

# Shareholder Proposals

Shareholder Proposals for the Annual  
Shareholders' Meeting of Siemens AG  
on January 25, 2007

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**SIEMENS**

**Latest update: January 17, 2007**

Below you find all shareholder proposals relating to items on the Agenda for the Annual Shareholders' Meeting on January 25, 2007, together with Management's discussion thereon.

*This version of the Shareholder Proposals, prepared for the convenience of English-speaking readers, is a translation of the German original. For the purposes of interpretation the German text shall be authoritative and final.*

**Hans-Walter Grünewälder, Wuppertal, has submitted the following shareholder proposals:**

With regard to Agenda Item 4, "To ratify the acts of the Managing Board" and Agenda Item 5 "To ratify the acts of the Supervisory Board":

Hans-Walter Grünewälder

Brahmsstrasse 27  
42289 Wuppertal  
0202 62 17 57

Siemens Aktiengesellschaft  
Corporate Finance Treasury  
Investor Relations (CF T 3)  
Wittelsbacherplatz 2  
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By telefax 089 636 32830

December 14, 2006

**Counter-proposals to be voted on at the Annual Shareholders' Meeting of Siemens AG on January 25, 2007**

Ladies and gentlemen:

At the Annual Shareholders' Meeting of Siemens AG to be held on January 25, 2007, I will present the following counter-proposals and request the shareholders present at the meeting to support my proposals:

**With regard to Agenda Item 4 "To ratify the acts of the Managing Board" and Agenda Item 5 "To ratify the acts of the Supervisory Board"**

*Be it resolved that the acts of the two Boards are not ratified.*

**Supporting statement:** The Compensation Report of the Supervisory Board as published in the Company's Annual Report for the fiscal year from October 1, 2005 to September 30, 2006 reads as follows: *"The remuneration of the members of the Supervisory Board was determined at the Annual Shareholders' Meeting through shareholder approval of a proposal of the Managing and Supervisory Boards. Details of the remuneration are set forth in the Articles of Association of Siemens AG."* Toward the end, the following sentence is added: *"The Chairman of the Supervisory Board is provided a company car and an office with secretarial services."*

According to the prevailing opinion, the wording of § 87 of the German Stock Corporation Act (AktG) "...in determining the aggregate remuneration ... (salary, profit participation, **reimbursement of expenses**, insurance premiums, commissions

*and additional allowances of any kind) ...” applies mutatis mutandis to § 113 of the AktG, in other words, the grant of these allowances should have been resolved at the Annual Shareholders’ Meeting. Such a resolution was taken for Mr. Peter von Siemens only, not for Dr. von Pierer. The wording “The members of the Supervisory Board are reimbursed for any **out-of-pocket expenses** incurred in connection with their duties ...” does likewise not cover these allowances. Moreover, the Chairman of the Supervisory Board receives double the remuneration of an ordinary Supervisory Board member in order to enable him to maintain the necessary infrastructure to perform his duties. The non-cash allowances, most likely totaling more than €100,000 per year, represent additional compensation not approved by the competent body, i.e. the Annual Shareholders’ Meeting, and therefore do not comply with the Articles of Association.*

Had the allowances been part of Dr. von Pierer’s former Managing Board contract, their mention in the Compensation Report would have been superfluous, because the equivalent of the non-cash allowances would have to be disclosed together with his pension payments under the emoluments of former members of the Managing Board. However, if non-cash allowances are not covered by a contract and, consequently, were neither approved by the Supervisory Board nor resolved at the Annual Shareholders’ Meeting, they are wrongfully acquired, because the Managing Board is not entitled to provide allowances of any kind to Supervisory Board members or former Managing Board members, if such allowances are not previously resolved at an Annual Shareholders’ Meeting or, in the case of former Managing Board members, by the Supervisory Board.

Even the German Federal Court of Justice (BGH) would most probably agree with this line of argument. Not only did the court expressly exclude additional allowances — including benefits in kind — to Supervisory Board members from the Managing Board’s authority in its decision in the so-called Mannesmann Trial (Reference No. III StR 470/04), but it also, in a more recent decision of July 3, 2006 (Reference No. II ZR 151/04), stated: “Consequently, the decision on the remuneration for the Supervisory Board members’ tenure of office ... shall be made solely by the shareholders in meeting. The purpose of this is to prevent “self-serving behavior” by Supervisory Board members in the interests of shareholders and creditors on the one hand, and to exclude from the Managing Board the authority to determine the remuneration of the members of its supervisory body on the other.”

Does this mean that we are confronted with what the BGH would call “... *hidden allowances ... that are granted to individual supervisory board members by circumventing the decision-making authority of the shareholders’ meeting (§ 113 (1) of the AktG) and that may affect such members’ objectivity in performing their supervisory responsibilities.*”?

If the answer to this question is yes, and if the facts are as seen by an unbiased observer, the question would arise whether an act of embezzlement has been committed by accepting the non-cash benefits.

According to the above-mentioned BGH decision of July 3, 2006, the Managing Board should have charged the Chairman of the Supervisory Board an amount equivalent to the benefits. The fact that this did not happen is another piece of evidence for violation of duties.

I ask you to handle the above counter-proposals in accordance with § 125 et seq. of the AktG. The supporting statement does not contain more than 5,000 characters and is in line with the legal requirements of § 126 of the AktG.

Sincerely,

(sgd.) H.-W. Grünewälder

**Manfred Meiler, Munich, Wolfgang Niemann, Seefeld, and the Verein von Belegschaftsaktionären in der Siemens AG, e.V., Munich, have submitted the following shareholder proposals:**

**Verein von Belegschaftsaktionären in der Siemens AG, e.V.**

c/o Manfred Meiler, Grüntenstrasse 12a, 80686 Munich, ☎ 089/571419, 📠 089/574602  
E-mail: [M.Meiler@unsereaktien.de](mailto:M.Meiler@unsereaktien.de) Homepage: <http://unsereAktien.de> ; E-mail: [w.niemann@unsereaktien.de](mailto:w.niemann@unsereaktien.de)

Munich, December 13, 2006

**To: Siemens AG**

Attention: Dr. Kleinfeld, President and CEO

Attention: Dr. v. Pierer, Chairman of the Supervisory Board

Gentlemen:

Unfortunately, the last fiscal year was marked by three especially unpleasant events. All the same, the result in numerical figures is not bad although not spectacular. **At €3.1 billion after taxes, net income is €300 million down from fiscal 2004.** No positive effect from the break-up of the Communications Group can be seen. On the contrary. We are still far away from a sustainable corporate policy. Instead, a **short-term shareholder value policy** has taken priority. **This policy, the BenQ debacle, an unreasonable salary increase for the Managing Board and the corruption allegations** have resulted in a **loss of confidence** in the Company that **simply cannot be tolerated.** We demand that the **Company's corporate policy be re-oriented** in accordance with the principles of sustainability and social responsibility toward employees.

**Personally and on behalf of the "Verein von Belegschaftsaktionären in der Siemens AG, e.V.," we hereby submit the following counter-proposals.**

With regard to Agenda Item 4, "To ratify the acts of the Managing Board":

- (1) *Be it resolved that the acts of the members of the Managing Board are not ratified.*

**Supporting statement:** It cannot be tolerated

1. that the mobile phone business was sold off dirt cheap; that employees received a fake employment guarantee; and that the Company did not exercise its responsibilities toward its employees with the diligence of an orderly businessman. Then, when the disaster became manifest, any responsibility was initially declined. Only after mounting public pressure did Siemens AG assume

partial responsibility for the employees of BenQ. Overall, the damage to confidence in the Company has been enormous. The responsible persons include, in particular, Dr. Kleinfeld, Mr. Lamprecht and Mr. Ganswindt (who meanwhile left the Company).

