four years. When this restriction period expires, the Supervisory Board determines how much better or worse Siemens stock has performed relative to the stock of its competitors. This determination yields a target achievement of between

0% and 200% (cap). If target attainment is above 100%, an additional cash payment corresponding to the outperformance will be made. If target attainment is less than 100%, a number of stock commitments equivalent to the shortfall from the target will expire without replacement.

The value of the Siemens stock to be transferred for Stock Awards after the end of the restriction period is subject to a ceiling of

300% of the respective target amount. If this maximum amount of compensation is exceeded, the corresponding entitlement to stock commitments will be forfeited without replacement.

With regard to the further terms of the Stock Awards, the same principles apply in general to the Managing Board and to senior managers. These principles are discussed in more detail in → NOTE 25 in → B.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.



Maximum amount for compensation overall

In addition to the maximum amounts of compensation for variable compensation and long-term stock-based compensation, a maximum amount for compensation overall has been defined. Since fiscal 2014, this amount cannot be more than 1.7 times higher than target compensation. Target compensation comprises base compensation, the target amount for variable compensation and the target amount for long-term stock-based compensation, excluding fringe benefits and pension benefit commitments. When fringe benefits and pension benefit commitments for a given fiscal year are included, the maximum amount of compensation overall for that year will increase accordingly.

Share Ownership Guidelines

The Siemens Share Ownership Guidelines are an integral part of the remuneration system for the Managing Board and senior executives. These guidelines require that – after a specified buildup phase – Managing Board members 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 – throughout their terms of office on the Managing Board. The determining figure in this context is the average base compensation that a member of the Managing Board has received over the four years before the applicable dates of proof of compliance.

Changes that have been made to base compensation in the meantime are included. Non-forfeitable stock commitments (Bonus Awards) which were granted until fiscal 2014 are taken into account in determining compliance with the Share Ownership Guidelines.

Compliance with these guidelines must be proven for the first time after a four-year buildup phase. Thereafter, it must be proven annually. If the value of a Managing Board member’s accrued holdings declines below the required minimum due to fluctuations in the market price of Siemens stock, he or she must acquire additional shares.

Pension benefit commitments

Like employees of Siemens AG, the members of the Managing Board are included in the Siemens Defined Contribution Benefit Plan (BSAV). Under the BSAV, Managing Board members receive contributions that are credited to their personal pension accounts. The amount of these annual contributions is based on a pre-determined percentage related to their base compensation and the target amount for their Bonuses. This percentage is decided upon annually by the Supervisory Board. Most recently it was set at 28%. In making its decisions, the Supervisory Board takes account of the intended level of provision for each individual and

the length of time he or she has been a Managing Board member as well as the annual and long-term expense to the Company resulting from that provision. The non-forfeiture of pension benefit commitments is determined in compliance with the provisions of the German Company Pensions Act (Betriebsrentengesetz). Special contributions may be granted to Managing Board members on the basis of individual decisions by the Supervisory Board. If a member of the Managing Board earned a pension benefit entitlement from the Company before the BSAV was introduced, a portion of his or her contributions went toward financing that prior commitment.

Managing Board members are eligible to receive benefits under the BSAV at the age of 60 or – in the case of benefit commitments made on or after January 1, 2012 – the age of 62. As a rule, the accrued pension benefit balance is paid out to Managing Board members in twelve annual installments. A Managing Board member or his or her surviving dependents may also request that his or her pension benefit balance be paid out in fewer installments or as a lump sum, subject to the Company's consent. The accrued pension benefit balance may also be paid out as a pension. As a further alternative, Managing Board members may choose to combine pension payments with payments in one to twelve installments. If the pension option is chosen, a decision must be made as to whether the payout should include pensions for surviving dependents. If a member of the Managing Board dies while receiving a pension, benefits will be paid to his or her surviving dependents if the member has chosen such benefits. The Company will then provide a limited-term pension to surviving children until they reach the age of 27 or, in the case of benefit commitments made on or after January 1, 2007, until they reach the age of 25.

Benefits from the retirement benefit system that was in place before the BSAV was established are normally granted as pension benefits with a surviving dependent's pension. In this case also, payout in installments or a lump-sum payment may be chosen instead of pension payments.

Like other eligible employees of Siemens AG, Managing Board members who were employed by the Company on or before September 30, 1983, are entitled to receive 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 if they retire immediately after the termination of their Managing Board membership. The provisions of the German Company Pensions Act (Betriebsrentengesetz) do not apply to this benefit.

