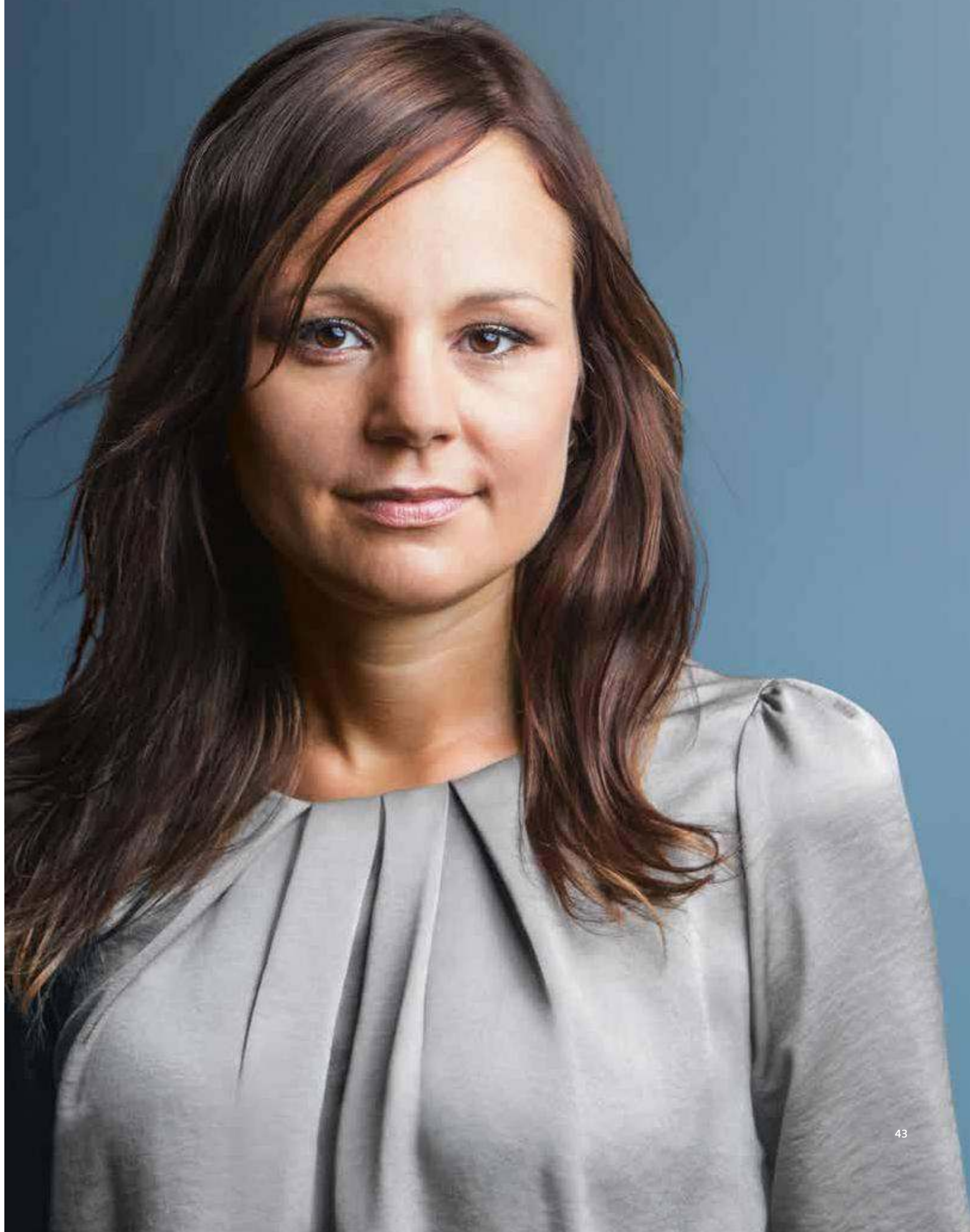


Leveraging business opportunities

# “How can implants be manufactured faster and at lower cost?”

**Sabine Fietz – Engineer – Erlangen, Germany**

As a Siemens engineer, I look for answers to technological challenges every day. People like Gordon France show me how important it is to continuously work on finding more efficient industrial processes and solutions rather than simply being content with the status quo. The key here is to have a comprehensive overview of all the steps in both product development and the manufacturing process – from the initial implant design to production planning and machine tool configuration (production engineering) to actual manufacturing and services. By using software solutions to link all these steps in an end-to-end process chain, we can enable implant manufacturers to further simplify, considerably accelerate and, last but not least, cut the cost of designing implants. We're also leveraging this approach to make production processes more efficient in other industries.



Industry solutions that enhance  
the quality of life

# Back in the game – with new knees

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Siemens' industry solutions | York Harbor, Maine, U.S.  
Erlangen, Germany

## Maine, U.S.

Ice hockey is one of the toughest sports around. Next to head wounds, knee injuries are the most common result of unintended collisions on the ice. But seventy-six-year-old Gordon France wouldn't dream of giving up the sport that's been his hobby since childhood, even though he's had two knees replaced: "When I got out of rehab, I headed straight back to the rink, grabbed onto the boards and pulled myself along until I got the hang of it again. Before I knew it, I was whirling around the ice, and my knees were working great." When not playing ice hockey, the successful artist is continually looking for interesting landscape motifs – preferably in Tuscany or near his summer home in York Harbor on

the coast of Maine. That means he does a lot of walking on rough terrain – just as he did before his operations. But today he no longer takes it for granted. "I had severe knee pain for years, and it kept getting worse. The doctors always diagnosed the same thing: the onset of arthritis. So it was only a matter of time before I'd either have to get knee replacements or quit walking altogether."

Gordon France was aware that there might be complications. He also knew that the implants would probably have to be replaced at some point. But there didn't seem to be much choice: "I couldn't hike, I couldn't skate, and I couldn't paint any more. Something had to be done." The operations were a success. About six

months after leaving the hospital, Gordon France was once again leading a full life. "I can move like a 25-year-old again. My quality of life has really improved."

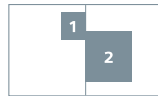
Gordon France is only one example among many. In the U.S., some 720,000 people receive knee implants every year – people who couldn't continue living their normal lives without the help of artificial joints. And it's here that our knowhow and expertise in the area of industrial production processes can make an important contribution. As a producer of innovative industry solutions, we've developed a solution that will enable implant manufacturers to produce prosthetics faster, more efficiently and more economically. On the pages that follow, Sabine Fietz explains how it all works.





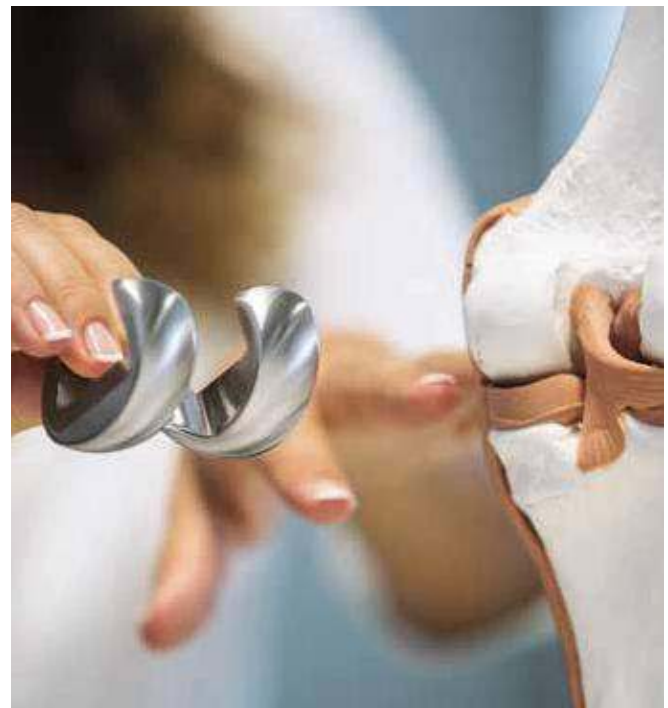
**1/2** – Five-time grandfather Gordon France sets a fast pace in the rink. Thanks to two artificial knees, he can still play his favorite sport.





**1** – Knee replacements make it possible for people like Gordon France to live normal, active lives once again.

**2** – At our Technology and Application Center in Erlangen, Germany, Sabine Fietz describes how intelligent software solutions from Siemens enable manufacturers to produce implants faster and thus more economically – for the benefit of patients.



### Industry solutions for people

Siemens engineer Sabine Fietz has big plans: “One of the megatrends in our society relates to demographic development. People are living longer, which means that there’s a growing need for healthcare products. As the age pyramid for the industrialized countries clearly shows, more and more individuals – like Gordon France – are reaching an age at which their joints are no longer up to the demands placed on them in daily life. Of course, these people still want to continue leading active lives. For many patients, artificial knees are the only way to improve their clinical outcomes and maintain their quality of life. The challenge is to manufacture increasingly individualized products that are also affordable.”

This challenge applies particularly to implants, many of which have only a limited lifespan and must be replaced after a certain time. Artificial knees, for example, are subject to heavy loads and generally do not last longer than ten to 15 years. The quest to provide the best possible prosthetic for each patient is spawning a continually increasing number of different implant sizes and shapes. Aware of this situation, Sabine Fietz and her colleagues are leveraging Siemens’ strengths to create solutions for implant manufacturers. “At Siemens, we not

only have decades of experience in industrial production. We’re also one of Europe’s largest software providers. Our innovative software solutions enable all process steps – from a product’s development to its manufacture – to be simulated, tested and integrated in a virtual environment. What’s the advantage? Our customers can test and optimize all steps in the product development and manufacturing process in the virtual domain before a single machine tool or production facility goes into operation. They can see what impact a change in the planned product design has on all further production steps, whether the production facility is running smoothly, and where the manufacturing processes can be made even more productive, efficient and flexible.” Only when everything is working perfectly in the on-screen simulation does the real production process begin.

Siemens is also leveraging this expertise in its solution for the industrial production of implants, thus supporting prosthetics manufacturers worldwide. As Sabine Fietz knows from many discussions with customers, manufacturers find themselves facing more and more new challenges: “Due to the steadily increasing number of patients in need of artificial joints, the demand for different implant sizes and shapes is also

growing.” In order to manufacture variously sized batches of prosthetics economically and thus as cost-neutrally as possible, companies are looking for ways to optimize their existing processes. What’s needed are manufacturing solutions that offer greater flexibility and efficiency while maintaining high standards of quality and current levels of production reliability. “That’s exactly what our solution does,” says Sabine Fietz. “By linking virtual and real processes, we enable the efficient use of manufacturing facilities even for small-batch production.” Efficiency means one thing above all: speed. Whether rapidly implementing specifications in the form of digital prototypes, quickly developing computer-numerically-controlled (CNC) programs, swiftly setting up or retooling machines for different batch sizes or, last but not least, accelerating machine-tool performance – Siemens’ solution makes it all possible while also ensuring that quality requirements are met. “By implementing this approach, we’re reducing the cost, effort and time needed to manufacture implants and laying the foundation for more affordable and thus more widely available implantation processes.” That’s what Sabine Fietz finds most rewarding: “Our solution is helping patients regain their quality of life. And ultimately, that’s what counts.” → PAGE 56

Knee prosthetics

| **720,000**

In the U.S., some 720,000 people receive knee implants every year.





# Innovative industry solution from a single source

The production of implants is a prime example of how Siemens' solutions are helping enhance industrial productivity. We consistently deploy integrated technologies for the benefit of our customers. Our wide-ranging portfolio – coupled with solid, internationally proven vertical-market expertise and a strong customer focus – enables us to deliver the right products and solutions for every application.

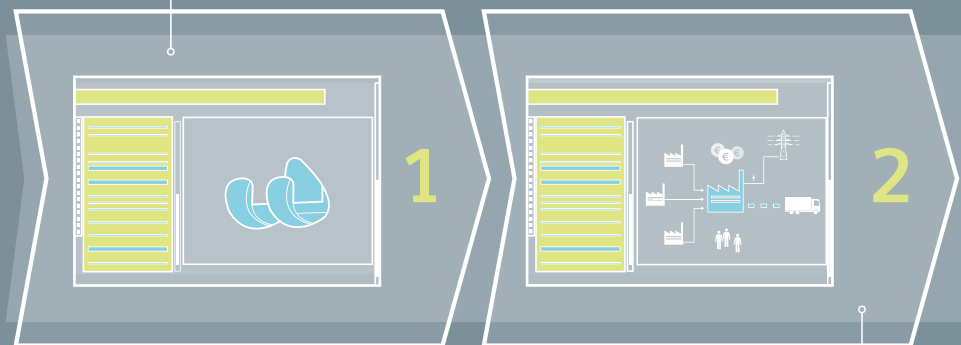
With our comprehensive offerings for automation technology, industrial controls, drive technology, industry software and services, we supply and support customers worldwide along the entire value chain – from product design to production planning and engineering to actual production and services.

Siemens is driving the future of industry.

## Product design

1

In the chemicals, pharmaceuticals, food and beverages, car and machine tool industries, intensive global competition, increasing product variety and new technologies have radically shortened innovation cycles for products of all kinds. Industry software can markedly reduce development times and slash costs. To virtually develop, test and optimize their products, companies worldwide are relying on product lifecycle management (PLM) software from Siemens.



## Production planning

2

Industry software makes it possible to completely simulate and optimize production by developing whole factories and individual machines on screen. This approach saves time, conserves resources and cuts energy costs while increasing plant profitability. The key to success lies in the integration of our PLM software into our automation systems, which cuts time-to-market by up to 50% while enhancing quality.

### Production engineering

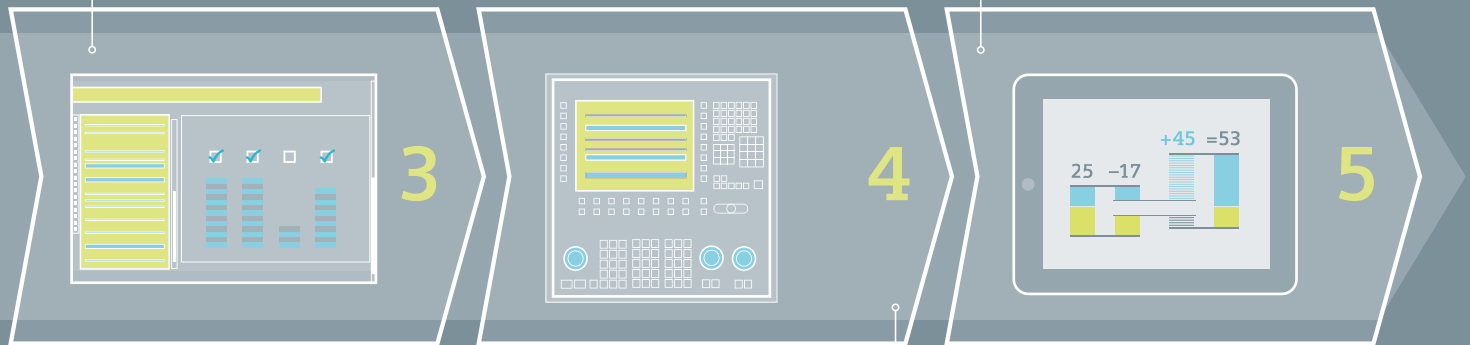
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As the use of hardware and software increases, it is becoming more challenging – but also more important – to ensure that individual systems communicate and cooperate seamlessly. Our Totally Integrated Automation Portal (TIA Portal) is an engineering revolution that enables integrated, uniform access to all automation tasks while optimizing workflows and reducing engineering costs by as much as 30%.