2. that, due to poor implementation of the Business Guidelines, systematic corruption occurred and severely damaged our Company's reputation. *In spite of clear indications of a violation of the Company's Code of Ethics as early as in 2005 and in the spring of 2006, the Managing Board did not act in a consistent and timely manner.*

With regard to Agenda Item 5, "To ratify the acts of the Supervisory Board".

- (2) *Be it resolved that the acts of the members of the Supervisory Board are not ratified.*

**Supporting statement:** It cannot be tolerated

1. that the Supervisory Board — particularly the Chairman of the Supervisory Board and Mr. Ackermann as a member of the control committee — increased the Managing Board's compensation by 30%, while at the same time the workforce is being reduced in many areas and salaries were or are being cut (e.g. SBS or through ERA, the general agreement on equal employment conditions).
2. The Supervisory Board is also partly to blame for events concerning BenQ and an obviously poor implementation of the business guidelines to prevent corruption.

[...]

(sgd.) Manfred Meiler

(sgd.) Wolfgang Niemann

**Dr. Thomas Stinnesbeck, Hümmerich, has submitted the following shareholder proposals:**

Dr. Thomas Stinnesbeck  
Fockenbachstraße 10  
53547 Hümmerich

**By telefax to: (089) 636-32830**

Siemens Aktiengesellschaft  
Corporate Finance Treasury  
Investor Relations (CF T 3)  
Wittelsbacherplatz 2  
80333 Munich

**Shareholder proposals to be voted on at the Annual Shareholders' Meeting of Siemens AG on January 25, 2007**

Ladies and gentlemen:

At the Annual Shareholders' Meeting of Siemens AG to be held on January 25, 2007, I will present the following proposals and request the shareholders present at the meeting to support my proposals:

1.

Initially I request, with the following supporting statement, that shareholders shall be asked to vote separately on the discharge of Managing Board member Prof. Dr.-Ing. Erich R. Reinhardt:

Prof. Dr.-Ing. Erich R. Reinhardt, as Group President of the Medical Solutions Group, was advised in writing as early as mid-2004 that employees of Siemens Audiologische Technik GmbH (SAT), an Erlangen-based Siemens subsidiary, had created and administered so-called "black accounts". In a first step toward implementing this practice, discounts were canceled for German and European customers of SAT. In an amount equal to the discounts, flight tickets were then purchased which, however, were converted immediately into cash through a travel service in Switzerland. Subsequently, the cash was handed over to the customers by SAT employees. It is thus not correct to say that the Managing Board of Siemens AG was not informed about the so-called black accounts. The question therefore arises as to which actions were taken by the Managing Board of Siemens AG. Obviously the Managing Board did not take any action or sufficient action to prevent the creation of so-called black accounts. As a result, Siemens AG has suffered a considerable damage. Under these circumstances, discharge cannot be granted.

**With regard to Agenda Item 4, "To ratify the acts of the Managing Board"**

2.

In the subsequent vote on the discharge of Managing Board member Prof. Dr.-Ing. Erich R. Reinhardt, I propose that his discharge be refused on the basis of the supporting statement as detailed under Proposal No. 1 above.



3.

In the event that a majority of votes in favor of Proposal No. 1 is not reached, I request that ratification of the acts of the members of the Managing Board be refused on the basis of the supporting statement as detailed under Proposal No. 1 above.

1.

Initially I request, with the following supporting statement, that shareholders shall be asked to vote separately on the discharge of the Chairman of the Supervisory Board, Dr. Heinrich von Pierer:

During his term of office as Chief Executive Officer and President of the Managing Board, Dr. Heinrich von Pierer was advised in writing as early as mid-2004 that employees of Siemens Audiologische Technik GmbH (SAT), an Erlangen-based Siemens subsidiary, had created and administered so-called "black accounts". In a first step toward implementing this practice, discounts were canceled for German and European customers of SAT. In an amount equal to the discounts, flight tickets were then purchased which, however, were converted immediately into cash through a travel service in Switzerland. Subsequently, the cash was handed over to the customers by SAT employees. It is thus not correct that the Managing Board of Siemens AG was not informed about the so-called black accounts. The question therefore arises as to which actions were taken by the Managing Board of Siemens AG. Obviously the Managing Board did not take any action or sufficient action to prevent the creation of so-called black accounts. Yet Dr. Heinrich von Pierer, as Chairman of the Supervisory Board, did not oblige the Managing Board to take appropriate corrective action, although he had been informed about the irregularities during his term of office as Chief Executive Officer and President of the Managing Board. As a result, Siemens AG has suffered considerable damage. Clearly Dr. Heinrich von Pierer is not the right person to supervise the Managing Board, since he would have to disclose his own mistakes. Under these circumstances, discharge cannot be granted.

**With regard to Agenda Item 5, "To ratify the acts of the Supervisory Board"**

2.

In the subsequent vote on the discharge of the Chairman of the Supervisory Board, Dr. Heinrich von Pierer, I propose that his discharge be refused on the basis of the supporting statement as detailed under Proposal No. 1 above.

3.

In the event that a majority of votes in favor of Proposal No. 1 is not reached, I request that ratification of the acts of the members of the Supervisory Board be refused on the basis of the supporting statement as detailed under Proposal No. 1 above.

Sincerely,

**Manfred Meiler, Munich, Wolfgang Niemann, Seefeld, and the Verein von Belegschaftsaktionären in der Siemens AG, e.V., Munich, have submitted the following shareholder proposal:**

**Verein von Belegschaftsaktionären in der Siemens AG, e.V.**

c/o Manfred Meiler, Grüntenstrasse 12a, 80686 Munich, ☎ 089/571419, 📠 089/574602

E-mail: [M.Meiler@unsereaktien.de](mailto:M.Meiler@unsereaktien.de) Homepage: <http://unsereAktien.de> ; E-mail: [w.niemann@unsereaktien.de](mailto:w.niemann@unsereaktien.de)

Munich, December 30, 2006

**To: Siemens AG**

Attention: Dr. Kleinfeld, President and CEO

Attention: Dr. v. Pierer, Chairman of the Supervisory Board

Gentlemen:

**A** With regard to Agenda Item 3, "To consider and vote upon the appropriation of net income ":

**The Verein von Belegschaftsaktionären in der Siemens AG, e.V. requests that the dividend payout of €1.35 per share be maintained at the previous year's level.**

**Supporting statement:**

With the previous year's dividend payout, Siemens ranks squarely in the middle of the DAX companies. Stronger employee participation in rising Company's profits and wealth, however, appears to be urgently necessary. The encouragement of employee participation in equity capital has largely been limited to utilizing the so-called tax-free non-cash benefits of €135 per employee. With approximately 90,000 employees participating in this program, the encouragement amounts to only €30 million p.a. Meanwhile, German legislators plan to implement a significantly improved encouragement system (deferred taxation). In our opinion, this should be reason enough also for Siemens AG – taking up the traditions of the seventies – to return to more intense encouragement of employee participation in the Company, in this case as a medium-term investment.

If the previous year's level of dividend payout were retained, the €90 million saved each year could be used toward a substantial improvement of capital formation by employees. This could, for example, help finance a program,

1. under which each employee would additionally receive approximately twenty (20) shares at a significantly reduced price;

2. one half of which could be financed by stock repurchases and the other half through issuance of new shares of stock from the authorized capital;
3. and, to ensure sustainability, the shares held under this program on behalf of employees should, as a matter of principle, not be disposed of before the employees concerned reach their pensionable age.