Commitments in connection with the termination of Managing Board membership

Managing Board employment contracts provide for a compensatory payment if membership on the Managing Board is termi-

nated prematurely by mutual agreement and without serious cause. The amount of this payment must not exceed the value of two years' compensation and compensate no more than the remaining term of the contract (cap). The amount of the compensatory payment is calculated on the basis of base compensation, together with the variable compensation and the long-term stock-based compensation actually received during 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 special contribution is made to the BSAV. The amount of this contribution is based on the BSAV contribution that the Managing Board member received in the previous year and on the remaining term of his or her 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 a Managing Board member's position – for example, due to a change in corporate strategy or a change in the Managing Board member's duties and responsibilities – the Managing Board member has the right to terminate his or her contract with the Company. 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 (Aktiengesetz) 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 will include not only the base compensation and the target amount for the Bonus, but also the target amount for Stock Awards, in each case based on the most recent fiscal year completed prior to the termination of the member's 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.

Compensatory or severance payments also 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 10% 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 into account the first six months of the remaining term of the Managing Board member's employment contract.

Stock commitments that were made as long-term stock-based compensation and for which the restriction period is still in effect will be forfeited without replacement if the employment agreement is not extended after the end of an appointment period, either at the Managing 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 are not forfeited if the employment agreement is terminated by mutual agreement at the Company's request, or because of retirement, disability or death or in connection with a spinoff, the transfer of an operation, or a change of activity within the corporate group. In these cases, the Stock Awards will remain in effect upon termination of the employment agreement and will be honored on expiration of the restriction period.

A.10.1.2 REMUNERATION OF MANAGING BOARD MEMBERS FOR FISCAL 2016

At the beginning of the fiscal year, the Supervisory Board set the target parameters return on capital employed (ROCE) and earn-

ings per share (EPS) for all members of the Managing Board, in each case on the basis of continuing and discontinued operations. The target values for the EPS component were defined on a multi-year basis. In defining the target for variable compensation, the Supervisory Board also defined individual targets so as to take fuller account of the individual performance of each Managing Board member. As a rule, up to five individual targets were defined for this purpose. These targets take account of business-related targets such as market coverage and business performance as well as targets such as customer and employee satisfaction, innovation and sustainability. An internal review of the appropriateness of Managing Board compensation for fiscal 2016 has confirmed that the remuneration of the Managing Board resulting from target achievement for fiscal 2016 is to be considered appropriate. In light of this review and following a review of the achievement of the targets defined at the beginning of the fiscal year, the Supervisory Board has decided to define the amounts of variable compensation, stock commitments and pension benefit contributions as follows:

Variable compensation (Bonus)

The following targets were set and attained with respect to the two target parameters ROCE and EPS for variable compensation:

Target parameter	100% of target	Actual FY 2016 figure	Target achievement
Return on capital employed, ROCE ¹	12.76%	14.31%	151.67%
Earnings per share, basic EPS ¹ (ø2014–2016)	€6.76	€7.32	137.33%

¹ Continuing and discontinued operations.

The achievement of individual targets was also taken into account when determining overall target achievement. In its overall assessment, the Supervisory Board decided not to make any discretionary adjustments to the Bonus payout amounts. In fiscal 2016, Bonus-related target achievement by Managing Board members was between 126.34% and 136.33%.

Long-term stock-based compensation

Since beneficiaries are not entitled to receive dividends, the number of stock commitments granted was based on the closing price of Siemens stock in Xetra trading on the date of award less the present value of dividends expected during the restriction period. The share price used to determine the number of stock commitments was €75.60 (2015: €72.30).

Total compensation

On the basis of the Supervisory Board's decisions described above, Managing Board compensation for fiscal 2016 totaled €28.90 million, an increase of 5.4% (2015: €27.42 million). Of this total amount, €20.19 million (2015: €19.56 million) was attributable to cash compensation and €8.71 million (2015: €7.86 million) to stock-based compensation.

The compensation presented on the following pages was granted to the members of the Managing Board for fiscal 2016 (individual disclosure). Due to rounding, the figures presented in the table may not add up precisely to the totals provided.