### Services

5

Effective maintenance plays a vital role in industry by increasing plant availability. But service doesn't end here. From planning and installation to operation and modernization, we support industrial customers with product-, system- and application-related services throughout entire plant lifecycles in order to reduce downtime and conserve resources. Based on decades of vertical-market and process expertise, our rigorous customer focus is enabling us to enhance industrial productivity and efficiency while cutting overall production costs.

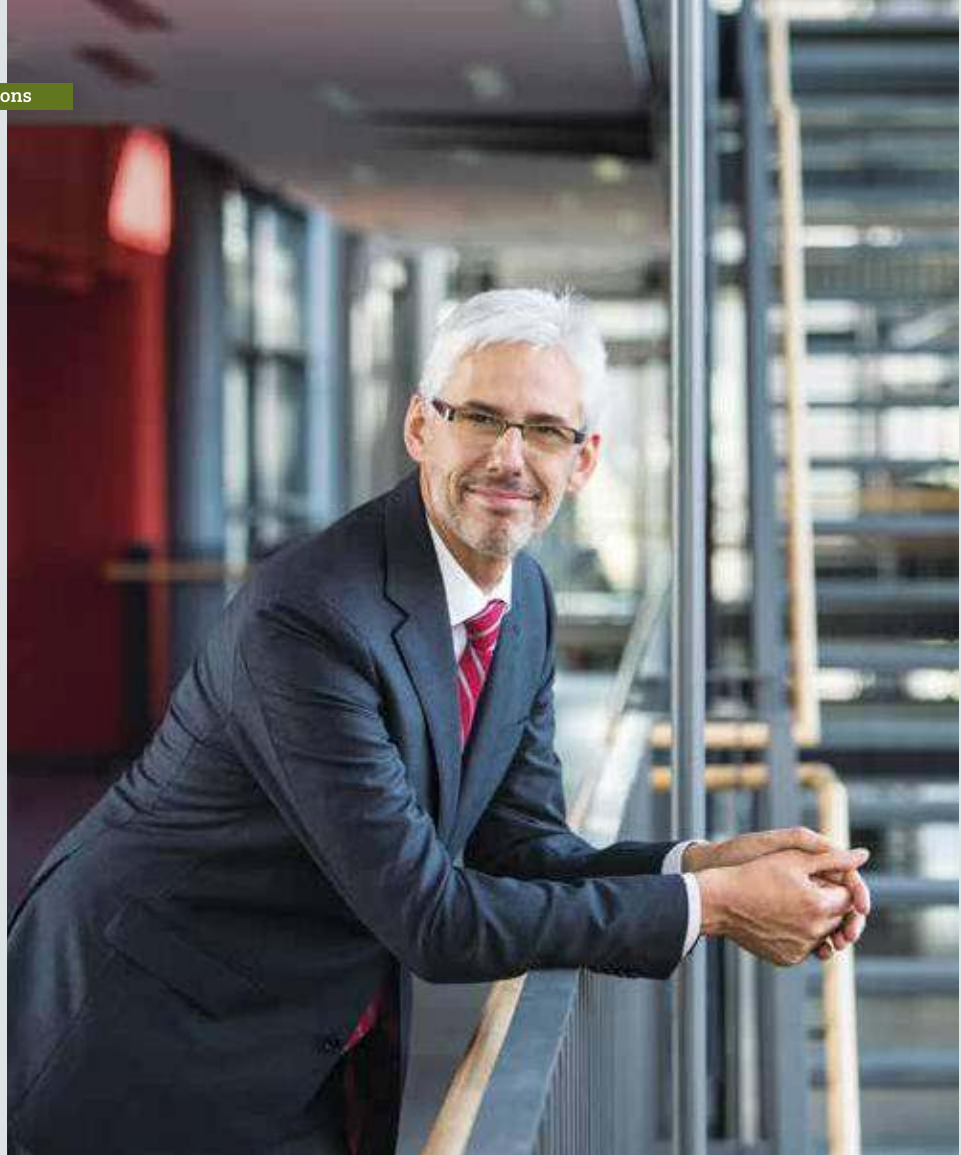


### Production

4

Increased automation has revolutionized industry in recent years, and the trend is continuing. Our Totally Integrated Automation (TIA) platform enables companies to optimize their automation solutions – no matter what industry they're in. The productivity and efficiency of entire factories can be improved even further with the help of efficient motors, gears and converters. The use of innovative and perfectly tailored drive technology alone can yield energy savings of up to 70%. Maximum production performance and response are also ensured by our Manufacturing Execution System (MES). Thanks to intelligent data linking, companies can influence production processes transparently and in real time.





**“As researchers, we always have to think ahead.”**

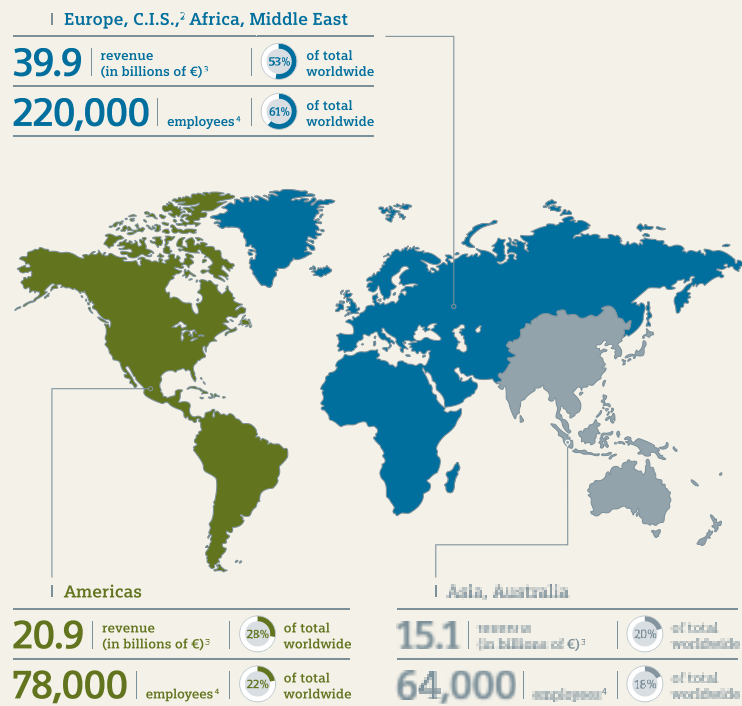
Professor Berend Denkena is head of the Institute of Production Engineering and Machine Tools at Leibniz University in Hanover and one of Germany's leading specialists in the field of production process and machine tool development.

**Professor Denkena, what's the connection between your institute's work and Siemens?**

**Professor Denkena:** I'm very familiar with Siemens from my previous work in industry. We cooperate with your company very closely. For example, virtually all the controls and drives used in our machine tools come from Siemens. Our research and teaching focus on production process and machine tool development. In this field, there are many connections to Siemens. In the area of simulation, for example, our work is guided by similar concerns. In the area of machine tool programming, there are interfaces with Siemens' product lifecycle management software. As researchers, we develop innovative solutions whose implementation may be several years down the road. That is, we think a little ahead.

# Our answers to the challenges of globalization

## | Siemens' global value chain<sup>1</sup>



1 All figures refer to continuing operations    2 Commonwealth of Independent States  
3 By customer location    4 As of September 30, 2013

The world's economies are becoming increasingly interlinked. Trade barriers are falling, commodity exports are on the rise around the globe, and economic centers and economic growth are shifting from the industrialized nations to the emerging markets. China's industrial output has overtaken that of the U.S., and more than 100 of today's Fortune 500 companies are in the BRIC countries. Globalization is advancing at full speed.

These worldwide changes present massive challenges for industry. New competitors, global value chains and a high degree of market transparency are adding to the competitive pressures. Industrial companies must continually increase their productivity if they don't want to fall behind. And for this, they need innovative manufacturing technologies that allow them to produce more flexibly and at lower cost, with shorter time-to-market. As one of the world's leading providers of automation technology and industry software, we intend to play a leading role in the future of manufacturing.

1

2

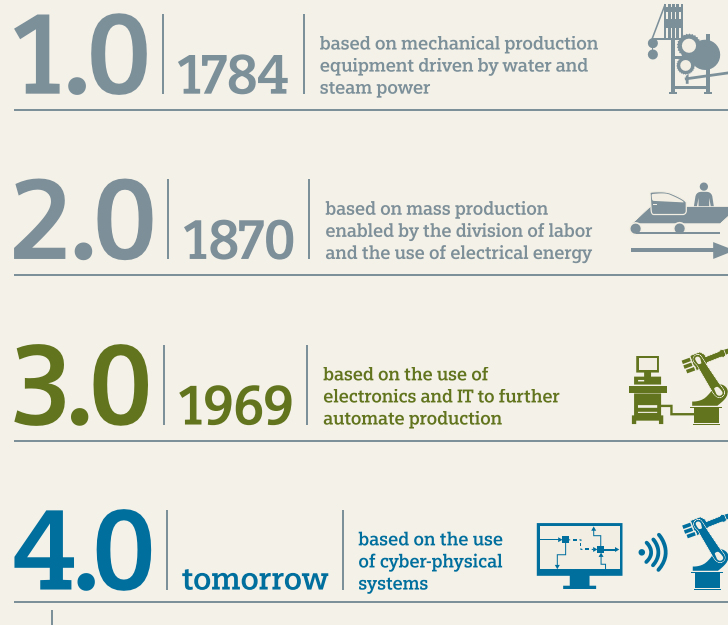
1 – Professor Berend Denkena has headed the Institute of Production Engineering and Machine Tools at the Centre for Production Technology at Leibniz University in Hanover, Germany, since 2001. The activities of the institute's roughly 70 researchers focus on production processes, mechatronic components and production planning and organization.

2 – A machine tool controlled by a Siemens SINUMERIK system produces an implant.



## On the road to the Fourth Industrial Revolution

| From Industry 1.0 to Industry 4.0

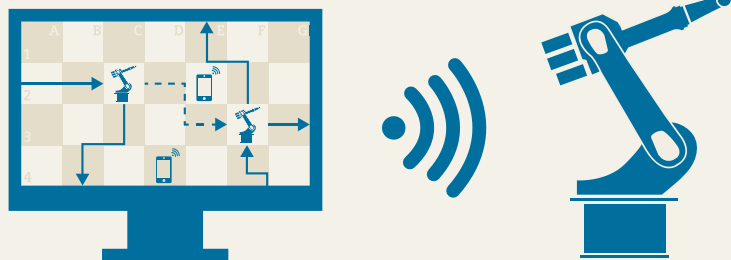


It sounds like something out of science fiction: communities of machines organize themselves, supply chains automatically cooperate with one another, and unfinished products send the data needed for their processing to the machines that will turn them into merchandise. These are the developments that will characterize the production environment of tomorrow. Many observers are proclaiming the advent of a fourth industrial revolution: Industry 4.0. The first revolution was triggered by mechanical systems and drives (the power loom and steam engine). The second involved the division of labor and mass production techniques. And the third was ushered in by electronic systems and computer technologies for automating manufacturing processes.

In the world of Industry 4.0, software will network all the steps required for a product's development, manufacturing and maintenance. Products and machines will communicate with one another and exchange commands. The factories of the future will optimize and control their manufacturing processes largely by themselves, although in accordance with parameters defined by humans – thus increasing industrial productivity. With our unparalleled range of offerings for leading-edge industrial production, we'll play a key role in shaping this transformation.

# Making production more flexible and affordable

## | Potential of the Fourth Industrial Revolution



Our experts compare manufacturing in the Fourth Industrial Revolution to a chess computer. Why? Because a chess computer in training mode determines the optimal move in any situation by analyzing and comparing all possible future game scenarios. And this is precisely what happens in the Industry 4.0 world: all the parameters and data used to develop and manufacture products are analyzed in order to predict optimal production paths and then reevaluated after each step. This approach makes it possible to identify the best options for the rest of the process under the given conditions and the impact their implementation would have on the development and production steps taken so far.

Such flexible, optimized manufacturing processes will slash time-to-market, for example, by speeding up the construction of production facilities. They'll also make it possible to manufacture product variants and even single customized products easily and at low cost. The Siemens solution described in this report – which demonstrates the advantages of lean, customized production in the area of surgical prosthetics – is one good example of how this approach will work. Another is our electronics factory in Amberg, Germany, where our engineers simulate and optimize production processes – including the control of entire factories – and adapt them to current conditions when developing new products and while production is already underway.



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## Keys to the Fourth Industrial Revolution

R&D employees and software developers  
(approximate) in fiscal 2013

**29,800** |  | **R&D employees**

**17,000** |  | **Software developers**

↓  
thereof about | **8,500** |  | **Software developers at the Industry Sector**

Software is the heart of intelligent factories. It enables products and production cycles to be planned and optimized in the virtual world before the first screw is manufactured. Software will, accordingly, be a key driver of industrial growth in the years ahead. According to researchers, the market for industrial software alone totals €18 billion (2012), with anticipated annual growth of some 8%.

With our outstanding setup – 17,000 software engineers, of whom 8,500 are at our Industry Sector – we're one of Europe's largest software companies. A leader in all relevant industrial software segments, we offer a comprehensive software portfolio for the entire value chain – from product development to manufacturing and maintenance – for industries ranging from car making and shipbuilding to aerospace and food production.

As a supplier of automation technology and industry software, we're one of the few companies to combine the real and virtual worlds of manufacturing under one roof. We're unsurpassed in this field. And with over 290 manufacturing and production facilities worldwide, we're also one of the largest users of our own industry software.

Siemens has created a standardized process for automating the manufacture of prosthetics. In your opinion, what's the biggest challenge at this interface with medical engineering?

**Professor Denkena:** I'd say it's probably cost. Healthcare solutions have to be affordable. And from a technology point of view, it's extremely difficult to combine high quality, reliability and low cost when manufacturing only one customized product or a few products of a particular type.

What role do you think the individualized mass production of prosthetics will play in the future? And how would you assess their market potential?

**Professor Denkena:** Our whole society is aging. What's more, many people want to remain mobile and active as they grow older. That's why implants can enhance the quality of life by lasting longer and fitting better. If you can get the cost-benefit ratio right, Siemens' approach has excellent market potential.

But that means the process chain has to be automated from end to end. What are the obstacles here?

**Professor Denkena:** The problems are usually at the interfaces – from product design, simulation and planning to the operation or programming of the machine tools to the actual production. Siemens maps end-to-end process chains for its products. And in my opinion that's a key prerequisite for success.

One of your current research projects focuses on the production and implantation of patient-specific prosthetics. What's your vision?

**Professor Denkena:** Our vision is to implement production processes directly on site – that is, we want to precisely manufacture components under sterile conditions as close as possible to the operating room – when, for example, an implant has to be replaced or a tumor removed. You only see what the situation really is when an operation is underway. Siemens is on the right track – but our ultimate goal is to manufacture components very quickly right where they're needed.

How long do you think it will be before that happens?

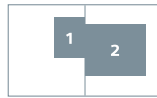
**Professor Denkena:** Unfortunately, these things always take longer than they should. That's been our experience anyway. Regulatory approval always plays a big role in the healthcare field. So, I wouldn't be surprised if it took at least ten years. I hope it won't take that long but it's difficult to make predictions. In any event, I'm convinced that Siemens has made a very important advance since the process you've developed may provide many patients with better prosthetics and, thus, enhance their quality of life.