Over the medium term, such a program would result in a sustainable increase in the employees' interests in their Company. In addition, it would account for developments in the capital markets which are decreasingly dominated by long-term investors. Intensified encouragement of the human capital will benefit both profitability and stability of the Company and will thus be in the interests of all shareholders.

(sgd.) Manfred Meiler

(sgd.) Wolfgang Niemann

## Jürgen Maaß, Berlin-Schöneberg, has submitted the following shareholder proposals:

Dipl. Kaufmann (FH)

**Jürgen Maaß**

Tax Consultant

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Bautzener Platz 2  
10829 Berlin-Schöneberg

Maaß - Bautzener Platz 2 - 10829 Berlin  
Siemens Aktiengesellschaft  
Corporate Finance Treasury  
Investor Relation (CF T 3)  
Witteisbacherplatz 2  
80333 München

### **Annual Shareholders' Meeting of Siemens AG Counterproposals**

Ladies and gentlemen:

I hereby submit the following counterproposals on Items 4 through 6 of the Agenda.

With regard to Agenda Item 4, "To ratify the acts of the Managing Board ":

*Be it resolved that the acts of the members of the Managing Board are not ratified.*

With regard to Agenda Item 5, "To ratify the acts of the Supervisory Board ":

*Be it resolved that the acts of the members of the Supervisory Board are not ratified.*

With regard to Agenda Item 6, "Appointment of independent auditors for the audit of the Annual and Consolidated Financial Statements ":

*Be it resolved that the appointment of KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt on Main, to serve as the Company's independent auditors for the audit of the Annual and Consolidated Financial Statements for the fiscal year ending September 30, 2007 is not ratified.*

### **Supporting statement covering the counterproposals on Agenda Items 4 and 5:**

Siemens has made all the wrong headlines recently. The system of slush funds, in particular, has seriously damaged the Company in Germany and abroad. The Managing Board members as well as the Supervisory Board members must be held responsible for what has happened. They cannot abdicate this responsibility. Either they were informed about the system of slush fund accounts or they implemented inadequate control systems to detect or deter abuse within the Company.

Until completion of the investigation conducted by the Department of Public Prosecution, I consider granting discharge to the members of the Managing and Supervisory Boards to be inappropriate.

**Supporting statement covering the counterproposal on Agenda Item 6:**

KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt on Main, had been appointed in the past to serve as independent auditors for the audit of the consolidated financial statements. The appointment of another independent auditing firm could lead to new findings and, above all, may disclose deficiencies in the internal control system.

Sincerely,

(sgd.) Jürgen Maaß

**The Dachverband der Kritischen Aktionärinnen und Aktionäre e.V., Cologne, has submitted the following shareholder proposals:**

## **Dachverband**

der Kritischen Aktionärinnen  
und Aktionäre

P.O. Box 13 03 35

50497 Cologne

Phone: (0221) 599 56 47

Fax: (0221) 599 10 24

[dachverband@kritischeaktionaeere.de](mailto:dachverband@kritischeaktionaeere.de)

[www.kritischeaktionaeere.de](http://www.kritischeaktionaeere.de)

Siemens Aktiengesellschaft  
Corporate Finance Treasury  
Investor Relations (CFT 3)  
Wittelsbacherplatz 2

80333 Munich

By telefax: 089 636 32 830

Attention: Dr. Klaus Kleinfeld, President and CEO

Attention: Dr. Heinrich v. Pierer, Chairman of the Supervisory Board

Cologne, January 9, 2007

### **Counterproposals to be voted on at the Annual Shareholders' Meeting of Siemens AG on January 25, 2007**

Gentlemen:

The *Dachverband der Kritischen Aktionärinnen und Aktionäre* hereby submits the following counterproposals for the Annual Shareholders' Meeting on January 25, 2007:

With regard to Agenda Item 4, "To ratify the acts of the Managing Board":

#### **Counterproposal with regard to agenda item 3:**

*Be it resolved that the acts of the members of the Managing Board are not ratified.*

Supporting statement:

1. In spite of the Company's public commitment to sustainable and environmentally responsible business operations, the Managing Board persists in activities in the field of nuclear energy use

- through an equity interest in AREVA NP;
- through participation in consortia that build nuclear power plants;
- by promoting greater use of nuclear energy to reduce CO<sub>2</sub> emissions.

As a result, the efforts and successes of the production programs to increase energetic efficiency and renewable energies are curtailed and restricted in their expansion.

By continuing its commitment to nuclear energy, the Managing Board fails to recognize the irresponsible risks associated with uranium mining; the production of nuclear fuels; the operation of nuclear reactors; the transportation of radioactive materials by land, sea and air; the spreading and increase of low-level radiation exposure; the storage of thousands of tons of nuclear waste; and the development and proliferation of nuclear weapons. On account of this corporate policy, the corporate image that the Company claims to rank among the best with sustainable, future-oriented and environmentally compatible products has been severely damaged (including financial damage).

2. The Managing Board has failed to take advantage of significant opportunities that derive from a stronger commitment to renewable energies in Europe and emerging and developing countries.
3. The existing control structures and measures to prevent corruption and bribery have proved ineffective.
4. The planned increases in compensation for members of the Managing Board were disproportionate and an affront to the rest of the workforce as well as demotivating in their effect.

With regard to Agenda Item 5, "To ratify the acts of the Supervisory Boards":

**Counterproposal with regard to agenda item 4:**

*Be it resolved that the acts of the members of the Supervisory Board are not ratified.*

Supporting statement:

The Supervisory Board has supported the Managing Board's ill-conceived policy and decisions in every regard. The Supervisory Board has inadequately performed its duties to ensure compliance with ethical and statutory behavior within the Company.

(sgd.) Markus Dufner  
General Manager,  
Dachverband der Kritischen Aktionärinnen und Aktionäre

**Dr. Klaus Heckelsmiller, Steinebach, has submitted the following shareholder proposals:**

Dr. Klaus Heckelsmiller  
Wesslinger Str. 32  
82237 Steinebach

Steinebach, January 9, 2007

Siemens Aktiengesellschaft  
Wittelsbacherplatz 2  
80333 Munich

Shareholder proposals to be voted on at the Annual Shareholders' Meeting on January 25, 2007

Ladies and Gentlemen:

I hereby submit the following shareholder proposals for the 2007 Annual Shareholders' Meeting:

With regard to Agenda Item 4, "To ratify the acts of the Managing Board ", and with regard to Agenda Item 5, "To ratify the acts of the Supervisory Board ":

*Be it resolved that the acts of the two Boards are not ratified.*

Supporting statement:

Even after a short-term delay, the approved and accepted increase of 30 percent in Managing Board compensation is a slap in the face to both the Siemens workforce and former BenQ employees. It jeopardizes the motivation of remaining employees and, therefore, is detrimental to the interests of shareholders.

The increase in compensation can be justified neither by a comparison of the stock price of Siemens AG with that of the DAX (which achieved a far better performance) since Dr. Kleinfeld's term of office began nor by the level of profits achieved. With earnings of €3.4 billion after taxes in 2004 and €3.1 billion after taxes in 2005, v. Pierer was equally unable to substantiate the salary rise. But if shareholders are supposed "to nod approval" to what v. Pierer called champions league remuneration, there must also be a reasonably adequate management, and shareholders must participate in the form of dividend payout or a rising stock price. It is the responsibility of the Supervisory Board to see to it that the total remuneration bears an appropriate relationship to the executive responsibilities of the Managing Board members and the Company's performance (§ 87, German Stock Corporation Act, AktG). This is not so in the case of a 30 percent salary rise.