Managing Board members serving as of September 30, 2016

(Amounts in thousands of €)

Non-performance-based components	Fixed compensation (base compensation)	
	Fringe benefits ¹	
	Total	
Performance-based components	without long-term incentive effect, non-stock-based	One-year variable compensation (Bonus) – Target amount
	with long-term incentive effect, stock-based	Multi-year variable compensation^{2,3} Siemens Stock Awards ⁴ (restriction period: 4 years)
Total⁵		
Service Cost		
Total (Code)⁶		
Total compensation of all Managing Board members for fiscal 2016, in accordance with the applicable reporting standards, amounted to €28.90 million (2015: €27.42 million). The payout amount presented below is to be used instead of the target value according to the Code for one-year variable compensation. Service costs for pension benefits are not included.		
Performance-based components	without long-term incentive effect, non-stock-based	One-year variable compensation (Bonus) – Payout amount
Total compensation		

Managing Board members serving as of September 30, 2016

(Amounts in thousands of €)

Non-performance-based components	Fixed compensation (base compensation)	
	Fringe benefits ¹	
	Total	
Performance-based components	without long-term incentive effect, non-stock-based	One-year variable compensation (Bonus) – Target amount
	with long-term incentive effect, stock-based	Multi-year variable compensation^{2,3} Siemens Stock Awards ⁴ (restriction period: 4 years)
Total⁵		
Service Cost		
Total (Code)⁶		
Total compensation of all Managing Board members for fiscal 2016, in accordance with the applicable reporting standards, amounted to €28.90 million (2015: €27.42 million). The payout amount presented below is to be used instead of the target value according to the Code for one-year variable compensation. Service costs for pension benefits are not included.		
Performance-based components	without long-term incentive effect, non-stock-based	One-year variable compensation (Bonus) – Payout amount
Total compensation		

¹ Fringe benefits include the costs, or the cash equivalent, of non-monetary benefits and other perquisites, such as the provision of company cars in the amount of €159,687 (2015: €158,131), contributions toward the cost of insurance in the amount of €139,795 (2015: €134,170), the reimbursement of expenses for legal advice and tax advice, accommodation and moving expenses, including any taxes due in his regard, currency adjustment payments and costs relating to preventive medical examinations in the amount of €765,327 (2015: €330,620).

² The figures for individual maximums for multi-year variable compensation reflect the possible maximum value in accordance with the maximum amount agreed upon for fiscal 2016 – that is, 300% of the applicable target amount.

³ The expenses recognized for stock-based compensation for members of the Managing Board in accordance with the IFRS in fiscal 2016 and fiscal 2015 amounted to €8,294,921 and €8,109,155, respectively. The following amounts pertained to the members of the Managing Board in fiscal 2016: Joe Kaeser €2,378,584 (2015: €2,003,783), Dr. Roland Busch €1,283,779 (2015: €1,129,224), Lisa Davis €698,432 (2015: €284,928), Klaus Helmrich €1,284,349 (2015: €1,076,237), Janina Kugel €704,026 (2015: €140,185), Prof. Dr. Siegfried Russwurm €1,302,593 (2015: €1,239,596), and Dr. Ralf P. Thomas €872,394 (2015: €516,915). The corresponding expense, determined in the same way, for former Managing Board members was as follows: Brigitte Ederer – €42,052 (2015:

€105,227), Barbara Kux – €42,052 (2015: €105,227), Peter Löscher – €103,403 (2015: €230,387), Prof. Dr. Hermann Requardt – €5,624 (2015: €1,107,522), Peter Y. Solmsen – €35,857 (2015: €141,258), and Dr. Michael Süß – €248 (2015: €28,666). In fiscal 2016, the development of the OSRAM share price lead to a respective adjustment of the OSRAM cash compensation and thus to earnings in the amount of €301,027. Especially for former Managing Board members those earnings are evident, since they were set off against the usual liabilities arising from other share based payments and with respect to former Managing Board members, no essential amount of accruals has been built up for the remaining tranches.