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2 – A machine tool controlled by a Siemens SINUMERIK system produces an implant.





**1** – Before an implant is milled in the real world, all production steps are planned in a virtual environment and approved by the implant manufacturer. Only then does the machine tool begin production.

**2** – At the Centre for Production Technology at Leibnitz University in Hanover, Germany, Professor Berend Denkena and Sabine Fietz discuss the challenges, opportunities and future of industrially produced implants.



### **“We all have to think more like visionaries”**

Professor Berend Denkena, who holds a doctorate in engineering, is a machining expert. He’s well aware of how important absolute precision is in the field of medical technology, where micrometer exactness is a must. As head of the Institute for Production Engineering and Machine Tools at Leibniz University in Hanover, Germany, Professor Denkena is working on a variety of research and development projects in medical technology and prosthetics.

In his view, Siemens’ solutions for the industrial production of implants are an important advance – one that points the way to the future. As he explains, the key is to integrate the entire process chain from beginning to end: “The problems are usually at the interfaces – from product design, simulation and planning to the operation or programming of the machine tools to the actual production. For its products, Siemens maps end-to-end process chains. And in my opinion that’s a key prerequisite for success.” Sabine Fietz adds: “However, we’re already thinking about ways to continue

developing the process. Our goal is to make implant production ever faster, more efficient and cheaper. Why? Because the standard implants used today can’t be adjusted to the bone conditions that physicians discover only after an operation is in progress. As things are now, surgeons either have to remove healthy tissue or fill damaged tissue with cement – in other words, they have to adapt the patient to the implant instead of tailoring the implant to the patient. We’re working on solutions that – building on an end-to-end, almost fully automated process chain – may enable implant manufacturers and their partners to produce prosthetics in the future that are better tailored to individual patient requirements. With rigorously improved procedures, it could even become possible to produce implants in hospitals while operations are taking place.” In Professor Denkena’s opinion, such a solution is quite conceivable. “Implants are currently being manufactured on conventional machine tools. Even when the greatest possible care is taken and the workpiece is sterilized upon completion, contamination may occur. That’s why we have to find a way to

operate machine tools under sterile conditions. But this will require a team effort involving a wide range of experts from different fields. And it will take time. Ultimately, the best option would be to manufacture directly on site, but many challenges will have to be mastered before that’s a reality.”

The improvements we’re developing are intended to make procedures less burdensome for patients by fitting the prosthetic to the bone rather than the other way around. Physicians will also benefit since they’ll be able to optimize the implant during surgery, once they’ve seen the joint. “We all have to think more like visionaries,” says Sabine Fietz. “Our solution shows what production processes are going to look like in the future. Modern software solutions are bringing the virtual and real manufacturing worlds closer together, while creating unprecedented momentum and flexibility. For our customers, that means more efficient processes, shorter time-to-market and, last but not least, higher productivity at lower cost.”



Professor Berend Denkena

| Leibniz University, Hanover, Germany

“Siemens has made a very important advance that can help provide patients with better implants that last longer, work better and, thus, enhance their quality of life.”





**1** – Gordon France discovered his passion for painting after he retired. When a friend bought one of his landscapes, he decided to keep pursuing his new hobby.

**2** – The beach and the countryside near Gordon France's summer home in York Harbor, not far from Portsmouth, Maine, are a never-ending source of inspiration for his landscape paintings, even after many years.



### **“Once again, I can stand at my easel for hours”**

When talking to Gordon France, two topics come up again and again: sports and landscapes. Both are passions of his. “I want my paintings to have visual and emotional appeal for the viewer,” he says. “If I achieve that, I’ve succeeded.” Thanks to his new knee joints, France is once again able to stand at his easel and paint without pain. The implants have also given him the mobility he needs to go out and discover new motifs. Every year, he and his wife travel to Italy, where he hikes through forests, crosses streams and climbs

over cliffs and rocks in search of the perfect view. There was a time when the pain in his knees made this impossible and France was forced to gradually withdraw from what had been a very active life.

The turning point came one day when he was playing hockey and intolerable pain forced him to leave the ice after only five minutes. “I couldn’t stand up any more. Right then, I knew I’d have to do something about my knees. The pain was curtailing my quality of life tremendously. I could no longer do the things I loved most.” If he’d known then how well the operations would

turn out, he wouldn’t have waited so long. “Everything went perfectly. And it feels as if a new world has opened up to me. I can do everything I did before. I don’t even notice the artificial joints. It’s great.” Gordon France would advise anyone in a similar situation to have the operation as soon as possible. “I have my life back. I have so many ideas for things I want to paint. And I can finally play ice hockey again with my old friends.” ←

WWW.SIEMENS.COM/AR/  
REPORT-INDUSTRY  
WWW.SIEMENS.COM/AR/  
REPORT-INDUSTRY-MOVIE

**Gordon France**

**| Ice hockey player and artist**

**“I can do everything with my artificial knees. And the best part is that I don’t even notice them.”**







Acting responsibly

# “What makes life in Vienna so special? Come with us – we’ll show you!”

## The Freimüller-Köhler family – Vienna, Austria

We love living in Vienna. As passionate city dwellers, we appreciate the high quality of life that our city offers. Vienna has lots of beautiful public squares, cultural offerings for every taste, excellent schools, a fantastic transportation infrastructure, plenty of green open spaces – and we feel completely safe here. Best of all: our city is further expanding its infrastructure for a sustainable, livable future.

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<b>AUT</b>	Vienna	48°12'N, 16°22'E	Population: about 1.750.000
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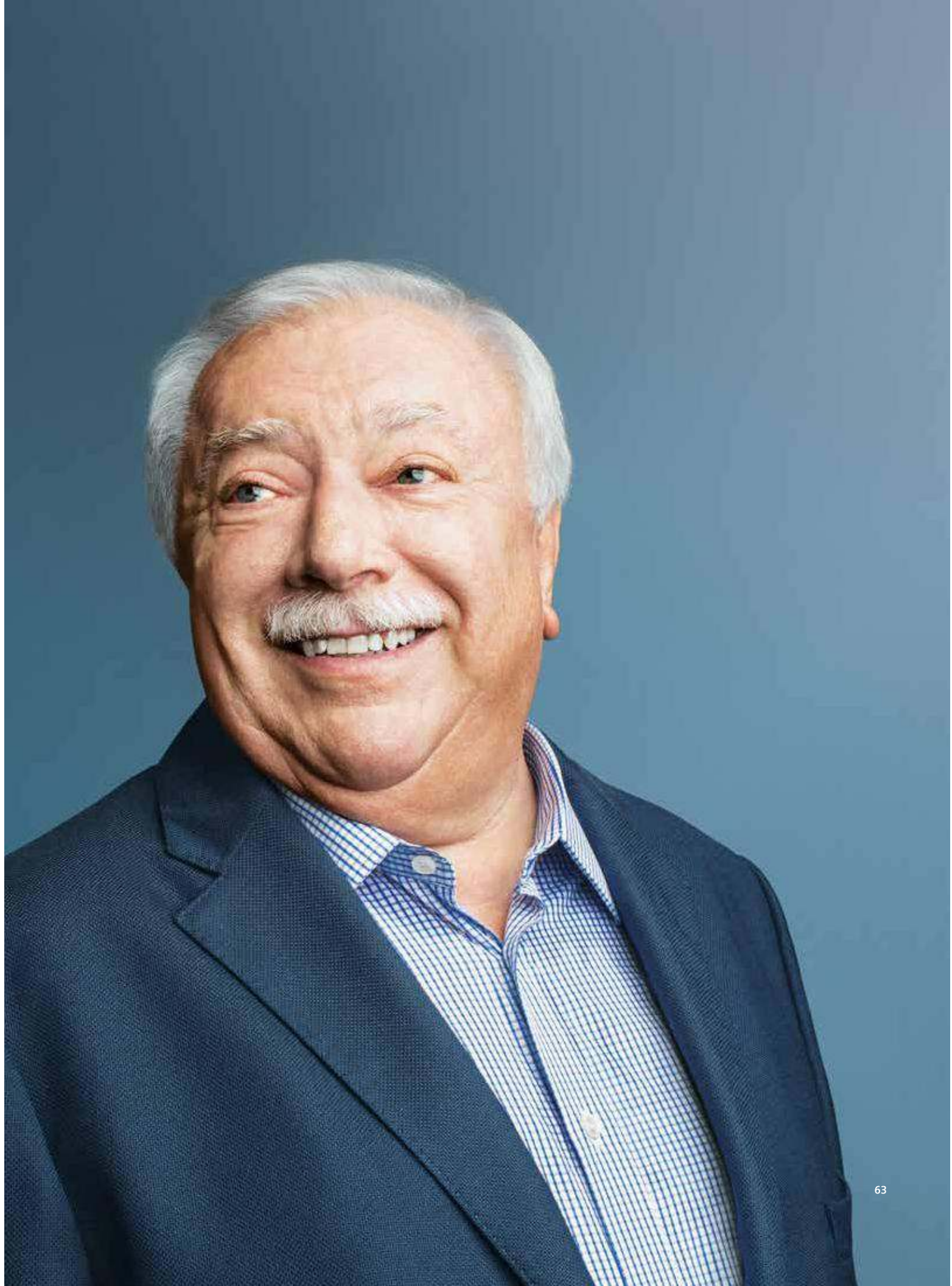
Leveraging business opportunities

# “More quality of life or more economic growth? Vienna can have both.”

**Dr. Michael Häupl – Mayor of Vienna, Austria**

Vienna is the capital of classical music, a center of culture and the arts. I've made it my mission to make the city a hub for science, research, innovation and technology as well. We've improved the quality of life for Vienna's residents by implementing new technologies – in the areas of traffic management and public transportation, for example. And we intend to keep building on our successes by implementing intelligent infrastructure solutions for mobility, power supply and building management.





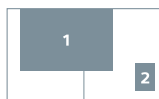




Intelligent infrastructure is enhancing the quality of life  
Environmental awareness and  
energy efficiency, Viennese style:  
Austria's capital epitomizes  
what makes a city livable.

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Siemens' infrastructure solutions | Vienna, Austria



**1** – The Viennese want their mass transit system to be both attractive and comfortable. Combining these features, our Ultra Low Floor (ULF) trams are as much a part of Vienna's cityscape as the Opera House or St. Stephen's Cathedral. The trams' ultra-low floors are a particular boon for the elderly and for passengers who are wheelchair-bound or traveling with baby carriages or strollers. ULF vehicles also save the city the expense of building costly station platforms.

**2** – The Freimüller-Köhler family on the go in their hometown of Vienna

## Vienna, Austria

"Back when our kids were small, it was really hard for me to get on the tram with a stroller. Today, parents with young children can easily board the ultra-low floor trams – now that's what I call progress!" Julia Köhler loves living with her family in Vienna – a city that repeatedly ranks among the world's most livable urban centers. She and her family regularly use public transportation. Mayor Michael Häupl knows how important the city's buses, metros and trams are to the inhabitants of Vienna. Summing up the city's formula for success, he says, "like any successful business launching a new product, we surveyed our customers. The feedback we received was that Vienna's residents want public transportation that operates reliably and on schedule, and the system should also be attractive and comfortable." That's why the city opted, for example, for Siemens' Ultra Low Floor (ULF) trams, with their extra-wide doors and floor height of just 19 centimeters.

State-of-the-art trams are just one small piece of the quality-of-life mosaic in this metropolis on the Danube. Mayor Häupl sees his city as "a mixture of grand classical traditions and innovative technologies. In addition to being steeped in history and abounding in culture, Vienna is a business and science hub." For a more detailed picture, just ask the city's residents. Julia Köhler appreciates "all the green spaces and the vibrant cultural scene. And Vienna is a family-friendly city – a wonderful place to raise children." Her husband, Dr. Georg Freimüller, who's an attorney, says that the quality of life in Vienna can also be attributed to the magnificent backdrop of the city's many historic buildings and its safety and cleanliness. Their children – Carlotta, Max and Elsa – feel that Vienna can hold its own against any city in the world.

It's no coincidence that the residents of the Austrian capital give their hometown such high marks for quality of life. Under Mayor Häupl, Vienna has taken systematic steps to enhance its livability over the past

two decades. One focus has been on infrastructure, where Vienna has been rigorously implementing "intelligent" strategies. And Siemens has provided many of the city's closely integrated infrastructure solutions: metro trains and their electrification, traffic management systems, power distribution solutions, energy-efficient building technologies and security systems for public squares, metro stations and stadiums.

Vienna's decision-makers recognized early on that a healthy environment is a prerequisite for ensuring quality of life. Major investments in energy-efficient and environmentally friendly technologies and in public transportation are not inconsistent with a city's prosperity. Mayor Häupl is convinced that a higher quality of life also fosters economic success. "Today, Vienna generates 48% of Austria's total tax revenue," he says. "We have a healthy, prosperous mix of industry, financial and other services, and highly creative businesses." And it's this mix that gives the city the flexibility it needs to implement innovative infrastructure solutions and thus further enhance its residents' quality of life.





**What's being done to enhance the quality of life in Vienna?**

Ask the Viennese and you'll hear lots of praise for their city's transportation system. The Freimüller-Köhlers take the metro, trams and buses as often as possible, even though they have driver's licenses and own several cars. "Public transportation in Vienna is fast, convenient, comfortable and cheap," says Carlotta, a university student. "I only take the car when I have to." Her mother, Julia, who works at the university, needs the car for her commute but leaves it at home when running errands. "I love the flair of Vienna's markets and the variety they offer," she says. "The bus and tram get me there a lot faster than my car.

And it's also cheaper since I don't have to pay for parking." Georg Freimüller also prefers to use his annual transport pass when commuting to his office or the courthouse or when running errands. "The city has done a lot for public transportation," he says. "In recent years, the network has become denser, and the buses, metro and trams run more often." And as the statistics show, ridership is up: thanks to Vienna's master transit plan, the use of public transportation within the city limits rose to a worldwide record of 39% in 2012, up from 34% in 2001. Nevertheless, Vienna's motorists are not at a disadvantage compared to their counterparts in other big cities. While Vienna makes it easy to travel by bicycle,



	2
1	

1 – Vienna’s open-air markets are Julia Köhler’s favorite places to shop, and she gets there faster and cheaper by public transportation than by car. Today, she and her daughter Elsa are taking the metro to the city’s popular Naschmarkt. Thanks to our regenerative braking technology, the system’s trains are very energy-efficient and eco-friendly.

2 – The Naschmarkt is one of Vienna’s most popular attractions, drawing residents and tourists alike with its wide range of products. Julia Köhler comes here to buy not only fruit and vegetables from Austria but also specialties from southern Europe and Asia.



## Public transportation

| 39%

In Vienna, 39% of all journeys are made using public transportation, well above the European average of 28%. The aim is to increase the figure for Vienna to 40% by 2020.

metro, bus and tram, state-of-the-art traffic management technology keeps the city’s car traffic moving smoothly. “We’re not anti-driver, we’re pro-people,” emphasizes Mayor Häupl. “We want the people in our city to live well and not be overwhelmed by the traffic.” In general, however, public transportation always takes precedence over private transportation in Vienna. In expanding its public transportation system, the city is investing heavily in innovative technologies such as real-time intermodal journey planners, smartphone-accessible timetable information and one of the world’s most advanced metro control centers.