Fiscal 2006 was not a good year for Siemens. Black accounts (with the knowledge of the Supervisory Board and the Managing Board ?) and the BenQ debacle are just two of the glaring deficiencies identified. Dr. Kleinfeld was featured on the front page of the German



tabloid *Bild* under the heading “The Ruinator,” and the German *Manager Magazin* on its front page raised the question of whether Siemens is gambling away its future, to name just one of more than a hundred headings having a negative undertone. Siemens’ image in the general public, which also includes Siemens customers, is as bad as never before. I offer no opinion as to whether Klaus Kleinfeld knew that BenQ would dispose of its employees after one year or whether he was put over the barrel.

It is a fact, however, that BenQ — immediately after taking over the mobile devices business — restructured the production of mobile devices into three divisions: a financially well-endowed BenQ-Management GmbH which cares for the salaries and severance payments of the top managers and which, ironically, is not insolvent; a BenQ-Asset GmbH which keeps the patents and other intellectual property and is now transferring the technology donated by Siemens to the BenQ production of mobile devices in Taiwan; this latter GmbH is, of course, also not affected by insolvency.

Only BenQ Mobile GmbH & Co. OHG with its 3,000 employees was launched with a capital base of just €25,000 to handle development, production and marketing of mobile devices in Germany. The business became insolvent, and gee, what a surprise given a capital structure of €8.33 per employee. (Let’s not forget that Siemens paid approx. €350 million, while only €25,000 were left as the capital base of a GmbH & Co. OHG with 30,000 employees.)

Why did the Company not negotiate better contracts or transfer payments earlier to BenQ Mobile GmbH & Co. OHG ? After all, Siemens AG paid the estimated €350 million in addition to handing over a technologically advanced mobile devices business. Why have the Managing Board members not personally set out to remedy the financial debacle they caused, but instead granted themselves additional compensation for lack of performance? Section 87, paragraph (1), page 1, of the AktG explicitly provides that reasonably adequate managing board compensation may be reduced by the supervisory board in the event of a material impairment of the economic situation of the stock corporation, if the continued granting of such compensation would be highly inequitable for the corporation. A 30 percent reduction would have been suitable rather than a rise in compensation.

Craig Rennie, a University of Arkansas finance professor, found that chief executive officers announcing layoffs receive 22.8 percent more in total pay than CEOs of firms that had fewer layoffs. Yet another reason “not to join the bunch“ and discharge Mr. Kleinfeld & Co.

Sincerely,

Klaus Heckelsmiller

## Holger Potthoff, Wachtberg, has submitted the following shareholder proposals:

From: [potthoff.holger@web.de](mailto:potthoff.holger@web.de)  
Sent: January 10, 2007 09:40  
To: CF HV2007  
Re: 2007 Shareholder Meeting Proposals – Control Number 0008655948

Gentlemen:

I hereby submit the following shareholder proposals regarding items on the Agenda:

With regard to Agenda Item 4, "To ratify the acts of the Managing Board":

Be it resolved that the acts of the Managing Board are not ratified because the members of the Managing Board did not discharge their duty of fiduciary care. Thus, a number of essential functions associated with the financial statements audit that are the responsibility of the Managing Board – including, for example, material amounts which have "emerged" in the press in connection with the bribery and corruption scandal – have been very poorly fulfilled. Whether or not members of the Managing Board were actively involved in the slush fund affair remains to be seen; I, for my part, do not trust anybody who does not accomplish his work himself, but delegates it to committees. In addition, I've looked in vain for preventive measures, such as the installation of the corruption hotline that ensures the confidentiality of callers.

With regard to Agenda Item 5, "To ratify the acts of the Supervisory Board":

Be it resolved that the acts of the Supervisory Board are not ratified because the members of the Supervisory Board did not discharge their duty of fiduciary care. Thus, a number of essential functions associated with the financial statements audit that are the responsibility of the Supervisory Board – including, for example, material amounts which have "emerged" in the press in connection with the bribery and corruption scandal – have been very poorly fulfilled. Whether or not members of the Supervisory Board were actively involved in the slush fund affair remains to be seen; I, for my part, do not trust anybody who does not accomplish his work himself, but delegates it to committees. In addition, I've looked in vain for preventive measures, such as the installation of the corruption hotline that ensures the confidentiality of callers.

With regard to Agenda Item 6, "Appointment of independent auditors for the audit of the Annual and Consolidated Financial Statements":

Be it resolved that the appointment of the independent auditors is not ratified because in the past this auditing firm performed its duties in an extremely unsatisfactory manner. Thus, the embezzlement of millions of euros of Company funds went unnoticed by the auditors.

Sincerely,

Holger Potthoff  
Krahnhofstraße 19  
53343 Wachtberg  
[potthoff.holger@web.de](mailto:potthoff.holger@web.de)

## **Johannes Kracht, Haan, has submitted the following shareholder proposals:**

Siemens Aktiengesellschaft  
- Managing Board –  
80333 Munich

### **Annual Shareholders' Meeting on January 25, 2007 Control Nr. 0006199922 Counterproposals concerning the Agenda**

Gentlemen:

Thank you very much for mailing the shareholder meeting materials.

I hereby submit counterproposals with regard to the following Agenda items:

**With regard to Agenda Item 6, "Appointment of independent auditors for the audit of the Annual and Consolidated Financial Statements":**

In connection with the investigations of your Company conducted by the Department of Public Prosecution, there would obviously have been compelling reasons to withdraw your confidence from KPMG and to claim damages for inefficient auditing of your records prior to and not after the close of evidence taking or after the close of criminal proceedings, if any, instead of proposing to re-appoint KPMG as independent auditors for the new fiscal year.

Please change the Agenda here and present a competent auditing firm to be voted on.

**With regard to Agenda Item 7, "Acquisition and use of Siemens shares":**

Limit the repurchase of Siemens shares over the stock exchange to the issuance of employee stock and offer the shares to employees with a longer holding period than so far as a basis for capital formation, permitting early disposal in the event of retirement or other ways of leaving the Company.

The incentive program in the form of stock options based on the Anglo-Saxon model should be remodeled to represent a genuine success system under uniform criteria for every Siemens employees, from president to office boy. Not stock options, but distributions for successfully accomplished work should take priority.

To invest retained earnings in repurchase programs does not promote capital formation. Use the available funds to build up capital and issue bonus shares for this purpose.

Take the required resolutions to increase the authorized capital for finance acquisitions, even with the statutory preemptive rights of shareholders excluded.

In this connection, I would ask you to determine as a matter of principle how the return on the capital invested can be evaluated in relation to the performance of the employees, and how the dividend to be distributed can reflect the Company's success. The bourgeois society, or the population at large in our country, got stuck in the twenties of the last century and should be informed about current evaluations of capital and work. Without capital as an operating input, successful business operations are impossible. In this context, I am an advocate of the notional value of the paid-in capital per share, including the nominal amount resulting from the conversion from RM to DM in 1952. The distribution multiplier here could be the average overnight lending rate or one-year Treasuries in the fiscal year concerned. In view of the political discussion about the legal introduction of employee participation in

the profit of the company, it seems important to me to recognize that this cannot be done without evaluating the working interests of capital.