Joe Kaeser President and CEO				Dr. Roland Busch Managing Board member				Lisa Davis ⁷ Managing Board member				Klaus Helmrich Managing Board member			
2015	2016	2016 (min)	2016 (max)	2015	2016	2016 (min)	2016 (max)	2015	2016	2016 (min)	2016 (max)	2015	2016	2016 (min)	2016 (max)
1,878	2,034	2,034	2,034	1,010	1,043	1,043	1,043	1,010	1,043	1,043	1,043	1,010	1,043	1,043	1,043
102	102	102	102	53	55	55	55	227	683	683	683	42	48	48	48
1,980	2,136	2,136	2,136	1,063	1,098	1,098	1,098	1,238	1,726	1,726	1,726	1,052	1,091	1,091	1,091
1,878	2,034	0	4,882	1,010	1,043	0	2,503	1,010	1,043	0	2,503	1,010	1,043	0	2,503
1,871	2,158	0	6,360	998	1,099	0	3,240	998	1,099	0	3,240	998	1,099	0	3,240
5,729	6,328	2,136	10,520	3,071	3,240	1,098	5,382	3,246	3,868	1,726	5,382	3,061	3,233	1,091	5,382
1,096	1,101	1,101	1,101	604	603	603	603	611	576	576	576	604	602	602	602
6,825	7,428	3,236	11,620	3,675	3,843	1,700	5,984	3,857	4,443	2,301	5,957	3,664	3,835	1,693	5,984
2,683	2,773			1,444	1,387			1,477	1,387			1,376	1,370		
6,535	7,066			3,505	3,584			3,713	4,212			3,427	3,560		

Janina Kugel Managing Board member				Prof. Dr. Siegfried Russwurm Managing Board member				Dr. Ralf P. Thomas CFO			
2015	2016	2016 (min)	2016 (max)	2015	2016	2016 (min)	2016 (max)	2015	2016	2016 (min)	2016 (max)
626	989	989	989	1,010	1,043	1,043	1,043	1,010	1,043	1,043	1,043
25	39	39	39	78	78	78	78	67	61	61	61
651	1,027	1,027	1,027	1,088	1,121	1,121	1,121	1,078	1,104	1,104	1,104
626	989	0	2,373	1,010	1,043	0	2,503	1,010	1,043	0	2,503
665	1,059	0	3,120	998	1,099	0	3,240	998	1,099	0	3,240
1,942	3,075	1,027	5,130	3,097	3,263	1,121	5,382	3,086	3,246	1,104	5,382
103	530	530	530	603	602	602	602	604	603	603	603
2,045	3,604	1,557	5,660	3,700	3,865	1,723	5,983	3,690	3,849	1,707	5,984
832	1,282			1,376	1,317			1,410	1,370		
2,148	3,368			3,463	3,538			3,486	3,573		

⁴ For Stock Awards granted in fiscal 2016, target attainment depends solely on the performance of Siemens stock compared to defined competitors. The monetary values relating to 100% target achievement were €8,560,190 (2015: €8,190,219). The amounts for individual Managing Board members were as follows: Joe Kaeser €2,120,051 (2015: €1,950,003), Dr. Roland Busch €1,080,022 (2015: €1,040,036), Lisa Davis €1,080,022 (2015: €1,040,036), Klaus Helmrich €1,080,022 (2015: €1,040,036), Janina Kugel €1,040,029 (2015: €693,357), Prof. Dr. Siegfried Russwurm €1,080,022 (2015: €1,040,036), Dr. Ralf P. Thomas €1,080,022 (2015: €1,040,036) and for former Managing Board member Prof. Dr. Hermann Requardt €0 (2015: €346,679).

⁵ Total maximum compensation for fiscal 2016 represents the contractual maximum amount for overall compensation, excluding fringe benefits and pension benefit commitments. At 1.7 times target compensation (base compensation, target amount for the Bonus and the target amount for long-term stock-based compensation), the maximum amount is less than the total of the individual contractual caps for performance-based components.

⁶ Total compensation reflects the current fair value of stock-based compensation components on the award date. On the basis of the current monetary values of stock-based compensation components, total compensation amounted to €28,747,477 (2015: €27,756,633).

⁷ Ms. Davis's compensation is paid out in Germany in euros. It has been agreed that any tax liability that arises due to tax rates that are higher in Germany than in the U.S. will be reimbursed. For base compensation of calendar year 2015 as well as for the Bonus of fiscal 2015, a currency-adjustment payment was granted.

Allocations

The following table shows allocations for fiscal 2016 for fixed compensation, fringe benefits, one-year variable compensation and multi-year variable compensation – by reference year – as well as the expense of pension benefits. In deviation from the

multi-year variable compensation granted for fiscal 2016 and shown above, this table includes the actual figure for multi-year variable compensation granted in previous years and allocated in fiscal 2016. Due to rounding, the figures presented in the table may not add up precisely to the totals provided.