### We’re keeping the traffic moving

Traffic jams and delays are less frequent in Vienna than in other big cities, and Siemens technology is playing a pivotal role in this success. Both the city’s road traffic management center and its metro control center rely on our intelligent solutions. The metro control center manages both the system’s power supply and its operation, centrally monitoring all trains, platforms and display panels throughout the city. In addition, we’ve been supplying the local public transport operator, Wiener Linien, with trains, electrification systems, interlockings and automatic train control systems for decades.





### Living well with less electricity and water

The emphasis on quality of life in Vienna dates back to the ancient Romans, who enjoyed bathing and relaxing in sulfur springs on the site of the present-day Theresienbad. One of the city's oldest public swimming pools, the Theresienbad is more than a good place for quality leisure time; it's also a model of energy efficiency and climate protection.

In 2009, we installed state-of-the-art building technology throughout the entire pool complex. As part of an energy performance contracting agreement, we made an upfront investment of €5.2 million, to be financed over 15 years through guaranteed water and energy savings. This arrangement was good for the city since Vienna didn't have to contribute capital from its limited investment reserves. And the results were impressive: heating costs were cut by 52% and water consumption slashed by 76%. Savings have already exceeded the contractually guaranteed level of nearly €600,000 a year, benefiting not only city coffers but also the environment and thus all of Vienna's residents. The Theresienbad complex now emits 457 metric tons less CO<sub>2</sub> each year than before the energy upgrades. Energy performance contracting has also reduced energy consumption, costs and CO<sub>2</sub> emissions at 23 public schools in Vienna.

In Vienna, as in many cities, buildings account for the lion's share of the energy consumed. As a result, Mayor Michael Häupl has set up a city-wide energy-efficiency program in addition to implementing energy performance contracting solutions for municipal properties. "We're promoting energy upgrades and thermal insulation – which is one of my pet projects because it means that more money stays in people's wallets," he says.

### Annual reduction in CO<sub>2</sub> emissions

# 457 tons

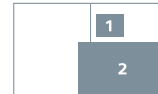
At the Theresienbad pool complex, our technologies have slashed heating use by 52% and water consumption by 76% while reducing carbon emissions by 457 metric tons a year.

### Creative solutions for climate protection

Energy-efficient buildings are a key factor when it comes to making cities more climate-friendly. On this front, there's still room for improvement in Vienna, according to the European Green City Index, a Siemens-sponsored study that rates the environmental performance of 30 of the continent's cities in the areas of sustainability, natural resource use and commitment to environmentally sound practices. Although Vienna achieved an admirable fourth place, the study found potential for improvement in the areas of carbon emissions and air quality. Vienna got the message: the city's first climate protection program reduced annual CO<sub>2</sub> emissions by 3.1 million metric tons, and a second program is now aiming to cut another 1.4 million tons a year by 2020. Many of the planned initiatives are technology-driven: climate-neutral building construction, metro and tram cars that recover traction power, and electric buses for public transportation.

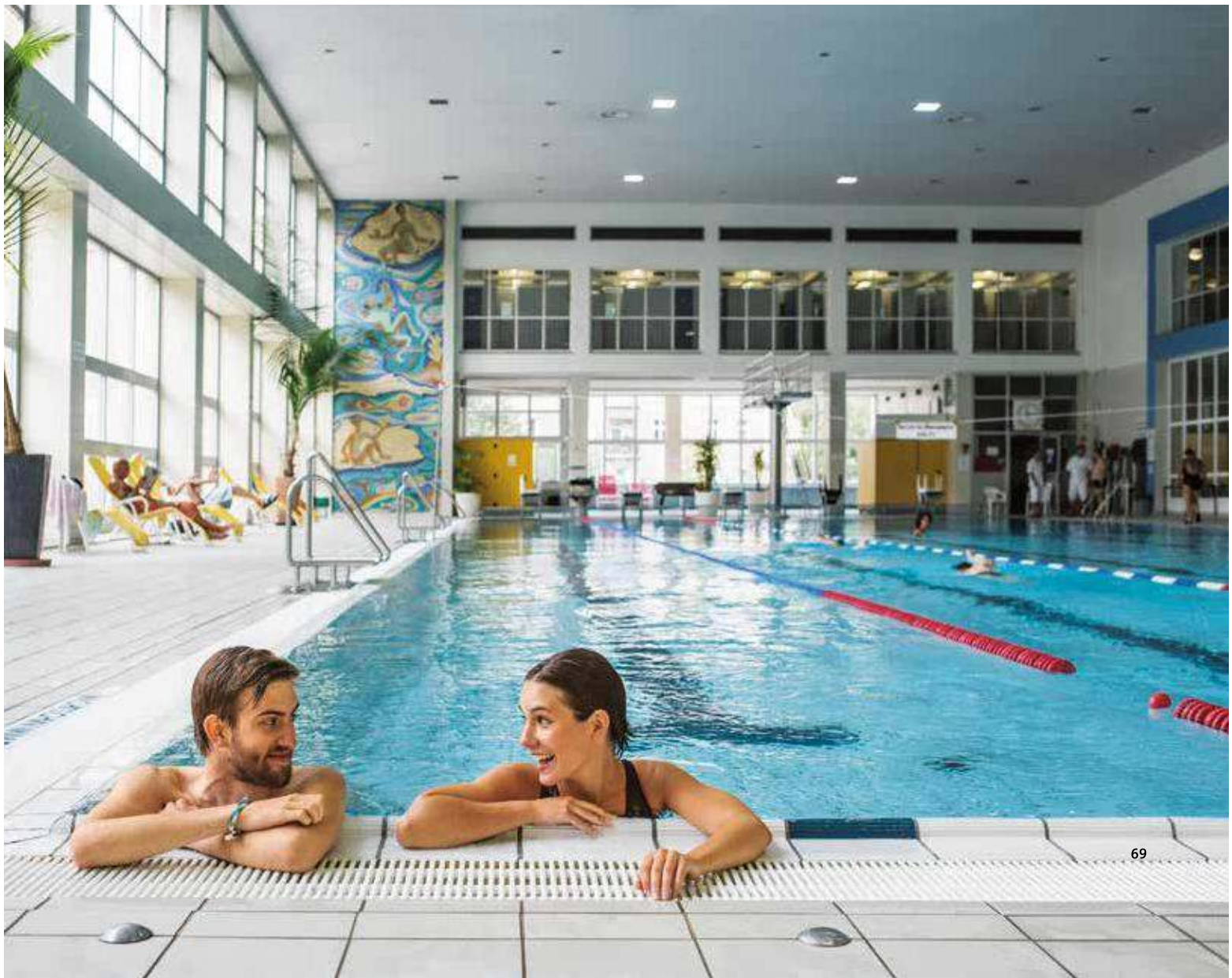
→ PAGE 79





1 – Located on the site of Vienna's oldest public bath, the city's Theresienbad swimming pool complex is equipped with leading-edge technologies from Siemens.

2 – Carlotta and Max enjoy a swim at the Theresienbad. The metro trip to the pool is fast, comfortable and ecofriendly.





## FloriDa data center

WienIT is the IT service provider for Vienna's public utilities and all associated enterprises, such as Wien Energie and Wiener Linien. And the demand for IT solutions on the part of WienIT's customers is booming – in part because infrastructure solutions are becoming more and more intelligent. In 2013, WienIT completed its new Floridsdorfer Datacenter – FloriDa for short – and Siemens delivered the facility's systems and solutions for building management and power distribution. In the future, FloriDa will be operated with the help of a data center infrastructure management (DCIM) software solution. Linking facility management with IT control, our innovative software integrates information from individual data center areas that until now have often been operated separately. Here, too, the results are impressive: the installation of a cold aisle containment system can increase the data center's cooling efficiency by as much as 30%, thus enabling it to achieve an efficiency level unmatched by other same-size facilities.

about **30%**

## The Vienna metro system

The Viennese love their metro system. And thanks to state-of-the-art Siemens technology, the system's trains are very energy-efficient and environmentally friendly. For example, when they brake, traction power is recovered and fed back into the metro's power supply, cutting power consumption by 30%-35% compared to that of conventional metro systems – thus helping Vienna conserve precious natural resources. We provide the bulk of the metro's power supply equipment.

about **35%**





**Energy  
consumption  
at a glance**

Vienna's grid operator, Wiener Netze, intends to create 100% transparency for consumers and energy producers alike. Plans call for equipping every household with a smart meter by 2020, enabling Vienna's residents to monitor their current energy consumption online and plan their future energy use. The data gathered will also allow Wiener Netze to forecast demand more accurately, plan its operations more efficiently and optimize grid expansion. Our software solutions, which have already been implemented in more than 70 million smart meters around the world, are being used to record consumption data in this pilot project.

**100%**

**Vienna's  
airport**

In the area of power supply and distribution, maximum efficiency can be achieved only if a system's components, software and related services are optimally geared to one another. Vienna's airport embraced this single-source approach when expanding its power distribution system. Our planning software, known as SIMARIS design, supported the selection of the facility's electrical equipment, most of which we also supplied, and ensured that the components worked together perfectly. Our technology is thus helping ensure the smooth operation of Vienna's airport, which accommodates some 22 million passengers each year.

**22 million**







“The Viennese want their public transportation to be attractive and comfortable.”

Dr. Michael Häupl has been the mayor of Vienna since 1994. It's not just the city's economy that has blossomed in recent decades. Ranked one of the world's most livable cities in international surveys, the Austrian capital has also attracted a large number of new residents. But the city isn't resting on its laurels. To ensure continued development, systematic investments are being made in intelligent infrastructure solutions.

Mayor Häupl, what makes Vienna so livable?

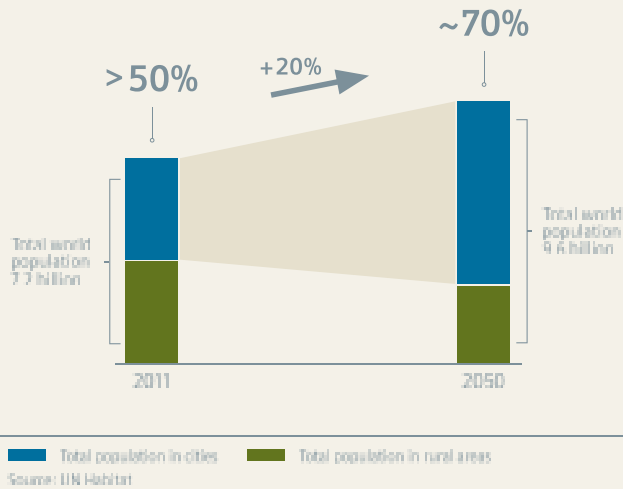
**Dr. Michael Häupl:** Vienna is a mixture of grand classical traditions and high-tech innovations. The city stands for lifestyle and culture, on the one hand, and for business and science, on the other. The Viennese are very hard-working, but they also know how to enjoy life. Maybe that's what makes us a little different from other Europeans: we work to live, we don't live to work.

According to a recent international study, Vienna is the “smartest” major city in the world.

**Dr. Michael Häupl:** When I took office nearly 20 years ago, I saw it as my mission to turn Vienna into a city of science, knowledge, research, innovation and technology. I consider our ranking as the “smartest” major city to be the fruit of our ongoing efforts to create intelligent solutions for our residents in various areas – energy, public transportation and road traffic management.

# Our answers to the challenges of urbanization

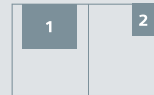
| Percentage of world population in cities, 2011 and 2050



In 2011, for the first time ever, the number of people around the world living in urban areas exceeded the number in rural areas – and this trend is continuing. Increasing urbanization and its consequences are putting strains on infrastructure systems worldwide – infrastructures that are the backbone of economic growth and prosperity. As a result, cities and companies that fail to invest in their infrastructures will quickly lose their competitiveness in a globalized world.

And that's where Siemens comes in. With our broad portfolio and decades of experience and expertise, we're making infrastructures and cities smarter, greener and more competitive. Our products, services and solutions are helping customers around the globe make better use of their existing infrastructures, improve efficiency, cut operating expenses and enhance safety and resilience while minimizing environmental impact. And it's here that our city account managers are playing a vital role by supporting municipal decision-makers worldwide in the critical planning phase of infrastructure projects.

We're aiming to blaze new trails with cutting-edge infrastructure solutions. The following pages illustrate how we're living up to this aspiration in the areas of power supply, mobility, logistics and building technologies.



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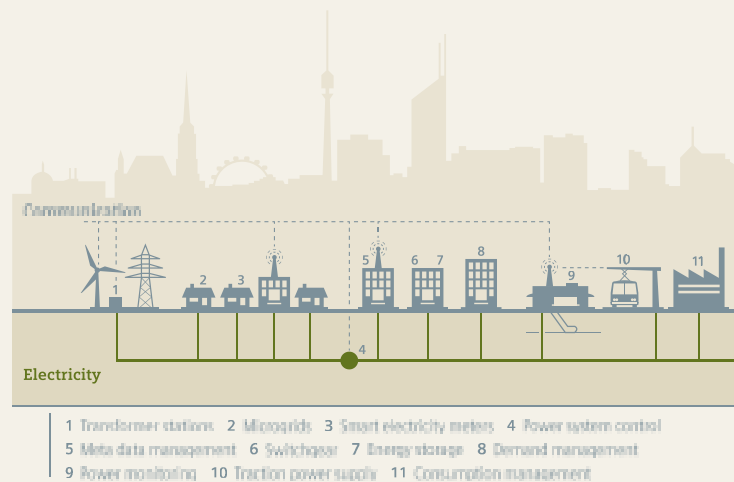




## Power supply

# Reliable and efficient power supply

### | Automated grids are safeguarding the power supply

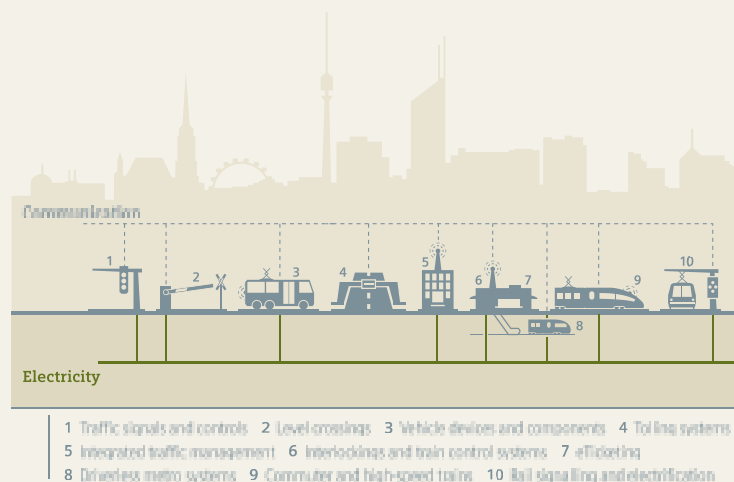


A reliable power supply is critical for economic growth and energy security. But existing grids are often ill-equipped to meet the growing demand for power, and the increasing share of fluctuating supplies from renewable sources are a further challenge. Around the world, power outages caused by storms, overloads and aging infrastructure are taking a significant toll on households and businesses alike. Studies have found that storm-related power outages cost the U.S. economy between €15 billion and €41 billion each year.

Our end-to-end solutions ensure the reliable and efficient distribution of low- and medium-voltage power. In addition to switchgear, distribution systems and protection and monitoring equipment, we also supply energy storage units for better integrating electricity from renewables into power grids. Our intelligent software solutions link power distribution installations to building and industrial automation systems. And smart grids are also playing a key role in power distribution. Our products and solutions for smart grids are making it possible to achieve a better balance between energy supply and demand by managing the bi-directional flow of power and data between suppliers and consumers, even as more and more consumers are also producing power.