Sincerely,

(sgd.) Johannes Kracht

Lindenweg 38  
42781 Haan  
January 8, 2007

## Eduard Bernhard, Kleinostheim, has submitted the following shareholder proposals:

### Eduard Bernhard

- Critical Shareholder
- Board Member, BBU (Federal Association of Citizen's Initiatives for Conservation), Bonn

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January 9, 2007

SIEMENS AG  
Corporate Finance  
Treasury Investor Relations / CFT 3

Wittelsbacherplatz 2  
80333 Munich

By telefax: 089 – 636 32830

### Counterproposals/Proposals to be submitted at the Annual Shareholders' Meeting of Siemens AG on Thursday, January 25, 2007 in Munich

Ladies and Gentlemen:

[...]

Concerning the Agenda, I hereby submit the following counterproposals:

With regard to Agenda Item 4, "To ratify the acts of the Managing Board", and Agenda Item 5, "To ratify the acts of the Supervisory Board":

*Be it resolved that ratification of the acts of the Managing Board and of the Supervisory Board is not granted.*

Supporting statement:

- (A) Continued commitment to nuclear energy despite the nuclear catastrophe of Chernobyl which left several thousands of people dead, many others radiated for life, and huge areas uninhabitable; despite the almost-catastrophe of Harrisburg; and despite the fact that even today temporarily radiated mushrooms or forest fruit and wild animals can be found in woody areas of Bavaria and Baden-Württemberg, and the question of the management and final storage of highly radioactive nuclear waste is irresponsibly still left unresolved. Another reproach that can be brought against this policy is that even "the peaceful use of nuclear energy" may lead to proliferation.

Note: In 1989 (three years after Chernobyl), the undersigned was in the surroundings of Chernobyl with a study group.

- (B) Lack of commitment in the fields of alternative energy (such as wind, water, solar, etc.) and the numerous possibilities of energy saving (partly subsidized by the government) which together will not only relieve the environment (and the climate situation in particular), but could also have created 100,000 new jobs.

- (C) Past and present business practices — especially outside Germany — involving funds provided to customers that have put Siemens AG at the center of the largest scandal in its history with the resulting loss of confidence and reputation in Germany and abroad.

Source: Comprehensive investigations by the Department of Public Prosecution, with allegations of corruption, bribery and tax evasion.

It must be assumed that most probably Dr. Kleinfeld, the current President of the Managing Board, is not the only person to be held responsible for these business practices, but that Dr. v. Pierer, the current Chairman of the Supervisory Board, is also to blame.

- (D) Lack of information about additional activities of Supervisory Board members in other companies, e.g. as members of the managing or supervisory boards.

Note: Dr. Ackermann's activities as Spokesman of the Board of Managing Directors of  
Exception: Deutsche Bank is known.

With regard to Agenda Item 6, "Appointment of independent auditors for the audit of the Annual and Consolidated Financial Statements":

[...]

Supporting statement: KPMG did not notice the alleged cases of tax evasion detected by the Department of Public Prosecution, because the balance sheet / financial statements for FY 2006 were presented to the Managing Board / Supervisory Board without qualification.

*For this reason, the appointment of KPMG should be revoked for the [...] future.*

Sincerely,

(sgd.) Eduard Bernhard

**Wilm Müller, Neuenburg, has submitted the following shareholder proposal:**

From: Company Diedrich Müller with headquarters since 1889 in Neuenburg on the Bullenmeersbäke, Herr Wilm Müller [<mailto:postmaster@firma-diedrich-mueller.de>]  
Sent: Wednesday, January 10, 2007, 11:13 a.m.  
To: CF HV2007; [info@mcdonalds.de](mailto:info@mcdonalds.de); [info.mcdonalds@de.mcd.com](mailto:info.mcdonalds@de.mcd.com)  
Re: Agenda Item 5

January 8, 2007, 16:07 Casablanca Time

#####

From Herr Wilm Müller, [www.9ko.de](http://www.9ko.de), Domicile in exile: Am Markt 3, 26340 Neuenburg on the Bullenmeersbäke – Copy to Aqua Signal AG with headquarters in Bremen an der Weser, via e-mail or via fax or via posted mail – Copy to company German Bundestag with headquarters in Berlin on the Spree, via e-mail – Copy to company Federal Ministry of Finance with headquarters in Berlin on the Spree, via e-mail – Copy to company Siemens AG with headquarters in Munich on the Isar, Investor Relations, Wittelsbacherplatz 2, 80333 Munich, in parallel by posted mail and via e-mail [hv2007@siemens.com](mailto:hv2007@siemens.com) – Copy to company McDonalds with headquarters in North America, via e-mail.

With regard to Agenda Item 5, "To ratify the acts of the Supervisory Board":

#####

Re: Agenda Item 5 of the Notice of Annual Shareholders' Meeting not available to me concerning the above-mentioned company Siemens AG

#####

Persons:

I have hereby proposed that the acts of the Supervisory Board of the above-mentioned company Siemens in fiscal year 2006 be not ratified and I would support my proposal by stating that the same Supervisory Board in the same fiscal year held democracy in contempt by permitting that the above-mentioned company Siemens paid tax money to the above-mentioned company Federal Ministry of Finance, part of which money could have gone to the above-mentioned company German Bundestag, which would be unfortunate because it was the same company German Bundestag that passed Section 327 of the German Stock Corporation Act which allows shareholders to take away shares of stock from one another, whereby I completely lost my shares in the above-mentioned company Aqua Signal to another shareholder who just happened to own more shares than I did, and, what's more, who wanted my shares against my will, whereupon I now have no more right to vote at shareholder meetings of the same company Aqua Signal because there will be no more shareholder meetings, as there is only one shareholder left who would have to meet with himself, all of which is an unassailable proof of contempt for democracy because without taxpayers like the above-mentioned company Siemens there would be no above-mentioned company German Bundestag and thus no laws that would contribute to dismantle democracy. I kindly request you to publish the hand-written version of the present proposal because I wrote it in the beautiful restaurant of the above-mentioned company McDonalds at the Hamburg-Altona rail station.

The above-mentioned Herr Müller

# The Schutzgemeinschaft der Kapitalanleger e.V., Munich, has submitted the following shareholder proposals:

**Schutzgemeinschaft der  
Kapitalanleger e.V.**  
- Die Aktionärsvereinigung -

SdK e.V. \* Maximilianstrasse 8 . 80539 Munich

Siemens Aktiengesellschaft  
Corporate Finance Treasury  
Investor Relations (CF T 3)  
Wittelsbacherplatz 2  
80333 Munich

Initially by telefax: 089 / 636 – 32830

Munich, January 10, 2007

## **Counterproposals to be voted on at the Annual Shareholders' Meeting of Siemens AG on January 25, 2007**

Ladies and Gentlemen:

At the Annual Shareholders' Meeting of Siemens AG to be held on January 25, 2007, the "Schutzgemeinschaft der Kapitalanleger e.V. (SdK)," as a shareholder of the Company, will present the following counterproposals with reference to § 125 and § 126 of the German Stock Corporation Act (AktG) and request the shareholders present at the meeting to support our proposals:

### **B** With regard to Agenda Item 4, "To ratify the acts of the Managing Board":

The SdK will propose at the Annual Shareholders' Meeting that discharge of the acts of the members of the Managing Board in fiscal year 2006 be postponed until a time when the bribery scandal will have been further resolved.

In the event that this proposal for postponement is not granted, the SdK will propose that discharge of the Managing Board be refused.

#### **Supporting statement:**

Discharge of the Managing Board denotes approval by shareholders of management's conduct of business for the fiscal year concerned. We should like to state expressly that the SdK is not interested in maximizing profits at any price, but that it expects the two Boards to generate the highest possible value for shareholders without violating existing laws. As a matter of principle, the SdK does not condone bribery to win orders, even if this means that certain orders will not be placed with the Company. For this reason, the SdK expressly disassociates itself from corruption and the formation of cartels in order to gain competitive advantages.