Managing Board members serving as of September 30, 2016

(Amounts in thousands of €)

Non-performance-based components	Fixed compensation (base compensation)	
	Fringe benefits ¹	
	Total	
Performance-based components	without long-term incentive effect, non-stock-based	One-year variable compensation (Bonus) – Payout amount ²
	with long-term incentive effect, stock-based	Multi-year variable compensation
		Siemens Stock Awards (restriction period: 2011 – 2015) ³
		Bonus Awards (waiting period: 2011 – 2015) ⁴
		Share Matching Plan (vesting period: 2013 – 2015)
	Share Matching Plan (vesting period: 2012 – 2014)	
	Other ⁵	
	Total	
	Service Cost	
	Total (Code)	

Managing Board members serving as of September 30, 2016

(Amounts in thousands of €)

Non-performance-based components	Fixed compensation (base compensation)	
	Fringe benefits ¹	
	Total	
Performance-based components	without long-term incentive effect, non-stock-based	One-year variable compensation (Bonus) – Payout amount ²
	with long-term incentive effect, stock-based	Multi-year variable compensation
		Siemens Stock Awards (restriction period: 2011 – 2015) ³
		Bonus Awards (waiting period: 2011 – 2015) ⁴
		Share Matching Plan (vesting period: 2013 – 2015)
	Share Matching Plan (vesting period: 2012 – 2014)	
	Other ⁵	
	Total	
	Service Cost	
	Total (Code)	

¹ Fringe benefits include the costs, or the cash equivalent, of non-monetary benefits and other perquisites, such as the provision of company cars in the amount of €159,687 (2015: €158,131), contributions toward the cost of insurance in the amount of €139,795 (2015: €134,170), the reimbursement of expenses for legal advice and tax advice, accommodation and moving expenses, including

any taxes due in this regard, currency adjustment payments and costs relating to preventive medical examinations in the amount of €765,327 (2015: €330,620).

² The payout amount of one-year variable compensation (Bonus) presented above therefore represents the amount awarded for fiscal 2016, which will be paid out in January 2017.

³ Starting with the Siemens Stock Awards tranche of 2011, the restriction period was extended from three to four years. Shares from the Siemens Stock Awards 2011 were thus only transferred in November 2015. Therefore, no allocation for Siemens Stock Awards was made in fiscal 2015. For one half of these Stock Awards target attainment depended on the EPS for the past three fiscal years and

Joe Kaeser President and CEO		Dr. Roland Busch Managing Board member		Lisa Davis Managing Board member		Klaus Helmrich Managing Board member	
2016	2015	2016	2015	2016	2015	2016	2015
2,034	1,878	1,043	1,010	1,043	1,010	1,043	1,010
102	102	55	53	683	227	48	42
2,136	1,980	1,098	1,063	1,726	1,238	1,091	1,052
2,773	2,683	1,387	1,444	1,387	1,477	1,370	1,376
2,310	0	1,259	0	0	0	1,301	0
903	0	555	0	0	0	598	0
1,407	0	703	0	0	0	703	0
0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
97	0	53	0	0	0	55	0
7,316	4,664	3,797	2,507	3,113	2,715	3,816	2,429
1,101	1,096	603	604	576	611	602	604
8,416	5,760	4,399	3,111	3,688	3,326	4,418	3,032

Janina Kugel Managing Board member		Prof. Dr. Siegfried Russwurm Managing Board member		Dr. Ralf P. Thomas CFO	
2016	2015	2016	2015	2016	2015
989	626	1,043	1,010	1,043	1,010
39	25	78	78	61	67
1,027	651	1,121	1,088	1,104	1,078
1,282	832	1,317	1,376	1,370	1,410
0	0	2,310	0	465	177
0	0	903	0	397	0
0	0	1,407	0	0	0
0	0	0	0	67	0
0	0	0	0	0	177
0	0	97	0	20	0
2,309	1,482	4,845	2,465	2,958	2,665
530	103	602	603	603	604
2,839	1,586	5,447	3,068	3,561	3,269

amounted to 114%. For the other half, target attainment was linked to the performance of Siemens stock compared to defined competitors during the four-year vesting period. It amounted to 0%. Siemens Stock Awards 2011 that had already been granted were thus forfeited without replacement in accordance with the plan rules.

⁴ One half of the Bonus for fiscal 2011 was granted in the form of non-forfeitable awards of Siemens stock (Bonus Awards). After the expiration of the four-year waiting period in November 2015, the beneficiaries received one share of Siemens stock for each Bonus Award.