# Moving people and goods – quickly, safely, reliably and cost-effectively

| IT solutions are enhancing mobility



As the world's population continues to boom, trends like increasing globalization and urbanization are creating an urgent need for mobility solutions. Today's transportation systems are often operating beyond capacity, negatively impacting people's quality of life. Businesses too have an interest in finding solutions to these challenges. Each year, the price tag for traffic congestion is some €5.3 billion in the UK and about €74 billion in the U.S.

Urban and interurban mobility is being greatly enhanced by the use of intelligent, automated systems. And it's here that our infrastructure solutions are helping. In the rail segment, we supply trains, metros, locomotives, trams and light-rail vehicles for local and long-distance passenger services as well as for logistics transport. Rounding out these offerings, our customized hardware, software and service packages are optimizing road, rail, harbor and airport transportation networks.



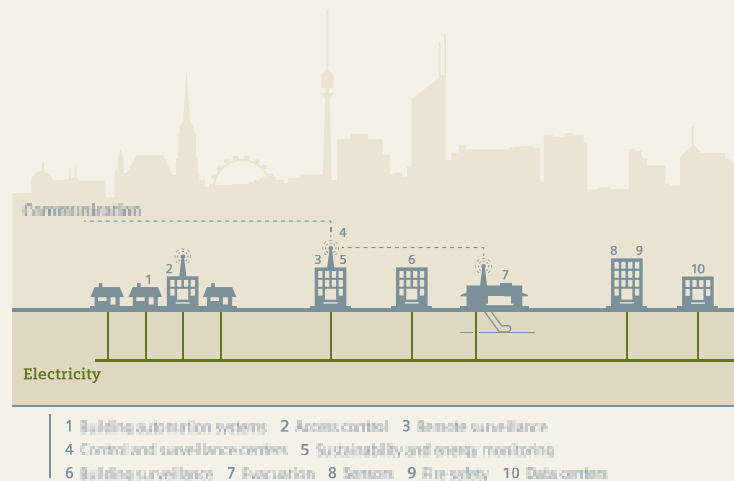
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## Effective heating, cooling, lighting and surveillance

| Increased efficiency, safety and competitiveness



Around the world, people want to feel comfortable in their homes, workplaces and public spaces. And they want to live in energy-efficient, low-emission buildings – a daunting challenge, given that buildings today account for some 40% of worldwide energy consumption and 21% of CO<sub>2</sub> emissions.

We're a trusted technology partner for safe, energy-efficient, ecofriendly building infrastructure. Our integrated systems automate the control of heating, air conditioning, lighting, fire safety and security systems. By making buildings intelligent, we're helping ensure workplace safety and business process security, which in turn promotes entrepreneurial productivity and competitiveness.

In Vienna, 39% of all travel is via public transportation, well above the average of 28% for the rest of Europe's cities. What's your formula for success?

**Dr. Michael Häupl:** We listen carefully to the wishes of our city's residents, and they want public transportation that not only runs frequently and on schedule but is also attractive and comfortable. That's long been part of who we are in Vienna. What's more, we take the long view with our pricing policies: we sold an additional 100,000 annual passes simply by lowering the daily price to €1.

This report opens with a question: "More quality of life or more economic growth?" Is it possible to have both?

**Dr. Michael Häupl:** We see it happening here in Vienna, where 48% of Austria's tax revenue is generated. A flourishing economy is the basis for our success. In the end, you can only have a high quality of life if there's a very healthy economic foundation.

The Siemens Green City Index gave Vienna high marks for sustainability but saw room for improvement in CO<sub>2</sub> emissions. What is Vienna doing to protect the climate?

**Dr. Michael Häupl:** Our record isn't so bad. Vienna, a major metropolis, has lower CO<sub>2</sub> emissions per capita than all the Austrian states – but even that's too high for us. That's why we've defined emission limits for all new and renovated buildings and why we're pushing alternative energy sources. I have high hopes for even smarter technologies that will enhance traffic management, for example, or enable public transportation to run at more frequent intervals. But since our investment budget is limited, we also need creative financing concepts – above all, ideas we can implement in cooperation with businesses.

What is the optimal energy mix for Vienna?

**Dr. Michael Häupl:** About 75% of the electricity we use is generated in Vienna. In the years ahead, we'll greatly expand the amount of electricity we produce from hydroelectric, wind and solar sources. At the same time, we'll introduce smart grids, which will allow us to better balance fluctuating supplies of power with actual demand.

What initiatives would you like to launch in Vienna in the coming years?

**Dr. Michael Häupl:** Our city's growing, and that's a very good thing. We're building housing and roads, and we want to safeguard Vienna's high quality of life for future generations. One example of the initiatives we've launched is an urban development project called "asperm Vienna's Urban Lakeside." It's a brand new community where a wide range of technological innovations will ensure intelligent power distribution and maximum energy efficiency. Our local power provider, Wien Energie, and our grid operator, Wiener Netze, are cooperating with Siemens in an accompanying project focused on intelligently networking infrastructure technologies in an environment comprising housing, office space and commercial areas. Another initiative is the Vienna municipal utility's public platform "Wir denken Wiener Zukunft," which translates as "We're thinking about Vienna's future." In keeping with Vienna's smart city concept, the platform provides a venue for discussing topics related to the city's future development.

What contribution would you like to see Siemens make to the future of Vienna?

**Dr. Michael Häupl:** Siemens has had a profound influence on Vienna ever since the late 19<sup>th</sup> century and remains without a doubt the flagship of industry in our city. I hope we can continue our joint projects in the areas of transportation and energy as well as partnerships with universities in the field of healthcare. Things are going well, but from my perspective, we could pick up the pace in some areas.



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1	
2	3

**1/2** – Austria's progressive capital is one of the few cities in the world to deploy battery-powered electric buses in regular service. Dr. Georg Freimüller never ceases to be amazed by how quiet and comfortable it is to ride the city's 2A and 3A electric bus lines.

**3** – The Freimüller-Köhler family on the way to the Karlsplatz metro station. From there, home is just a short, comfortable metro ride away.

### Vienna is growing – and its quality of life is increasing

Many Viennese don't realize it, although they experience it every day: Siemens is creating real quality of life in their city. One prime example is the twelve zero-emission electric buses running on lines 2A and 3A in the city center. In 2013, this very well-received electric fleet earned Wiener Linien accolades that included the State Prize for Mobility, the highest honor awarded by Austria's Ministry of Transport, Innovation and Technology. Georg Freimüller sees the buses as a crowning achievement for public transportation in Vienna. "The electric buses are quiet, comfortable and fast – and they emit no carbon dioxide," he says. Thanks to our drive concept, the buses consume some 25% less energy than diesel or natural-gas buses. What's more, the electric buses run on green electricity. About 75% of the energy consumed in Vienna is produced in the city – at facilities which include one of Europe's largest biomass power plants. Plans call for increasing the share of renewables in the city's energy mix to 50% by 2030. And that target entails a new set of challenges, since the amount of energy derived from the wind and the sun naturally fluctuates. Reinhard Brehmer, one of the managing directors at grid operator Wiener Netze, is already working on the solution. "To achieve a balance between supply and demand, we're introducing smart grids in Vienna," he says. "A pilot project to test smart electricity meters and their integration into the grid is already underway." Siemens is supplying the software that manages the consumption data – one more intelligent infrastructure solution for Vienna.

### A living laboratory for the city of the future

Wien Energie, Wiener Netze and Siemens are working together on the smart infrastructure of the future at a new community called "asperm Vienna's Urban Lakeside." The new district, which is being developed on the site of a former airfield, will be home to 20,000 people and create 20,000 jobs by 2030. Reinhard Brehmer, who's also the managing director of Asperm Smart City Research, has high hopes for the "living lab." As he explains, "In asperm, we have a unique opportunity to try out smart

### Energy savings with electric buses

25%

Zero-emission electric buses equipped with our drive technology consume some 25% less energy than diesel or natural-gas buses.

new ideas for energy-efficient urban infrastructures on a community-wide level. Working with Siemens, we'll test new types of links to the low-voltage grid and integrate schools, homes and offices in the power grid."

Vienna is a growing city that's optimally equipped for the future. Mayor Michael Häupl sees the asperm community and the research project with Siemens as steps clearly geared toward further enhancing the city's quality of life by introducing smart, automated infrastructure solutions: "This isn't just about building roads and housing. We also want to ensure that future generations enjoy the same high quality of life that Vienna has already achieved." <

 [WWW.SIEMENS.COM/AR/REPORT-IC](http://WWW.SIEMENS.COM/AR/REPORT-IC)

 [WWW.SIEMENS.COM/AR/REPORT-IC-MOVIE](http://WWW.SIEMENS.COM/AR/REPORT-IC-MOVIE)





# One Siemens – Our framework for sustainable value creation

Energy efficiency, industrial productivity, next-generation healthcare and intelligent infrastructure solutions – these are the topics that define our actions and are pioneering fields for the future. The four reports on the preceding pages provide concrete examples of what we're doing to make our vision a reality. They show how we're acting sustainably, leveraging business opportunities and mastering the challenges we face.

Our strategy points the way: with clear financial targets, strategic directions and concrete focus areas. How do these elements interlock? Where do we currently stand? And what are the next steps? The following pages provide the answers.

 [WWW.SIEMENS.COM/STRATEGY](http://WWW.SIEMENS.COM/STRATEGY)

 [WWW.SIEMENS.COM/ONE-SIEMENS](http://WWW.SIEMENS.COM/ONE-SIEMENS)

 C.1.3 STRATEGY ON PAGES 170-172

## Questions and answers about our strategy

### What are Siemens' goals?

We want to sustainably increase the value of our Company for all our stakeholders – for our shareholders, employees and customers as well as for society as a whole.

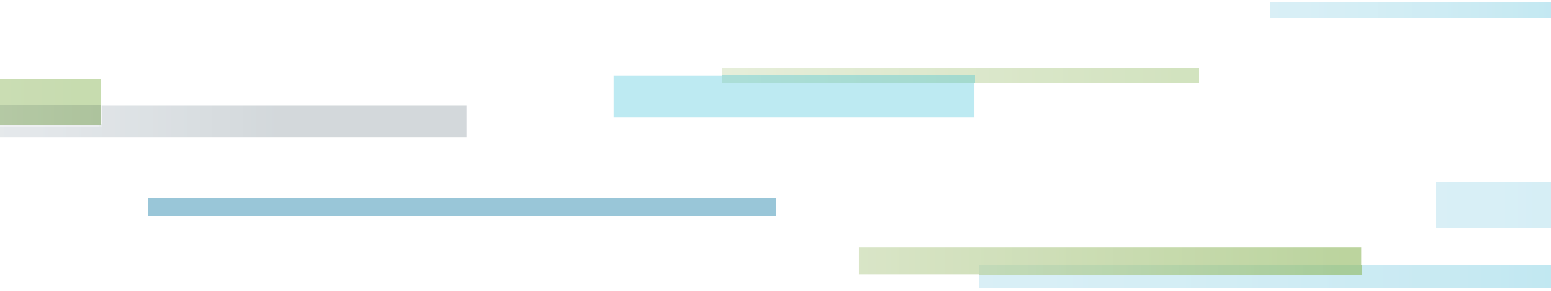
### How is our Company strategy structured?

We've formulated strategic perspectives for different timeframes. The basis is our long-term vision: "Siemens – The pioneer in energy efficiency, industrial productivity, next-generation healthcare and intelligent infrastructure solutions." Based on this vision, we're steering the Company with a medium-term strategy. Our One Siemens framework concretizes this strategy. Within this Company-wide strategic setup, we formulate business strategies for the various markets.

### What was the basis for developing the current strategy?

Our Company, our customers and our markets are subject to both long-term trends and short-term economic developments. Demographic change, urbanization, climate change and globalization are megatrends that entail major challenges for policymakers, entrepreneurs and scientists around the world. At the same time, however, they offer tremendous business opportunities that we intend to rigorously exploit. We also consider economic development forecasts, observe our competitive environment and leverage our particular strengths as a technology Company. To be viable, our strategy must be consistent with the values espoused by Siemens and build on our Company's long tradition of success.





## What strategy is Siemens pursuing to reach its goals?

We're gearing our efforts to what we call our three strategic directions: focus on innovation-driven growth markets; get closer to our customers; and use the power of Siemens. Each of these directions is broken down into three focus areas that have tremendous potential for achieving a sustainable increase in Siemens' value. For example, we're expanding our service business and encouraging lifelong learning and development among our employees.

## Is Siemens following a separate sustainability strategy?

Sustainability and business success are two sides of the same coin for us, as we've already showcased in numerous examples in this Report. Siemens is sustainably managed. That's why we've consciously decided not to formulate a separate sustainability strategy, since our Company strategy is already geared to making long-term progress in terms of profitability, the environment and society. The fact that this

Annual Report is for the first time a combined Annual and Sustainability Report is further proof of our overarching understanding of sustainability.

## How does the strategy address changes in markets?

To continuously occupy leading market and technology positions, unrelenting efforts and perseverance are required. Pioneering topics in research and development, for example, often bear fruit only after years. At the same time, changes are taking place in ever-shorter cycles. That's why we continually monitor and evaluate the impact on our business of new developments in the economy, technology and society. New opportunities are currently arising, such as the energy transition in Germany, the new natural gas extraction boom in the U.S. and the rapidly growing demand for affordable healthcare in the emerging markets. Beginning in fiscal 2013, our Company-wide Siemens 2014 program has been supporting our One Siemens framework – thus empowering us to recapture a leading competitive position.

## How is the strategy put into practice at Siemens?

Our report on the modernization of the Kirishi power plant → [ON PAGES 4-21](#) illustrates how we're implementing our strategy. Siemens is a pioneer in the market for combined-cycle power plants – a market that is thriving thanks to the development of advanced technologies – and has been continuously boosting the efficiency of gas-based power generation for years. The plant's upgraded Unit 6 combusts natural gas with record efficiency while producing less environmentally harmful carbon dioxide than its predecessors. That's typical of the products in our Environmental Portfolio. And the twelve-year service contract we landed for Kirishi is an exemplary success story in the strategic focus area that aims at expanding our service business.

## How does Siemens measure the success of its strategy?

We measure our success primarily in terms of the development of the key financial figures for revenue growth, capital efficiency and profitability as well as for capital structure. For further information, please see → [C.2 FINANCIAL PERFORMANCE SYSTEM](#) on pages 173-178 of this Annual Report.

## Strategic direction

## Focus on innovation-driven growth markets

Throughout history, many of our business successes have been closely linked with pioneering technological achievements. Harnessing our creativity and spirit of invention, we want to continue capturing, maintaining and expanding our leading positions in innovation-driven growth markets. Where necessary, we're strengthening Siemens' portfolio. Our Environmental Portfolio is an example of how we're systematically leveraging the opportunities provided by sustainable business activities in growth markets.

### Be a pioneer in technology-driven markets

For generations, innovative Siemens engineers have been conquering new markets and tapping growth fields. With this special strength, we want to continue achieving leading positions in new business fields characterized by growth and technological innovation. We're strengthening our power of innovation by leveraging synergies worldwide and increasingly utilizing external expertise. More than 1,000 cooperative research projects with universities, research institutes and industry partners are already enabling us to gain valuable knowledge for our future business.