Consequently, if the Managing Board did not take appropriate action to combat corruption or is found to be involved in the system of corruption, the SdK will refuse to discharge the a Managing Board.



At the current time, it cannot be finally determined whether the Managing Board carried out its control function or was itself involved in the system of corruption. With the investigation opened by the public prosecutor still pending, Siemens hired the law firm Debevoise & Plimpton to conduct an independent investigation and appointed Michael Hershman, an anti-corruption expert, to review the circumstances of the case. For this reason, the SdK is convinced that it is appropriate to wait for the results before ratifying the acts of the Managing Board in fiscal year 2006.

Whatever the outcome, the SdK requests that the Management make these reports available to shareholders without reservation.

At the present time in any case, the SdK is not in a position to grant discharge to the Managing Board for fiscal year 2006 because there are several indications which suggest that the Managing Board at least failed to carry out its control function in connection with the corruption allegations.

## **C** With regard to Agenda Item 5, "To ratify the acts of the Supervisory Board":

The SdK will propose at the Annual Shareholders' Meeting that discharge of the acts of the members of the Supervisory Board in fiscal year 2006 be postponed until a time when the bribery scandal will have been further resolved.

In the event that this proposal for postponement is not granted, the SdK will propose that discharge of the Supervisory Board be refused.

### **Supporting statement:**

In support of this proposal, reference is made as far as possible to the statement supporting the postponement of discharge of the Managing Board. It seems to be appropriate in this case as well to wait for the results before deciding on the discharge.

At the present time in any case, the SdK is not in a position to grant discharge to the Supervisory Board. There are strong indications which suggest that the Supervisory Board did not properly exercise its supervisory responsibilities. The SdK is concerned, among other things, because the Chairman of the Supervisory Board, Dr. von Pierer, stated as early as 1992 in connection with a bribery case that this sort of thing will not happen again with the Company. In addition, the press reported on allegations of bribery within the Siemens organization on several occasions in the past. This should have alerted the Supervisory Board to take appropriate preventive action. In the opinion of SdK, however, developments over the past years suggest that the measures were insufficient at best.

In addition to the corruption allegations there are a number of other aspects which, even when viewed on a case-by-case basis, may give rise to doubts as to whether discharge should be granted:

- (a) The increase in Managing Board remuneration (target compensation) by 30 percent, as approved by the Chairman's Committee of the Supervisory Board, has no relation to the Company's increase in performance, its earnings growth or the development of its stock price. It should also be critically noted that the yardstick to measure the Managing Board's performance has been "softened" several times in recent years.

Thus, it is not the capital contributed by the Company's shareholders that is used to determine the measurement basis, but equity components which are reduced by discounted underfunded pension obligations (€5.8 billion as of September 30, 2006).

Target capital costs were also reduced. Moreover, due to the elimination of goodwill amortization, earnings were pushed up by €400 million p.a. and, after transition to IFRS in 2007, will improve by an additional €400 million in fiscal year 2007, without a corresponding increase in performance. In this manner, the Chairman's Committee of the Supervisory Board more than tripled the remuneration of the Managing Board since 1999 (€12 million) to approximately €40 million as of fiscal year 2007 (based on a 12-member board), without any corresponding increase in value for shareholders. This situation is unacceptable.

- (b) The concealment of non-cash benefits for Managing Board members by Berliner Vermögensverwaltung (BVV), a wholly-owned Siemens entity, and the nondisclosure of the pension benefits of each Managing Board member is also not in compliance with good corporate governance practices.

**With regard to Agenda Item 6, "Appointment of independent auditors for the audit of the Annual and Consolidated Financial Statements":**

The SdK rejects the appointment of KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Berlin and Frankfurt on Main, to serve as independent auditors for fiscal year 2007.

**Supporting statement:**

KPMG has served as independent auditors of Siemens AG and its consolidated subsidiaries for many decades. Due to the long-term association between KPMG and Siemens, there is a risk that a relationship of trust and confidence has been built up that may have affected the audit of the Company's books and records in the interest of the capital market. To prevent developments of this kind, it is not sufficient to change the head of the audit team at regular intervals, as prescribed by law.

Pursuant to § 317 (4) of the German Commercial Code (HGB), the independent auditors are required, as part of the audit engagement, to assess whether the risk early recognition and monitoring system set up by the Managing Board is able to perform its task. Doubtless, this includes taking appropriate action to detect and deter embezzlement and corruption. Recent events have shown that the system used by Siemens was not adequate.

Nevertheless, KMPG always found it adequate.

From a shareholders' view it must be said that KMPG no longer provides the necessary confidence.

We ask you to handle the above counterproposals in accordance with § 125 and § 126 of the AktG and, in particular, make them available to the other shareholders. The supporting statements do not contain more than 5,000 characters and are in line with the legal requirements of § 126 of the AktG.

Sincerely,

SdK – Schutzgemeinschaft  
der Kapitalanleger e.V.

(sgd.) Klaus Schneider  
Chairman

## Matthias Gaebler, Stuttgart, has submitted the following shareholder proposals:

[ ... ]

### **D** With regard to Agenda Item 4: "To ratify the acts of the Managing Board"

Be it resolved that a resolution concerning the discharge of the members of the Managing Board is postponed until the known problems regarding "black accounts" and the dubious disposal of the mobile devices business to BenQ are finally determined. Instead, it will be proposed at the Annual Shareholders' Meeting to perform a special audit with regard to this group of subjects.

#### Supporting statement:

Following the disclosure of black accounts, the present Managing and Supervisory Boards are very naïve in proposing their own discharge to shareholders. Although the Managing Board has dissociated itself from former Managing Board member Ganswindt, who had been arrested and held briefly in custody, but the latter seems to have been used as a pawn sacrifice to begin with. Pursuant to the German Stock Corporation Act, the Managing Board acts as a "collegial body" and is thus responsible as a whole. Until it can be determined that no other Managing Board member acted in a similar manner or knew about the actions or tolerated them, a discharge is to be postponed. Let's not forget Infineon!

### With regard to Agenda Item 5, "To ratify the acts of the Supervisory Board"

Be it resolved that a resolution concerning the discharge of the members of the Supervisory Board, who approved a 30 percent increase in Managing Board remuneration, is rejected. Be it further resolved that the Annual Shareholders' Meeting withdraw its confidence from Mr. Pierer, the Chairman of the Supervisory Board. In addition, a special audit should verify to what extent the Supervisory Board exceeded its competences and whether the requirements of § 87 of the AktG have been complied with or to what extent these actions have resulted in a loss of assets to the detriment of shareholders.

#### Supporting statement:

Through his conduct, Mr. Pierer, the Chairman of the Supervisory Board, has caused incalculable damage to the Company's image in the public and, therefore, is no longer acceptable as member of the Supervisory Board. During a period of staff layoffs, a 30 percent increase in Managing Board remuneration which is too high anyway cannot be justified. The so-called jealousy debate often mentioned in this context serves only as an excuse.

Siemens as a company will keep on running even without a Managing Board because Siemens' success does not derive from its Managing Board but from each individual employee. In this regard, Managing Board members paint a completely false picture of the performance with the result that they are often just labeled as "greedy profiteers."

Managing Board members have earned a salary increase when they create attractive products and jobs in Germany, thereby helping to solve some of the social problems. The destruction of workplaces and layoffs of workers over a period of 50 years are no worthy management feat, but a completely undesirable development. Moreover, the “giving away” of entire business areas such as the mobile devices business is another example of ignorance and no management feat that should be remunerated.