⁵ "Other" includes the adjustment of the Siemens Stock Awards 2011 and Bonus Awards 2011 (transfer in November 2015) in accordance with Section 23 and Section 125 of the German Transformation Act (*Umwandlungsgesetz*) due to the spin-off of OSRAM.

Pension benefit commitments

For fiscal 2016, the members of the Managing Board were granted contributions under the BSAV totaling €4.6 million (2015: €4.8 million), based on a resolution of the Supervisory Board dated November 9, 2016. Of this amount, €0.1 million (2015: €0.1 million) related to the funding of pension commitments earned prior to transfer to the BSAV.

The contributions under the BSAV are added to the personal pension accounts each January, following the close of the fiscal year. Until a beneficiary's date of retirement, his or her pension account is credited with an annual interest payment (guaranteed interest) on January 1 of each year. The interest rate is currently 1.25%.

The following table shows individualized details of the contributions (allocations) under the BSAV for fiscal 2016 as well as the defined benefit obligations for pension commitments.

(Amounts in €)	2016	Total	Defined benefit obligation ³ for all pension commitments excluding deferred compensation ⁴	
		contributions ² for	2016	2015
Managing Board members serving as of September 30, 2016				
Joe Kaeser	1,139,040	1,051,680	10,391,542	8,056,163
Dr. Roland Busch	583,968	565,824	4,342,427	3,243,101
Lisa Davis	583,968	565,824	3,817,196	3,126,396
Klaus Helmrich	583,968	565,824	4,607,800	3,522,681
Janina Kugel	553,728	350,560	1,084,971	438,713
Prof. Dr. Siegfried Russwurm	583,968	565,824	6,083,534	4,824,749
Dr. Ralf P. Thomas	583,968	565,824	4,297,199	3,225,678
Total¹	4,612,608	4,231,360	34,624,669	26,437,481

¹ Compared to the amount presented in the 2015 Compensation Report, the total figure for 2015 does not include the contribution of €565,824 for former Managing Board member Prof. Dr. Hermann Requardt or this defined benefit obligation of €6,977,620.

² The expenses (service cost) recognized in accordance with the IFRS in fiscal 2016 for Managing Board members' entitlements under the BSAV in fiscal 2016 amounted to €4,615,543 (2015: €4,804,639).

³ The defined benefit obligations reflect one-time special contributions to the BSAV for new appointments from outside the Company and for special contributions in connection with departures from the Managing Board, amounting to €0 (2015: €279,552).

⁴ Deferred compensation totals €3,829,397 (2015: €4,947,717), including €3,428,243 for Joe Kaeser (2015: €3,207,002), €343,953 for Klaus Helmrich (2015: €305,023) and €57,201 for Dr. Ralf P. Thomas (2015: €49,794) as well as €0 (2015: €1,385,898) for former Managing Board member Prof. Dr. Hermann Requardt.

In fiscal 2016, 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 German Commercial Code totaling €52.3 million (2015: €30.5 million). This figure includes the lump-sum payments of the pension benefit balance of the former Managing Board members Prof. Dr. Hermann Requardt and Peter Y. Solmssen. In the case of Mr. Solmssen, the special contribution to the pension benefit balance allocated in January 2009 in the amount of €10.518 million takes effect. This special contribution was promised at appointment to compensate him for short-term and long-term pecuniary disadvantages with his former employer. The figure also includes the agreed-upon cash settlement for Stock Awards granted in the past to Prof. Dr. Hermann Requardt.

The defined benefit obligation (DBO) of all pension commitments to former members of the Managing Board and their surviving dependents as of September 30, 2016, amounted to €216.3 (2015: €228.3) million. This figure is included in → NOTE 16 in → B.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

Other

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

A.10.1.3 ADDITIONAL INFORMATION ON STOCK-BASED COMPENSATION INSTRUMENTS IN FISCAL 2016

Stock commitments

The following table shows the changes in the balance of the stock commitments held by Managing Board members in fiscal 2016:

	Balance at beginning of fiscal 2016		Granted during fiscal year ¹	Vested and fulfilled during fiscal year	Forfeited during fiscal year ²	Balance at end of fiscal 2016 ³	
	Non-forfeitable commitments of Bonus Awards	Forfeitable commitments of Stock Awards	Forfeitable commitments of Stock Awards	Commitments of Bonus Awards and Stock Awards	Commitments of Stock Awards	Non-forfeitable commitments of Bonus Awards	Forfeitable commitments of Stock Awards
<i>(Amounts in number of units)</i>							
Managing Board members serving as of September 30, 2016							
Joe Kaeser	41,025	129,425	28,043	25,273	8,666	25,631	138,923
Dr. Roland Busch	27,122	72,383	14,286	13,773	5,330	19,425	75,263
Lisa Davis	576	38,975	14,286	–	–	576	53,261
Klaus Helmrich	27,233	73,254	14,286	14,237	5,737	19,536	75,263
Janina Kugel	–	15,655	13,757	–	–	–	29,412
Prof. Dr. Siegfried Russwurm	35,437	82,892	14,286	25,273	8,666	20,043	78,633
Dr. Ralf P. Thomas	5,030	51,124	14,286	4,347	3,813	5,030	57,250
Total	136,423	463,708	113,230	82,903	32,212	90,241	508,005

¹ The weighted average fair value as of the grant date for fiscal 2016 was €76.95 per granted share.

² For one half of the Stock Awards 2011, target attainment depended on the EPS value for the past three fiscal years and amounted to 114%. For the other half, target attainment

was linked to the performance of Siemens stock compared to defined competitors during the four-year vesting period. It amounted to 0%. Siemens Stock Awards 2011 that had already been granted were thus forfeited without replacement in accordance with the plan rules.

³ Amounts also include stock commitments (Stock Awards) granted in November 2015 for fiscal 2016. These amounts may further include stock commitments received as compensation by the Managing Board member before joining the Managing Board.

Shares from the Share Matching Plan

Fiscal 2011 was the last year in which Managing Board members were entitled to participate in the Siemens Share Matching Plan. Under the plan, they were entitled to invest up to 50% of the annual gross amount of their variable cash compensation, as determined for fiscal 2010, in Siemens shares. After the expiration of a vesting period of approximately three years, plan participants are entitled to 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. At the beginning of fiscal 2016, the following members of the Managing Board had entitlements to matching shares, which they had acquired before joining the Managing Board: Dr. Ralf P. Thomas, 780 shares and Janina Kugel, three shares. In fiscal 2016, no entitlements to matching shares were acquired. In fiscal 2016, the following entitlements to matching shares were due: 780 shares, Dr. Ralf P. Thomas. During fiscal 2016, no entitlements to matching shares were forfeited. Entitlements to matching shares at the end of fiscal 2016 show the following balance: Janina Kugel, three shares with a fair value of €174.

Share Ownership Guidelines

The deadlines by which the individual Managing Board members must provide first-time proof of compliance with the Siemens Share Ownership Guidelines vary from member to member, depending on when he or she was appointed to the Managing

Board. The following table shows the number of Siemens shares that were held by Managing Board members in office at September 30, 2016, as of the March 2016 deadline for proving compliance with the Share Ownership Guidelines as well as the number that are to be held permanently with a view to future deadlines.

(Amounts in number of units or €)	Obligations under Share Ownership Guidelines					
	Required			Proven		
	Percentage of base compensation ¹	Value ¹	Number of shares ²	Percentage of base compensation ¹	Value ²	Number of shares ³
Managing Board members serving as of September 30, 2016, and required to show proof as of March 11, 2016						
Joe Kaeser	300%	4,656,938	51,732	604%	9,371,982	104,110
Dr. Roland Busch	200%	1,967,900	21,861	324%	3,190,849	35,446
Klaus Helmrich	200%	1,934,150	21,486	350%	3,388,083	37,637
Prof. Dr. Siegfried Russwurm	200%	1,967,900	21,861	747%	7,354,814	81,702
Total		10,526,888	116,940		23,305,728	258,895

¹ The amount of the obligation is based on the average base compensation for the four years prior to the respective dates of proof.

² Based on the average Xetra opening price of €90.02 for the fourth quarter of 2015 (October – December).

³ As of March 11, 2016 (date of proof), including Bonus Awards.

A.10.2 Remuneration of Supervisory Board members

The current remuneration policies for the Supervisory Board were authorized at the Annual Shareholders' Meeting held on January 28, 2014, and are effective as of fiscal 2014. 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; it reflects the responsibilities and scope of the 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, the Chairman's Committee, the Compensation Committee, the Compliance Committee and the Innovation and Finance Committee receive additional compensation.