### Strengthen our portfolio

To achieve sustainable, profitable growth, we keep our business activities focused on particularly attractive future markets. Active portfolio management – based on the principle that all our businesses should capture and maintain No. 1 or No. 2 positions in their respective markets – is a key part of our focus. Why? Because leading market positions are a prerequisite for profitability and growth and enable us to sustainably increase Siemens' value. As our Company's history proves, size is not the only driver of success. Often Siemens has been most successful when we've been at the forefront of technological innovation.

### Provide a leading environmental portfolio

Our Environmental Portfolio serves as an example of how we strive to align our business activities with major trends of our times, in this case climate change. In addition to its environmental benefits, our Environmental Portfolio enables us to compete successfully in attractive markets and generate profitable growth. In fiscal 2013, revenue from continuing operations from the Environmental Portfolio amounted to €32.3 billion, which accounted for 43% of our revenue in this fiscal year. Technologies from our Environmental Portfolio enabled customers worldwide to slash their CO<sub>2</sub> emissions by 377 million metric tons in fiscal 2013, which is the equivalent of the following twelve cities' combined yearly emissions: Berlin, Cape Town, London, Los Angeles, Melbourne, Mexico City, Moscow, New York City, São Paulo, Seoul, Singapore and Tokyo.



Strategic direction

Get closer to our customers

Siemens is close to its customers throughout the world. While maintaining our strong position in our established markets, we want to expand our position in the world's rapidly growing emerging countries. To build strong partnerships in these new markets, it's necessary to expand local development and production capacities and create solutions tailored to regional requirements. In the emerging as in the industrialized countries, the important factors for success are outstanding innovative services and rigorous customer orientation.

### Grow in emerging markets

We want to be present in attractive markets worldwide and participate in the enormous economic expansion now taking place in the emerging countries, where we've already achieved strong growth over the past few years. In those countries the demand for economical products and entry-level solutions is intensifying. We're addressing this demand through our SMART initiative. We're increasingly offering entry-level products that are simple, maintenance-friendly, affordable, reliable and timely-to-market.

### Expand our service business

We want to be the supplier of choice for all follow-up investments. That's why we offer perfect services as well as perfect products. Our local service employees, who – in many cases – have been fulfilling their customers' needs and requirements for decades, are one of our greatest assets. By expanding our service business, we want to increase customer loyalty. And it's here that our value-added services are making a contribution. Going beyond conventional product services, we apply the knowledge we've gained in our product and solutions business to advise our customers effectively and accurately. All in all, more service business can enable us to generate steadier revenue and leverage new potential for profitable growth.

### Intensify our customer focus

Many of our successful products and solutions are developed in close cooperation with our customers. Proceeding from an in-depth understanding of their unique requirements, our employees all around the world create tailored solutions for our customers. That's why we invest in the ongoing training of our consultants and engineers. It's also why we've set up consulting for large customers in a way that enables them to obtain everything they need from a single source – the whole range of products, solutions and services offered by our technology Company. In a nutshell: we're enhancing our reputation as a strong local partner by providing consulting with added value and by reacting quickly and flexibly to local market requirements.



Strategic direction

Use the power of Siemens

Highly qualified employees have always been the key to our success. For this reason, every Siemens employee can and should continuously expand his or her knowledge. It's cooperative partnerships among men and women from different countries and cultural backgrounds that deliver the best outcomes. We at Siemens draw great strength from such partnerships – a strength that is also based on a clear and unambiguous commitment to integrity. Our work is guided by binding principles to which we also expect our customers and suppliers to adhere.

### Encourage lifelong learning and development

Our employees have been the driving force behind innovation for 166 years. Their expertise, abilities and passion will continue to advance Siemens in the future. Our highly developed culture of lifelong learning gives them the tools they need: all around the world and at all levels of our organization, we directly foster not only our people's knowhow but also their pioneering spirit, initiative and their willingness to assume increasing responsibility.

### Empower our diverse and engaged people worldwide

Siemens is a Company with a strong international orientation. People from some 140 countries work at our ten largest Regional Companies alone. Collaboration in multifaceted teams has proven to be a powerful source of inspiration. Working together, people from different backgrounds and with a broad range of skills, experiences and qualifications can generate a wealth of totally new ideas. This is how we understand diversity, and we foster it in every possible context. We regularly conduct employee surveys to find out where we can further enhance our Company's processes. The results of these surveys, which are conducted in 40 languages worldwide, provide us with valuable input that we systematically exploit.

### Stand for integrity

Siemens is committed to fair competition. In our drive to succeed on the world's markets, we aim to comply with all applicable laws and regulations. Therefore, the actions of our employees are guided by transparent and binding principles of ethical entrepreneurial behavior. A clear and unequivocal opposition to corruption is a further cornerstone of our Company culture. To the best of our ability, we fulfill our responsibilities to the environment, society and our employees and thus use the power of Siemens, while meeting the highest standards of occupational safety and health management.



Financial targets

**Revenue growth** Growth > most relevant competitors

**Capital efficiency/Profitability** Return on capital employed/top margins throughout business cycles

**Capital structure** Adjusted industrial net debt/adjusted EBITDA

We want to outpace our competitors over the long term and set the standards for operational and financial excellence in our industries. We measure and compare the success of our development on the basis of a target system that defines indicators for revenue growth, capital efficiency and profitability as well as for the optimization of our capital structure. Our goal is to sustainably increase Siemens' value.

## Revenue growth

The most important driver for sustainably increasing our Company's value is profitable revenue growth. Our concrete goal is to achieve revenue growth that exceeds that of our key competitors; to assess our performance we compare our average revenue growth with theirs. We have also established strict criteria for acquisitions.

## Capital efficiency and profitability

Our aim is to be profitable and to use the capital provided by our shareholders and lenders as efficiently as possible. We measure our capital efficiency in terms of return on capital employed (ROCE (adjusted)). Simply expressed, this indicator is defined as income from continuing operations before interest divided by average capital employed. We've set an ambitious target of 15% to 20% for capital efficiency throughout Siemens.

At the Sector level, we want to continuously achieve top EBITDA margins compared to those of the best competitors in our industries – throughout business cycles.

## Capital structure

Sustainable profit and revenue growth can be achieved only on the basis of a healthy capital structure. Therefore, in addition to our metrics for operations, we've defined a yardstick for managing our capital structure: the ratio of adjusted industrial net debt to adjusted EBITDA. We intend to further optimize this ratio in order to better regulate our debt-to-equity ratio. We're also aiming to ensure unlimited access to debt financing instruments in the capital markets as well as the servicing of our financial obligations.

For further information on our framework for sustainable value creation, please see  
→ **C.1.3 STRATEGY** on pages 170-172 and  
→ **C.2 FINANCIAL PERFORMANCE SYSTEM** on pages 173-178 of this Annual Report.



Energy solutions

Healthcare solutions

Industry solutions

Infrastructure solutions

Company strategy



To our Shareholders

Corporate Governance

Combined Management Report

Consolidated Financial Statements

Additional Information

# Key figures fiscal 2013<sup>1,2</sup>

## | Volume

		FY 2013	FY 2012	Actual	% Change Adjusted <sup>3</sup>	Further information
<b>Continuing operations</b>						
Orders	in millions of €	<b>82,351</b>	75,939	8%	10%	→ Page 179
Revenue	in millions of €	<b>75,882</b>	77,395	(2)%	(1)%	→ Page 179

## | Profitability and Capital efficiency

		FY 2013	FY 2012	% Change	Further information
<b>Total Sectors</b>					
Adjusted EBITDA	in millions of €	<b>8,141</b>	9,329	(13)%	→ Page 190
Total Sectors profit	in millions of €	<b>5,788</b>	7,266	(20)%	→ Page 190
in % of revenue (Total Sectors)	in %	<b>7.5</b>	9.3		
<b>Continuing operations</b>					
Adjusted EBITDA	in millions of €	<b>8,215</b>	9,613	(15)%	→ Page 190
Income from continuing operations	in millions of €	<b>4,212</b>	4,642	(9)%	→ Page 181
Basic earnings per share <sup>4</sup>	in €	<b>4.85</b>	5.15	(6)%	→ Page 326
Return on capital employed (ROCE (adjusted))	in %	<b>13.8</b>	15.5		→ Page 173
<b>Continuing and discontinued operations</b>					
Net income	in millions of €	<b>4,409</b>	4,282	3%	→ Page 181
Basic earnings per share <sup>4</sup>	in €	<b>5.08</b>	4.74	7%	→ Page 182
Return on capital employed (ROCE (adjusted))	in %	<b>13.5</b>	13.1		→ Page 173

## | Capital structure and Liquidity

		September 30, 2013	September 30, 2012	Further information
Cash and cash equivalents	in millions of €	<b>9,190</b>	10,891	→ Page 204
Total equity (Shareholders of Siemens AG)	in millions of €	<b>28,111</b>	30,855	→ Page 206
Adjusted industrial net debt	in millions of €	<b>2,805</b>	2,271	→ Page 193

		FY 2013	FY 2012	Further information
<b>Continuing operations</b>				
Free cash flow	in millions of €	<b>5,257</b>	4,727	→ Page 196
<b>Continuing and discontinued operations</b>				
Free cash flow	in millions of €	<b>5,328</b>	4,700	→ Page 196

<sup>1</sup> Orders; Adjusted or organic growth rates of revenue and orders; Total Sectors profit; ROCE (adjusted); Free cash flow; Adjusted EBITDA; Adjusted industrial net debt are or may be non-GAAP financial measures. Definitions of these supplemental financial measures, a discussion

of the most directly comparable IFRS financial measures, information regarding the usefulness of Siemens' supplemental financial measures, the limitations associated with these measures and reconciliations to the most comparable IFRS financial measures are available on

our Investor Relations website under [www.siemens.com/nongAAP](http://www.siemens.com/nongAAP).

<sup>2</sup> October 1, 2012 – September 30, 2013.

<sup>3</sup> Adjusted for currency translation and portfolio effects.

#### Orders – continuing operations (in millions of €)

FY 2013	82,351		10% <sup>3</sup>
FY 2012	75,939		

#### Revenue – continuing operations (in millions of €)

FY 2013	75,882		(1)% <sup>3</sup>
FY 2012	77,395		

#### Income from continuing operations (in millions of €)

FY 2013	4,212		(9)%
FY 2012	4,642		

#### Basic earnings per share – continuing operations (in €)<sup>4</sup>

FY 2013	4.85		(6)%
FY 2012	5.15		

#### ROCE (adjusted) – continuing operations (in %)

FY 2013	13.8		
FY 2012	15.5		

Target corridor: 15–20%

#### Adjusted industrial net debt/ Adjusted EBITDA – continuing operations (in millions of €)<sup>5</sup>

FY 2013	0.34		
FY 2012	0.24		

Target corridor: 0.5–1.0%

#### Free cash flow – continuing operations (in millions of €)

FY 2013	5,257		11%
FY 2012	4,727		

<sup>4</sup> Basic earnings per share – attributable to shareholders of Siemens AG. For fiscal 2013 and 2012 weighted average shares outstanding (basic) (in thousands) amounted to 843,819 and 876,053 shares, respectively.

<sup>5</sup> Calculated by dividing adjusted industrial net debt as of September 30, 2013 and 2012 by adjusted EBITDA.

	FY 2013	FY 2012	Further information
in millions of €	32.3	32.7	→ Page 218
in %	43	42	
in millions of €	4.3	4.2	→ Page 213
in %	5.7	5.5	
in thousands	29.8	29.5	→ Page 213
in thousands	8.4	8.8	→ Page 213
in thousands	4.0	4.6	→ Page 213

	FY 2013	FY 2012	Further information
in millions of €	377	333	→ Page 218
in %	4	8	→ Page 220
in %	4	7	→ Page 220
in %	7	8	→ Page 220
in %	13	13	→ Page 220

	Sep. 30, 2013	Sep. 30, 2012	Further information
in thousands	362	366	→ Page 222
in thousands	220	222	→ Page 222
in thousands	118	119	→ Page 222
in thousands	64	63	→ Page 222
in thousands	78	81	→ Page 222
in thousands	367	410	

	FY 2013	FY 2012	Further information
in %	10.8	10.7	→ Page 221
in %	15.6	15.3	→ Page 221
in millions of €	265	283	→ Page 221
in €	670	693	→ Page 221

<sup>8</sup> Employees in management positions include all managers with disciplinary responsibility, plus project managers.

<sup>9</sup> Without travel expenses.





		FY 2013	FY 2012	Further information
Revenue generated by the Environmental Portfolio <sup>1</sup>	in billions of €	32.3	32.7	→ Page 218
in % of revenue from continuing operations	in %	43	42	
Research and development expenses <sup>1</sup>	in billions of €	4.3	4.2	→ Page 213
in % of revenue from continuing operations	in %	5.7	5.5	
Research and development employees <sup>1,2</sup>	in thousands	29.8	29.5	→ Page 213
Inventions <sup>1,3</sup>	in thousands	8.4	8.8	→ Page 213
Patent first filings <sup>1,4</sup>	in thousands	4.0	4.6	→ Page 213

		FY 2013	FY 2012	Further information
Accumulated annual customer reductions of carbon dioxide emissions generated by elements from the Environmental Portfolio <sup>1</sup>	in millions of metric tons	377	333	→ Page 218
Energy efficiency improvement compared to baseline in fiscal 2010 <sup>1</sup>	in %	4	8	→ Page 220
Waste efficiency improvement compared to baseline in fiscal 2010 <sup>1</sup>	in %	4	7	→ Page 220
Waste for disposal reduction compared to baseline in fiscal 2010 <sup>1</sup>	in %	7	8	→ Page 220
Carbon dioxide emission efficiency improvement compared to baseline in fiscal 2010 <sup>1</sup>	in %	13	13	→ Page 220

		Sep. 30, 2013	Sep. 30, 2012	Further information
Total employees – continuing operations	in thousands	362	366	→ Page 222
Europe, C.I.S., <sup>5</sup> Africa, Middle East	in thousands	220	222	→ Page 222
<i>therein Germany</i>	in thousands	118	119	→ Page 222
Asia, Australia	in thousands	64	63	→ Page 222
Americas	in thousands	78	81	→ Page 222
Total employees – continuing and discontinued operations	in thousands	367	410	

		FY 2013	FY 2012	Further information
Employee turnover rate <sup>6,7</sup>	in %	10.8	10.7	→ Page 221
Female employees in management positions (percentage of all management positions) <sup>6,8</sup>	in %	15.6	15.3	→ Page 221
Expenses for continuing education <sup>6,9</sup>	in millions of €	265	283	→ Page 221
Expenses per employee for continuing education <sup>6,9</sup>	in €	670	693	→ Page 221

4 First filings as part of inventions submitted to patent offices.

5 Commonwealth of Independent States.

6 Continuing and discontinued operations.

7 Employee turnover rate is defined as the ratio of voluntary and involuntary exits from Siemens during the fiscal year to the average number of employees.

8 Employees in management positions include all managers with disciplinary responsibility, plus project managers.

9 Without travel expenses.

## A.1 Letter to our Shareholders

Berlin and Munich, November 27, 2013

Dear Shareholders,

For the first time, I'm addressing you as the President and CEO of your Company. I've been at this wonderful organization for 33 years now. Leading Siemens today is not only an enormous task; it is also a mission that I embrace with respect and dedication. The fact that millions of people benefit every day from infrastructures supported by Siemens technologies is an inspiration and an obligation as well as a source of pride. What Siemens can do, and what Siemens does, is relevant to people all around the world, whether our customers, users, employees or shareholders. Siemens stands for the electrification of the world. Digitization and automation are transforming this value chain – and offering us major opportunities.