Anybody who then comes up with the damned stupid idea of a 30 percent increase in remuneration lost any relation to reality and therefore does not represent the interests of shareholders.

Besides the useless overpayment of Managing Board members, Mr. Pierer may also be embroiled in the “black accounts”. It is a complete mystery to me how a possibly concerned individual, as a present Supervisory Board member, is expected to clear up his own conduct. In this regard, shareholders should withdraw their confidence from Mr. Pierer and initiate the performance of a special audit.

## **E** With regard to Agenda Item 6, “Appointment of independent auditors for the audit of the Annual and Consolidated Financial Statements”

Be it resolved that Ernst & Young Wirtschaftsprüfungsgesellschaft, Munich branch office, is appointed as further joint independent auditors, in addition to the Board proposal.

### Supporting statement:

In view of the “black account” disclosed so far, the question arises as to the correctness of the books and records relating to past fiscal years, when KPMG had already been engaged as independent auditors. Well, surely it is imaginable that the current independent auditors did not know anything about these occurrences. In view of the pending problems, however, a second auditing firm should be engaged in line with the motto “Confidence is good, control is better.” In any case, the costs incurred as a result of this engagement are a better investment than the 30 percent increase in Managing Board remuneration.

[ ... ]

## Dieter Suchan, Düsseldorf, has submitted the following shareholder proposals:

### Counterproposals to Items 4 and 5 on the Agenda to be voted on at the Annual Shareholders' Meeting of Siemens AG on January 25, 2007 submitted by D. Suchan, Düsseldorf

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Dear Fellow Shareholders:

With regard to Agenda Item 4: "To ratify the acts of the Managing Board",  
With regard to Agenda Item 5: "To ratify the acts of the Supervisory Board"

With regard to Agenda Item 4, "**To ratify the acts of the Managing Board**" and Agenda Item 5, "**To ratify the acts of the Supervisory Board,**" I ask you to vote **AGAINST** the Board proposal and thus **refuse to discharge the members of both Boards.**

Statement supporting the counterproposal to Agenda Item 5:

The **Supervisory Board and the Managing Board** are responsible for the disastrous development of our Company.

The Supervisory Board did not exercise its supervisory powers effectively, i.e. all Supervisory Board members as a group because they elected former President and CEO von Pierer, who is responsible for the catastrophes of the past years, from among their midst as Chairman of that board and have left him in that position.

This Chairman of the Supervisory Board is mainly responsible for the various disasters of the recent and most recent past. Mr. von Pierer, acting as President and CEO in those years, is the person responsible for all the events deemed to be injurious to the interests of the Company of which we are gradually informed.

Meanwhile, the series of economic events that have become known has reached dimensions which go beyond our usual perception and are totally intolerable. Most prominent on the list are: Failure in connection with **SBS** activities; the complete loss of the **wireless phone business** (mobile phones and fixed network handsets); a certain perfunctoriness in the acquisition of **VA Tech** of Austria (ELIN subsidiary); deficient management in the **Transportation** business area: **Combino**-type low-floor trams; the disaster of the so-called "**Skytrain**" at Düsseldorf airport; the safety systems / safety gaps causing the **Transrapid accident**. Every year, new catastrophes emerge from the underground of von Pierer's term of office as President and CEO. It's enough now.

Now we're scared stiff as new examples of mismanagement and failure in proper corporate leadership and control come to light. Large amounts of money have been diverted for years by a "criminal gang" within the Company under the eyes of its former Managing Board and used in a manner not yet finally determined to pay bribes. In this context, participation at the managing board level has become obvious.

Events of this kind did not occur only once during von Pierer's term of office as President and CEO:

- **1992 – Munich sewage treatment plant:** nine Siemens managers were sentenced to prison, some of them for more than three years

- **1999 until April 2002 – ENEL public utility:** A regional court in Darmstadt accuses a former executive and another former employee of the Power Generation Group of Siemens AG of paying bribes to managers of the Italian public utility.

- **Autumn 2005 – UN Corruption Report on Iraq Program “Oil for food”** of October 2005. The UN identifies four companies with the name Siemens. This subject was brought forward by me at the last Annual Shareholders’ Meeting. Only now has the subject become public and is being reported on by Siemens.

**Currently:**

- **2004 and earlier – Black accounts and slush funds:** Current investigations at ICM & ICN, now COM

*“If von Pierer was unaware of all this, it’s high time for him to resign from the Supervisory Board. Employees should be qualified to do a job, but this is exactly what seems to be missing in Heinrich von Pierer.”* Quoted from an article in the December 18, 2006 edition of the German magazine *Stern* under the heading **“You should retire, Herr von Pierer!”**

**Dear fellow shareholders, use your vote as a signal to the entire Supervisory Board and its chairman: “Mr. von Pierer, please resign and accept early retirement.”**

Statement supporting the counterproposal to Agenda Item 4:

The **Managing Board and the Supervisory Board** are responsible for the disastrous development of our Company.

The Managing Board members whose discharge is to be voted on, have been active for years in the top management of Siemens AG. The present President and CEO worked for many years in leading positions within the Company, including for ICM and ICN (now COM). He was a member of the Managing Board and a deputy of the former President and CEO. Therefore, at least on account of his function, he has joint responsibility for the conditions and events described above under Agenda Item 5.

The entirely unprofessional handling of the mobile devices business (mobile phones in the Information and Communication Mobile (ICM) business area, now COM) by transferring the run-down segment to a nobody in the business named BenQ, an enterprise with no competence or marketing experience in this area neither in Germany nor internationally, was an entrepreneurial oath of disclosure, an economic disaster, and a socially irresponsible scandal. The Managing Board’s actions have severely damaged Siemens’s image in the public.

The handling to-date of the present investigation into manipulation of accounting records, diversion of money and the not yet finally determined payments of bribes was equally unprofessional, both in terms of communicating with the public and regarding the corrective or preventive measures taken. I agree with the criticism expressed by the general public and recent media reports, and particularly with the recent assessment by Peter von Blomberg, Deputy Chairman of Transparency International Germany, in the German newspaper *Handelsblatt* dated January 1, 2007.

In view of these failures and deficiencies, the Managing Board at least deserves a warning shot. Therefore, its conduct and performance should not be approved by the Annual Shareholders’ Meeting, and in particular not by the minority shareholders.

## Dieter Suchan, Düsseldorf, has submitted the following shareholder proposals:

### Counterproposals to Items 6 and 7 on the Agenda to be voted on at the Annual Shareholders' Meeting of Siemens AG on January 25, 2007 submitted by D. Suchan, Düsseldorf

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Dear Fellow Shareholders:

With regard to Agenda Item 6, **"To ratify the appointment of independent auditors"** and Agenda Item 7, **"To consider and vote upon a resolution authorizing the acquisition and use of Siemens shares,"** I ask you to vote **AGAINST** the Board proposals.

Instead, I urge you to support the following proposals (counterproposals) as amended by me:

Remark: Please note that the Chairman of the Meeting will usually have the voting be carried out first on the Board proposals (see Notice of Annual Shareholders' Meeting). If you vote FOR at this point, you will thereby vote against my counterproposals. Only after you have voted AGAINST the Board proposal presented to you will my proposals be submitted by the Board for approval. **At this point, I ask for your FOR vote.**

With regard to Agenda Item 6, "Appointment of independent auditors for the audit of the Annual and Consolidated Financial Statements".

Be it resolved that the Board proposal to appoint KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft to serve as the Company's independent auditors for the audit of the annual and consolidated financial statements is not ratified.

Instead, another auditing firm shall be nominated that will be voted on at the Annual Shareholders' Meeting following a relevant proposal by shareholders. I shall present such a proposal to the Annual Shareholders' Meeting and nominate an auditing firm to be voted upon.