Under current rules, the 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 committee work: the Chairman of the Audit Committee receives €160,000, and each of the other members of the Committee receives €80,000; the Chairman of the Chairman's Committee receives €120,000, and each of the other members of the Committee receives €80,000; the Chairman of the Compensation Committee receives €100,000, and each of the other members of the Committee receives €60,000 (compensation for any work on the Chairman's Committee counts toward compensation for work on

the Compensation Committee); the Chairman of the Innovation and Finance Committee receives €80,000, and each of the other members of the Committee receives €40,000; the Chairman of the Compliance Committee receives €80,000, and each of the other members of the Committee 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 the event of changes in the composition of the Supervisory Board and/or its committees, compensation is paid on a pro rata basis, rounding up to the next full month.

In addition, the members of the Supervisory Board are entitled to receive a 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 taxes to be paid on their remuneration. For the performance of his duties, the Chairman of the Supervisory Board is also entitled to an office with secretarial support and the use of a carpool service.

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

The compensation shown below was determined for each of the members of the Supervisory Board for fiscal 2016 (individualized disclosure).

(Amounts in €)	2016				2015			
	Base compensation	Additional compensation for committee work	Meeting attendance fee	Total	Base compensation	Additional compensation for committee work	Meeting attendance fee	Total
Supervisory Board members serving as of September 30, 2016								
Dr. Gerhard Cromme	280,000	280,000	45,000	605,000	280,000	280,000	48,000	608,000
Birgit Steinborn ¹	220,000	200,000	43,500	463,500	200,000	200,000	45,000	445,000
Werner Wenning	220,000	140,000	30,000	390,000	220,000	140,000	33,000	393,000
Olaf Bolduan ¹	133,333	–	9,000	142,333	140,000	–	9,000	149,000
Michael Diekmann	133,333	57,143	13,500	203,976	132,222	56,667	13,500	202,389
Dr. Hans Michael Gaul	140,000	160,000	27,000	327,000	140,000	160,000	27,000	327,000
Reinhard Hahn ¹	140,000	–	10,500	150,500	105,000	–	4,500	109,500
Bettina Haller ¹	140,000	80,000	25,500	245,500	140,000	80,000	24,000	244,000
Hans-Jürgen Hartung	140,000	–	10,500	150,500	140,000	–	9,000	149,000
Robert Kensbock ¹	140,000	180,000	30,000	350,000	140,000	180,000	30,000	350,000
Harald Kern ¹	140,000	80,000	22,500	242,500	140,000	80,000	21,000	241,000
Jürgen Kerner ¹	140,000	200,000	33,000	373,000	132,222	170,000	31,500	333,722
Dr. Nicola Leibinger-Kammüller	140,000	80,000	27,000	247,000	140,000	33,333	15,000	188,333
Gérard Mestrallet	126,667	–	7,500	134,167	140,000	–	9,000	149,000
Dr. Norbert Reithofer	133,333	38,095	15,000	186,429	93,333	14,815	4,500	112,648
Güler Sabancı	140,000	–	10,500	150,500	140,000	–	9,000	149,000
Dr. Nathalie von Siemens	140,000	–	10,500	150,500	105,000	–	4,500	109,500
Michael Sigmund	140,000	–	10,500	150,500	140,000	–	9,000	149,000
Jim Hagemann Snaabe	140,000	120,000	31,500	291,500	132,222	113,333	28,500	274,056
Sibylle Wankel ¹	140,000	40,000	16,500	196,500	132,222	37,778	13,500	183,500
Total²	3,066,667	1,655,238	429,000	5,150,905	2,932,221	1,545,926	388,500	4,866,648

¹ These employee representatives on the Supervisory Board and the representatives of the trade unions on the Supervisory Board have declared their willingness to transfer their compensation to the Hans Boeckler Foundation, in accordance

with the guidelines of the Confederation of German Trade Unions (DGB).

² The total figure, compared to the amount presented in the 2015 Compensation Report, does not include the total

compensation of €252,185 paid to former Supervisory Board members Gerd von Brandenstein, Prof. Dr. Peter Gruss and Berthold Huber.

A.10.3 Other

The Company provides a group insurance policy for Supervisory and Managing Board members and certain other employees of the Siemens Group. The policy is taken out for one year at a time renewed annually. It covers the personal liability of the insured in cases of financial loss associated with their activities on behalf

of the Company. The insurance policy for fiscal 2016 includes a deductible for the members of the Managing Board and the Supervisory Board that complies with the requirements of the German Stock Corporation Act and the Code.