I'm well aware of the importance of this task and of the tremendous responsibility I now also have for our more than 360,000 employees. Let me assure you of one thing: Siemens will continue to be guided by the values for which we've always stood – innovation, quality, reliability and engineering excellence. This will remain so in the future, and sustainability and responsibility will continue to inform our actions. These values have made us strong throughout our 166-year history, and our commitment to them will endure beyond the present and into the future.

Many things at Siemens are going well – some, even very well. Many of our businesses are very well positioned and poised for long-term success, as examples presented in this Annual Report show. This year, for the first time, the Report also includes our Sustainability Report, in which we clearly formulate our commitment to the aims of the United Nations Global Compact. The Annual Report provides a detailed account of a quite turbulent and eventful fiscal year in which there was much light but also some shadow.

At €75.9 billion, revenue was 1% below the prior-year level. New orders climbed to €82.4 billion, a substantial 10% gain. Our order backlog now totals €100 billion. Finally, income from continuing operations amounted to €4.2 billion, including transformation costs of €1.3 billion related to our Siemens 2014 productivity program and an extraordinary gain in connection with the divestment of our shares in Nokia Siemens Networks (NSN).



Respect

“Leading Siemens is  
a mission that  
I embrace with respect  
and dedication.”

Joe Kaeser – President and CEO of Siemens AG



them – because we  
forecast for the year.  
for our Sectors.  
technology, high-speed  
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SRE) and Financial  
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December 31, 2013. He  
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Berlin and Munich, New

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“Siemens stands for  
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tion and automation  
are transforming  
this value chain – and  
offering us major  
opportunities.”

“Innovation, quality,  
reliability and engi-  
neering excellence  
are the values for  
which Siemens stands.  
And this will remain  
so in the future.”

Joe Kaeser – President and CEO of Siemens AG

All in all, these are solid results, but we're not satisfied with them – because we fell clearly short of our potential and did not meet our initial forecast for the year. In the summer, we had to retract the margin targets we'd set for our Sectors. Special burdens associated with projects in the areas of solar technology, high-speed trains, wind turbines and North Sea platforms for connecting offshore wind farms to the power grid put pressure on our profits. These burdens in operations were partially offset by the profits from the divestment of Nokia Siemens Networks (NSN) and from the cross-Sector activities of Siemens Real Estate (SRE) and Financial Services (SFS). The spinoff and public listing of OSRAM was also a welcome success. Our diligence and perseverance in preparing this move paid off, as the very gratifying development of the OSRAM share price over the past few months also confirms.

Based on these and other achievements, we'll again propose an unchanged dividend of €3.00 per share at the upcoming Annual Shareholders' Meeting. You'll also profit from the share buyback program that we intend to implement over the next two years, which will have a volume of up to €4 billion.

Siemens has scored many successes recently – not just in fiscal 2013 but also between 2007 and 2011. Peter Löscher, my predecessor as President and CEO, played a pivotal role in our achievements during this period and, in particular, in the exemplary investigation of the corruption affair. On behalf of the Company and its employees, I'd like to express my gratitude to Mr. Löscher and my high regard for his commitment while in office over the past years.

I'd also like to thank the two other members of the Managing Board who have left the Company in recent months. Barbara Kux had been responsible for supply chain management and sustainability at our Company since 2008. Her work was instrumental in Siemens' being ranked – once again this year – the most sustainable company across seven industries in the internationally renowned Dow Jones Sustainability Index. Brigitte Ederer also made many valuable contributions to the Company as a member of the Managing Board of Siemens AG and in her previous position as the long-time head of Siemens AG Österreich. On behalf of the entire Siemens workforce, I'd like to extend my sincere gratitude to both Ms. Kux and Ms. Ederer for their dedicated service.

Peter Y. Solmssen will resign from the Managing Board on December 31, 2013. He played a central role in establishing a sustainable corporate culture of integrity which is viewed as exemplary worldwide. This achievement will remain our benchmark and our beacon as we further align our legal and compliance organization. I'd like to thank Mr. Solmssen most sincerely for his service and his collegiality as a member of the Managing Board.

My appreciation also goes to Dr. Gerhard Cromme and the members of the Supervisory Board for their farsighted support for the work of the Managing Board. I'm very pleased that the Supervisory Board has appointed Dr. Ralf P. Thomas, an outstanding financial expert, to serve as Chief Financial Officer. Dr. Thomas will be responsible for ensuring that Siemens' financial strategy remains as sound as it has always been – because in the future, as in the past, we always want to have the resources we need for investments in growth, jobs and innovation as well as employee training and continuing education.



We'll leave many things as they are while taking decisive action on other fronts. What was not so successful will have to be adjusted and improved – not through lots of talk, but through decisive action and hard work. We'll work together to make this happen. The entire Managing Board and Siemens' global management team are in the front rank here.

I'm aware that you, our shareholders, have high expectations of us – and rightly so. We'll work hard to meet your expectations. In doing so, we'll act judiciously, decisively and rigorously while maintaining an unwavering focus on the sustainability of our measures. Our actions are geared not to turning a quick profit but to ensuring the long-term success of our Company. And I know I have a team behind me that's unmatched and highly esteemed around the world. That's why I'd like to extend my special thanks to all our employees for their dedication and achievements.

What we achieve as a team, the Siemens team, is the basis for our success. My personal conviction and my message to everyone at the Company is: Siemens will again take top priority at Siemens. This will be the guiding principle for each and every one of us – from Managing Board member to trainee, across all Sectors, Divisions and Regions as well as at the Company's headquarters. We'll again focus more intensively on living Siemens' virtues and values with renewed vigor every day: reliability and continuity, fairness and integrity, diligence and dedication, quality and innovation.

We don't have to reinvent Siemens. Siemens is a company with a setup that spans the electrification value chain. The growing impact of digitization and the expanding use of automation are shaping our markets, changing our businesses and opening up opportunities for innovation. We'll profit more strongly than others from the three pillars of electrification, digitization and automation. Many new competitors from other industries and technology fields are trying to penetrate our territory. We're aware of this development and prepared to meet it. Many who see our business fields as attractive and want to establish a foothold in them will soon realize that we're already on the scene. Nevertheless, we're taking changes in technologies and customer behavior seriously. We're closely following and preparing ourselves for paradigm shifts in our markets, businesses and environment, whether these shifts are driven by social media, data analytics – that is, the processing of enormous amounts of data – or biotechnology.

To leverage these changes for the benefit of our Company, we need unparalleled expertise in innovative technologies and unfailingly high productivity. And we must be willing to change in order to prevail against our competitors in hotly contested markets and maintain the upper hand. The best driver for any company is growth – controlled, focused, value-creating and, above all, sustainable growth. It's essential that we set the right priorities for achieving growth. We must make wise investments, and this applies to everything from R&D expenditures to acquisitions and the systematic tapping of attractive markets.

A company like ours must aim to be a leader not only in technology but also in long-term profitability. This has nothing to do with greed – but everything to do with maintaining our innovative strength, enhancing our competitiveness and safeguarding jobs while remaining a trusted and attractive partner for our shareholders and investors worldwide.

We're continuing to rigorously implement key elements of our Siemens 2014 program. We'll bring the program to a successful conclusion, and it will drive our profitability. All the steps we're taking must be geared to the long term, strengthen us on an ongoing basis and have an impact that extends beyond 2014. Because we don't want a brief margin-boosting flash in the pan, but changes that will keep Siemens on the road to lasting success in order to preserve jobs and reinforce our technology and market leadership. These changes will position us to narrow and, in the medium term, close the gap in profitability to our competitors.

One thing is clear: Siemens will still be around after 2014. In fiscal 2013 – exactly a hundred years after the construction of our Berlin-Siemensstadt location, the site of our Company headquarters until 1949 – we laid the cornerstone for our new headquarters in Munich. We've now also begun planning a new Siemens campus in Erlangen, Germany. Both of these construction projects are more than a commitment to the future of two locations steeped in Company tradition. They also reflect our sense of obligation. We accept the responsibility that we have, day after day and year after year, for the future of our Company. Generations of Siemens employees have done their part to ensure that the Company in which you hold a stake is intrinsically sound today. I want our successors to be able to say the same thing about us in 20 or 30 years. Through our work, diligence and dedication, we – the Managing Board and the Company's more than 360,000 employees around the world – can play a key role in shaping your Company's future. Joining forces, we'll act as though Siemens were our own company. That's our pledge to you.

For the Managing Board

*Sincerely yours,  
Joe*

**Joe Kaeser**  
President and CEO of Siemens AG

## A.2 Managing Board of Siemens AG



| **Joe Kaeser**

Corporate Development,  
Governance & Markets,  
Communications and  
Government Affairs,  
Legal and Compliance



| **Roland Busch**

Infrastructure & Cities,  
Corporate Sustainability Office  
Asia (excluding Japan), Australia

Customer proximity

Performance and commitment

Siemens stands for:

Fairness and integrity



| **Siegfried Russwurm**

Industry, Corporate Supply Chain  
Management, Information Technology,  
Corporate Security Office  
Europe, Commonwealth  
of Independent States, Africa





| **Klaus Helmrich**

| Human Resources,  
Corporate Technology



| **Hermann Requardt**

| Healthcare  
South America, Japan

Quality and innovation

Financial solidity

Engineering excellence



| **Michael Süß**

| Energy  
North America, Middle East



| **Ralf P. Thomas**

| Finance and Controlling,  
Financial Services, Siemens Real Estate,  
Global Shared Services,  
Equity Investments

## A.

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- REFERENCE WITHIN THE PUBLICATION
- ↗ REFERENCE TO AN EXTERNAL PUBLICATION
- 📄 REFERENCE TO THE COMPANY REPORT
- 💻 REFERENCE TO THE INTERNET



## A.3 Report of the Supervisory Board

Berlin and Munich, November 27, 2013

Dear Shareholders,

Fiscal 2013 was an eventful year. The Supervisory Board had to make a number of difficult decisions – decisions that were, however, necessary in the interest of the Company.

Our most important decisions concerned changes in the composition of the Managing Board. At our meeting on July 31, 2013, we approved the termination by mutual consent of Peter Löscher's appointment as a full member of the Managing Board and as President and Chief Executive Officer of Siemens AG as well as the termination agreement regarding his Managing Board employment contract. The Supervisory Board has great respect for Mr. Löscher's achievements. Starting on July 1, 2007, he led Siemens in the challenging times of the compliance crisis and the global financial crisis. Through his efforts, he restored our Company's high reputation. The Supervisory Board thanked Mr. Löscher for his services.

The Supervisory Board has appointed Joe Kaeser the Company's new President and Chief Executive Officer. Mr. Kaeser – who has held management positions at Siemens both in and outside Germany for more than 30 years – was appointed to a new term of office as a full member of the Managing Board and President and Chief Executive Officer of Siemens AG, effective August 1, 2013 to July 31, 2018. At our meeting on September 18, 2013, we appointed Dr. Ralf P. Thomas a full member of the Managing Board and Head of the Managing Board area Finance and Controlling, effective September 18, 2013 to September 17, 2018. At the same meeting, we approved the termination by mutual consent of Brigitte Ederer's appointment as a full member of the Managing Board and as Labor Director, effective the end of September 30, 2013, as well as the termination agreement regarding her Managing Board employment contract. We thanked Ms. Ederer for her many years of exemplary commitment and her many successes in the service of the Company. Klaus Helmrich was appointed to succeed Ms. Ederer as Labor Director and Head of the Managing Board area Human Resources. He will continue to serve the Company as Chief Technology Officer. In view of the growing demand for qualified experts worldwide and the importance of innovation leadership and leading technology positions for Siemens' competitiveness, we consider this close integration of the Managing Board responsibilities for technology and human resources to be an advantage – particularly with regard to strengthening the recruiting and development of top talents in the areas of science, research and technology.

Barbara Kux's appointment as a full member of the Managing Board expired at the end of November 16, 2013. We thanked Ms. Kux for her achievements as Head of Supply Chain Management and in connection with the Company's sustainability-related activities.

Leveraging business opportunities

“For Siemens, 2013 was an eventful year marked by major changes. We must now join forces under Mr. Kaeser’s leadership in order to narrow the gap to our competitors.”

Dr. Gerhard Cromme – Chairman of the Supervisory Board



September 31, 2013. Mr. Solmssen investigating the compliance organization, he performed Siemens through a challenge Mr. Solmssen for these

Supervisory Board due, in particular, at the Annual Shareholders' Supervisory Board's five-year term, Håkan Samuelsson and Lord Mönies left the Supervisory Board's commitment and their shareholders' Meeting elected Gérard as a new shareholder representative to serve as a new employee of the provisions of the German law the Supervisory Board at his many years of service. The Supervisory service and commitment to Snabe, whose initial appointment by the shareholders at the Annual Meeting on September 18, 2013, we elected him as Chairman of the Supervisory

by intensive deliberations concerning in the North Sea, the delayed projects that were below expectations 2014 program. It is now vital to take a step-by-step and to implement measures initiated will have a long-term impact on our competitors and achieve a goal. The Company will focus even more on digitalization, software development toward profitable, capital-intensive business in key businesses. This is for the benefit of our shareholders.

In diligence the duties assigned to me for the Supervisory Board. As a member of the Company and involved in all major decisions and reports, the Managing Board and information on Company planning and current state of the Managing Board, we considered the actions of major significance related to us in detail and intensively. The Company's strategic orientation was approved after in-depth examination. As a member of the Supervisory Board, I was also kept up-to-date on current development and business transactions. At separate occasions, I discussed the prospects for and the future

Berlin and Munich, November

Dear Share

Fiscal 2013 was an eventful year with many difficult decisions – decisions that were

Our most important decisions  
Board. At our meeting on July 3  
Peter Löscher's appointment as  
and Chief Executive Officer of S  
his Managing Board employme  
Mr. Löscher's achievements. Sta  
of the compliance crisis and the  
Company's high reputation. Th

The Supervisory Board has appointed Executive Officer. Mr. Kaeser – an experienced manager with many years outside Germany for more than 20 years – as a full member of the Managing Board effective August 1, 2013 to July 31, 2015. Dr. Ralf P. Thomas a full member of the Managing Board in the area Finance and Controlling, at the same meeting, we approved the appointment of Dr. Ralf P. Thomas as a full member of the Managing Board effective September 30, 2013, as well as his employment contract. We thank Dr. Kaeser for his many successes in the past and wish to succeed Ms. Ederer as Labor Director. He will continue to serve the Company and demand for qualified experts with his leading technology positions for the integration of the Managing Board. This is an advantage – particularly with the presence of top talents in the areas of science and technology.

Barbara Kux's appointment as  
of November 16, 2013. We tha  
Management and in connecti

“On behalf of the Supervisory Board, I would like to thank the members of the Managing Board and the employees and employee representatives at all Siemens companies for their outstanding commitment.”

**Dr. Gerhard Cromme – Chairman of the Supervisory Board**



Peter Y. Solmssen will resign from the Managing Board on December 31, 2013. Mr. Solmssen joined Siemens at a difficult time and played a key role in investigating the compliance affair at our Company. By establishing a strong compliance organization, he performed a major service and made important contributions to steering Siemens through a challenging phase and restoring its good reputation. We thanked Mr. Solmssen for these achievements.