Statement supporting the counterproposal to Agenda Item 6:

**The Supervisory Board and the Managing Board (the Board) propose** that KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft be appointed to serve as the Company's independent auditors for the audit of the annual and consolidated financial statements.

As the Company's independent auditors, KPMG has audited the annual financial statements of Siemens AG and Siemens worldwide at least since 1998 without interruption, i.e. at least for nine consecutive years.

In order to reinforce the independence of auditors of public interest entities, a European draft directive requires mandatory rotation of auditors. Member States would have the option of requiring either a change of key audit partner dealing with an audited company every five years, if the same audit firm keeps the work ("internal rotation"), or a change of audit firm every seven years ("external rotation"). The Commission believes that mandatory rotation will contribute to avoiding conflicts of interest. But Siemens AG, undoubtedly a public interest entity, has so far turned a deaf ear to such appeals and again proposes the appointment of the same auditing firm for the tenth year.

This is especially incomprehensible because Dr. jur. Gerhard Cromme, a member of the Supervisory Board, is not only the Chairman of the Government Commission "German Corporate Governance Code," but also the Chairman of the Audit Committee of the Supervisory Board of Siemens AG. It was only natural to expect that he would push through the modern rules of corporate control, even if they have not yet been put to paper. But this hope was in vain.

As we know, huge sums of money have been diverted from the books and records and transferred to “black accounts” for years. For this purpose, the individuals involved have consistently and systematically manipulated the accounting records.

KPMG, as the independent auditors, audited the Company's annual financial statements in the period in question and approved them without qualification. And the Audit Committee was not shocked either.

Irrespective of other problems, it is time to change the auditing firm in order to reinforce and guarantee independence and transparency. This is the more important as the Audit Committee and its chairman do not seem to ensure compliance with the requirements and independence rules.

## **F** With regard to Agenda Item 7, “Acquisition and use of Siemens shares”.

Be it resolved that the Board proposal pursuant to Agenda Item 7 (a), 1<sup>st</sup> sentence, authorizing the Company to acquire up to 10% of the capital stock existing at the time of the resolution is rejected.

Be it further resolved that the Board proposal pursuant to Agenda Item 7 (c) (1) authorizing the Company to retire shares of stock with the approval of the Supervisory Board without an additional resolution by shareholders being required is rejected.

Instead, it is proposed that Letter (a), 1<sup>st</sup> sentence, be amended as follows and be voted upon:

“The Company shall be authorized to acquire up to 5% of its capital stock existing at the date of the resolution.”

The other sentences of Agenda Item 7 (a), i.e. sentences 2 through 4, shall remain unchanged.

It is further proposed that Letter (c) (1) be amended as follows and be voted upon:

“Such shares of stock may be retired with the approval of the Annual Shareholders' Meeting.”

The other sentences shall remain unchanged.

### Statement supporting the counterproposal to Agenda Item 7:

**Under German law (§ 71 of the AktG), the Supervisory Board and the Managing Board** may acquire and hold in treasury up to 10% of the Company's capital stock. This, however, is an absolute upper limit. It is neither recognizable nor understandable why the Company should intend to exploit the statutory limit.

After all, one should bear in mind that Siemens AG issued almost 900 million shares of stock. Valued at the stock price in recent months, the aggregate market value comes to roughly €66 billion. The proposed authorization would allow the Managing Board to acquire Siemens shares equivalent to €6.5 billion and more. Given the size of the Company and its market capitalization, “nearing the statutory limit” would be without foundation.

To let the Managing and Supervisory Board alone resolved on the retirement of shares of stock, in particular if the amounts involved are equivalent to such an exorbitant sum of money, is not consistent with the principles of good management and cannot be relied upon by shareholders. Such a “carte blanche” authorization is dangerous and not acceptable.



## **Company Response to the Shareholder Proposals**

We believe that the shareholder proposals are without merit and recommend a vote against these proposals. The Managing Board will respond to appropriate shareholder questions at the Annual Shareholders' Meeting. A first response follows below:

### **Re: Shareholder proposals by Dr. Stinnesbeck, Hümmerich, not to grant discharge to the members of the Managing and Supervisory Boards:**

We believe that the shareholder proposals are without merit. To our knowledge, the factual allegations supporting the counterproposals are apparently the same as those that were the subject of investigative proceedings launched by the Nürnberg-Fürth Department of Public Prosecution against Siemens Audiologische Technik GmbH (SAT) on charges of bribery in business transactions and tax evasion. These investigative proceedings were discontinued in May 2006 for lack of probable cause pursuant to § 170 (2) of the German Code of Criminal Procedure (StPO). The proceedings were based on the information laid by the proponent, a former SAT employee who was employed with the company from May 1, 2000 to October 31, 2003. Neither launch nor discontinuance of the proceedings were communicated to Siemens AG.

The factual allegations described, which were known to us as early as 2004, were fully investigated and resolved without dispute by Internal Audit. The result was unequivocal: The payments described do not represent illicit payments, but rather compensation for regular discounts earned. All payments were properly checked and accounted for by SAT. Nevertheless, such cash payments were immediately stopped when they became known because of their noncompliance with our internal Business Conduct Guidelines which are binding upon all employees of Siemens worldwide.

As a result of these facts, the proponent's allegations that the Managing Board and the Supervisory Board, in spite of having been informed, "did not take any action or sufficient action to prevent the creation of so-called black accounts" are without foundation.

**Re: Shareholder proposal by the Verein von Belegschaftsaktionären in der Siemens AG, e.V., Munich, and by Mr. Manfred Meiler, Munich, and Mr. Wolfgang Niemann, Seefeld, not to grant discharge to the members of the Managing Board:**

As stated in Agenda Item 4, the Supervisory Board and the Managing Board proposed to the Annual Shareholders' Meeting 2007 that the members of the Managing Board be discharged for fiscal year 2006. Since the decision on this proposal was made by the Supervisory and Managing Boards, new developments have evolved in connection with the current investigation conducted by the Munich Department of Public Prosecution against former and current Siemens employees of the Communications Group (Com) on charges of embezzlement. In this context it also became known to Siemens that a former Managing Board member, Dr. Thomas Ganswindt, had been temporarily arrested. Therefore, the Supervisory Board and the Managing Board intend to propose at the Annual Shareholders' Meeting that the resolution on Dr. Ganswindt's discharge be postponed.

Former CFO Heinz-Joachim Neubürger has requested the Supervisory Board to postpone the vote on the proposal to approve his acts in fiscal year 2006 until the allegations leveled against him have been clarified. Following this request, the Supervisory and Managing Boards intend to propose that the resolution on Mr. Neubürger's discharge also be postponed. With regard to all other members of the Managing Board during fiscal year 2006, the proposal for granting discharge for that period will be maintained by the Supervisory and Managing Boards. The Annual Shareholders' Meeting plans to hold separate votes on January 25, 2007 to grant discharge to the Members of the Supervisory Board and the Managing Board individually.

Siemens Aktiengesellschaft · Chairman of the Supervisory Board: Heinrich v. Pierer  
Managing Board: Klaus Kleinfeld, President and CEO · Members of the Managing Board:  
Johannes Feldmayer, Joe Kaeser, Rudi Lamprecht, Eduardo Montes, Jürgen Radomski,  
Erich R. Reinhardt, Hermann Requardt, Uriel J. Sharef, Klaus Wucherer  
Registered Offices: Berlin and Munich · Commercial Registries: Berlin-Charlottenburg, HRB 12300;  
Munich, HRB 6684