There were also changes in the composition of the Supervisory Board due, in particular, to the scheduled new election of Supervisory Board members at the Annual Shareholders' Meeting on January 23, 2013. Following the expiration of the Supervisory Board's five-year term of office, shareholder representatives Jean-Louis Beffa, Håkan Samuelsson and Lord Iain Vallance of Tummel, and employee representative Walter Mönius left the Supervisory Board. We thanked the departing members for their professional commitment and their contributions to the Company's success. The Annual Shareholders' Meeting elected Gérard Mestrallet, Güler Sabancı and Werner Wenning to serve as new shareholder representatives on the Supervisory Board. Robert Kensbock was elected to serve as a new employee representative on the Supervisory Board in accordance with the provisions of the German Codetermination Act. In addition, Dr. Josef Ackermann left the Supervisory Board at his own request at the end of September 30, 2013, following many years of service. The Supervisory Board expressed its gratitude to Dr. Ackermann for his service and commitment to Siemens. Dr. Ackermann was succeeded by Jim Hagemann Snabe, whose initial appointment is by court order. Mr. Snabe will stand for election by the shareholders at the Annual Shareholders' Meeting in January 2014. At our meeting on September 18, 2013, we elected Werner Wenning to succeed Dr. Ackermann as Second Deputy Chairman of the Supervisory Board, effective October 1, 2013.

In fiscal 2013, the Supervisory Board engaged in particularly intensive deliberations concerning the delays relating to grid connections for wind farms in the North Sea, the delayed delivery of ICE trains to Deutsche Bahn, business developments that were below expectations and the retraction of the targets defined by the Siemens 2014 program. It is now vital to master the challenges associated with our major projects step-by-step and to implement the Siemens 2014 program in such a way that the measures initiated will have a long-term impact and enable the Company to narrow the gap to its competitors and achieve a sustainable increase in profitability. In this connection, the Company will focus even more intensively on the technological trends of the future – trends like digitization, software and IT. The Company's long-term development must be oriented toward profitable, capital-efficient growth and the expansion of our technology leadership in key businesses. This is the only way to create sustainable value for our employees and shareholders.

In fiscal 2013, the Supervisory Board performed with great diligence the duties assigned to it by law, the Siemens Articles of Association and the Bylaws for the Supervisory Board. We regularly advised the Managing Board on the management of the Company and monitored the Managing Board's activities. We were directly involved in all major decisions regarding the Company at an early stage. In written and oral reports, the Managing Board regularly provided us with timely and comprehensive information on Company planning and business operations as well as on the strategic development and current state of the Company. On the basis of reports submitted by the Managing Board, we considered in detail business development and all decisions and transactions of major significance to the Company. Deviations from business plans were explained to us in detail and intensively discussed. The Managing Board coordinated the Company's strategic orientation with us. The proposals made by the Managing Board were approved after in-depth examination and consultation. In my capacity as Chairman of the Supervisory Board, I was also in regular contact with the Managing Board and was kept up-to-date on current developments in the Company's business situation and on key business transactions. At separate strategy meetings, I discussed with the Managing Board the prospects for and the future orientation of individual businesses at the Company.

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

We held a total of seven regular meetings and two extraordinary meetings in the reporting year. We also made one decision outside meetings. Furthermore, four times in fiscal 2013, the shareholder representatives on the Supervisory Board made decisions relating to the exercise of ownership rights required under the German Codetermination Act. Attendance at Supervisory Board meetings by current members was over 94%.

In addition to the above-mentioned decisions regarding changes in the composition of the Managing Board, regular topics of discussion at our plenary meetings were revenue, profit and employment development at Siemens AG, at the Sectors and at the Siemens Group as well as the Company's financial position, profitability and major investment and divestment projects. One important focus was the Siemens 2014 program, which aims to strengthen the Company's competitiveness and profitability. In this context, we jointly discussed key measures to cut costs and strengthen Siemens' core business through major investment and divestment projects.

At an extraordinary meeting on October 9, 2012, the Managing Board reported on the state of the Company and informed the Supervisory Board of the implementation status of the Siemens 2014 program.

At our meeting on November 7, 2012, we discussed the key financial figures for fiscal 2012 and the budget for 2013. We also determined the compensation of Managing Board members for fiscal 2012 on the basis of a calculation of their target achievement. The appropriateness of this compensation was confirmed by an internal review. We also discussed the spinoff of OSRAM and approved the sale of key activities of the Industry Sector's Water Technologies Business Unit.

At our meeting on November 28, 2012, we discussed the financial statements and the Combined Management Report for Siemens AG and the Siemens Group as of September 30, 2012 as well as the agenda for the Annual Shareholders' Meeting on January 23, 2013. We also discussed the Annual Report for 2012 and the Corporate Governance Report included therein. We approved the budget for 2013, the settlement with former Managing Board member Dr. Thomas Ganswindt and the regular extension of the bond issuance program. We also approved the acquisition of the Rail Division of the British company Invensys plc, the planned divestment of the business of the Logistics and Airport Solutions Business Unit, the spinoff of OSRAM and the related adjustment of the special rights of Managing Board members granted under share-based compensation programs. In addition, we defined the targets for Managing Board compensation for fiscal 2013 and decided to adjust the base compensation of individual Managing Board members in fiscal 2013 and to annually review the base compensation of all Managing Board members starting in fiscal 2014. We also received a report on the activities of Corporate Supply Chain Management.

At our meeting on January 22, 2013, the Managing Board reported to us on the current business and financial position following the conclusion of the first quarter. We also approved the extension of the global commercial paper program.

The five-year term of office of the Supervisory Board elected at the Annual Shareholders' Meeting in 2008 ended with the Annual Shareholders' Meeting on January 23, 2013. At this meeting, the shareholder representatives on the Supervisory Board were elected to a new term of office, which will extend from 2013 to 2018. The employee representatives had already been elected on September 25, 2012, effective as of the end of the Annual Shareholders' Meeting. At the Supervisory Board's constitutive meeting at the conclusion

of the Annual Shareholders' Meeting on January 23, 2013, the Chairman, the First Deputy Chairman and the Second Deputy Chairman of the Supervisory Board were confirmed in their positions and the composition of the Supervisory Board committees was determined.

Following the decision by the Annual Shareholders' Meeting of January 23, 2013 to spin off OSRAM and the successful completion of a so-called judicial release procedure, the spinoff was entered in the German Commercial Register.

At our meeting on April 30, 2013, the Managing Board reported on the Company's business and financial position following the conclusion of the second quarter. The report focused on the status of the Siemens 2014 program and the delivery of Velaro D (ICE) and Velaro Eurostar high-speed trains. The Industry Sector also reported on its business situation. In connection with our decision to dissolve the Managing Board area Supply Chain Management, we adjusted the assignment of responsibilities within the Managing Board and amended the Bylaws for the Managing Board accordingly.

At an extraordinary meeting on June 30, 2013, we approved the termination of the Nokia Siemens Networks joint venture as well as the sale of Siemens' 50% stake in the business to co-owner Nokia. We received positive feedback from the capital market regarding the sale of the NSN stake and the successful IPO of OSRAM.

At our meeting on July 31, 2013, we discussed the Company's business and financial position following the conclusion of the third quarter and the progress made in connection with the Siemens 2014 program. It became clear at this meeting that the target margins set under the program for 2014 did not appear to be achievable. The same day, the Energy Sector also provided us with a report on its current business situation. In addition, we established a Compensation Committee, elected its members and amended the relevant Bylaws accordingly.

At our meeting on September 18, 2013, we determined the compensation for Joe Kaeser in his position as President and Chief Executive Officer of Siemens AG. The Healthcare Sector reported on its current business situation. In addition, we were provided with an overview of the Company-wide *top+* program and discussed the efficiency review of our activities. However, our primary focus was on the Managing Board's report on the state of the Company shortly before the end of fiscal 2013.

## Corporate Governance Code

The Supervisory Board concerned itself with the contents of and the amendments to the German Corporate Governance Code. At our meeting on July 31, 2013, we discussed the amendments to the German Corporate Governance Code contained in the new version of May 13, 2013. At our subsequent meeting on September 18, 2013, we adjusted the concrete goals for the Supervisory Board's composition – which are set out in → **B.1 CORPORATE GOVERNANCE REPORT** on pages 118-121 of this Annual Report – in light of the Board's new composition since January 2013 and determined that, in our estimation, the Supervisory Board had an appropriate number of independent members. Information on corporate governance and a detailed report on the level and structure of the compensation paid to the members of the Supervisory and Managing Boards is provided in → **B.1 CORPORATE GOVERNANCE REPORT** on pages 118-123 and in → **B.4 COMPENSATION REPORT** on pages 129-147 of this Annual Report. The issuance of a Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz) – stating that the Company complies with all the recommendations of the German Corporate Governance Code in the version of

→ **B.1**  
SEE PAGES  
118-121

→ **B.1**  
SEE PAGES  
118-123

→ **B.4**  
SEE PAGES  
129-147

May 13, 2013 and will continue to do so in the future – was approved by the Supervisory Board at its meeting on September 18, 2013 and by the Managing Board in a decision of September 20, 2013. Details regarding the recommendations in Section 4.2.3 para. 2 sentence 6 and Section 4.2.3 para. 4 sentence 1 of the Code have been explained in the Declaration of Conformity. Siemens' Declaration of Conformity with the German Corporate Governance Code is permanently available to shareholders on the Company's website and is set out in → **B.2 CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTION 289A OF THE GERMAN COMMERCIAL CODE** on page 124 of this Annual Report.

→ **B.2**  
SEE PAGE 124

### **Work in the Supervisory Board committees**

To ensure the efficiency of its work, the Supervisory Board has established seven standing committees, which prepare proposals and issues to be dealt with at the Board's plenary meetings. The Supervisory Board's decision-making powers have also been delegated to these committees within the permissible legal framework. The committee chairpersons report to the Supervisory Board on their committees' work at the subsequent Board meetings. The members of the individual Supervisory Board committees, the number of committee meetings and the number of committee decisions are set out in → **D.7 SUPERVISORY BOARD AND MANAGING BOARD**, on pages 348-351 of this Annual Report.

→ **D.7**  
SEE PAGES  
348-351

The **Chairman's Committee** met nine times in fiscal 2013. In addition, three decisions were made outside meetings. Between meetings, I discussed topics of particular importance with the members of the Chairman's Committee. The Committee dealt with corporate-governance-related matters, including the preparation of the Declaration of Conformity with the German Corporate Governance Code, with the assumption by Managing Board members of positions at other companies and institutions, and with a variety of personnel-related topics. Prior to the establishment of the Compensation Committee, the Chairman's Committee dealt with the preparation of decisions concerning Managing Board compensation and recommended to the Supervisory Board that a Compensation Committee be established. The Chairman's Committee also made a recommendation to the Supervisory Board regarding the termination of the Nokia Siemens Networks joint venture.

The **Nominating Committee** met five times in fiscal 2013. The Committee focused on preparing the new election of shareholder representatives on the Supervisory Board at the Annual Shareholders' Meeting on January 23, 2013 and on preparing the assignment of shareholder representatives to the Supervisory Board's committees. The Nominating Committee also dealt with succession planning for the Supervisory Board.

The **Compliance Committee** met five times in fiscal 2013. Dr. Theo Waigel took part in the Committee's meetings until the end of his term of office as Monitor. The Compliance Committee concerned itself primarily with the quarterly reports and the annual report submitted by the Chief Compliance Officer and the Chief Counsel Compliance. It also submitted a recommendation to the Supervisory Board regarding the settlement with former Managing Board member Dr. Thomas Ganswindt. In November 2013, it was decided to expand the Committee to include one additional shareholder representative from the Supervisory Board and one additional employee representative from the Supervisory Board.

The **Mediation Committee** was not required to meet in fiscal 2013.



The **Compensation Committee** was established by a Supervisory Board decision of July 31, 2013. The Committee prepares proposals regarding the compensation system and the determination of Managing Board compensation, including the targets for variable Managing Board compensation. It also prepares the full Supervisory Board's regular review of the compensation system and the appropriateness of Managing Board compensation as well as the approval of the Compensation Report. In fiscal 2013, the Compensation Committee met once in a constitutive meeting. Mr. Wenning expressed his willingness to serve as chairman. The Committee also made one decision outside meetings. An independent external compensation specialist was commissioned to provide expert support relating to Managing Board compensation.

The **Finance and Investment Committee** met three times. The focuses of its meetings included the preparation of the decision regarding the budget for fiscal 2013 and the preparation and/or approval of the Company's investment and divestment projects such as the spinoff of OSRAM. Since the scope of its work will be expanded to include innovation-related issues, the Committee will be renamed the Innovation and Finance Committee.

The **Audit Committee** met six times. In the presence of the independent auditors, the President and Chief Executive Officer, the Chief Financial Officer and the General Counsel, the Committee discussed the financial statements and the Combined Management Report for Siemens AG and the Siemens Group, the proposal for the appropriation of net income and the Annual Report on Form 20-F for the U.S. Securities and Exchange Commission (SEC). In addition, the Audit Committee made a recommendation to the Supervisory Board regarding the Supervisory Board's proposal to the Annual Shareholders' Meeting concerning the election of the independent auditors. The Audit Committee gave in-depth consideration to the appointment of the independent auditors for fiscal 2013, including the definition of the audit focal points, to the monitoring of the auditors' independence and qualifications as well as the additional services they perform, to the determination of their fee and to the discussion of the results of their audit reviews of the Company's quarterly financial reports and half-year financial report. In addition, the Audit Committee dealt with the Company's financial reporting process and risk management system and with the effectiveness, resources and findings of the internal audit as well as with reports concerning potential and pending legal disputes. The Audit Committee also focused on Company compliance with the provisions of Section 404 of the Sarbanes-Oxley Act and on the results of the internal audit's examination of the effectiveness of Siemens' internal controls, regulatory compliance and the integrity of its financial reporting. In November 2013, it was decided to expand the Committee to include one additional shareholder representative from the Supervisory Board and one additional employee representative from the Supervisory Board.

### **Detailed discussion of the financial statements**

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft audited the stand-alone Financial Statements of Siemens AG, the Consolidated Financial Statements of the Siemens Group and the Combined Management Report for Siemens AG and the Siemens Group for fiscal 2013 and issued an unqualified opinion. The stand-alone Financial Statements of Siemens AG and the Combined Management Report for Siemens AG and the Siemens Group were prepared in accordance with the requirements of German law. The Consolidated Financial Statements of the Siemens Group were prepared in accordance with the International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and with

the additional requirements of German law set out in Section 315a (1) of the German Commercial Code (HGB). The financial statements also comply with the IFRS, as issued by the International Accounting Standards Board (IASB). The independent auditors conducted their audit in accordance with Section 317 of the HGB and in compliance with the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and with the International Standards on Auditing (ISA). The above-mentioned documents as well as the Managing Board's proposal for the appropriation of net income were submitted to us by the Managing Board in a timely manner. The Audit Committee discussed the dividend proposal in detail at its meeting on November 5, 2013. It discussed the stand-alone Financial Statements of Siemens AG, the Consolidated Financial Statements of the Siemens Group and the Combined Management Report in detail at its meeting on November 26, 2013.

The audit reports prepared by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft were distributed to all members of the Supervisory Board and comprehensively reviewed at the Supervisory Board's meeting on November 27, 2013 in the presence of the independent auditors, who reported on the main findings of their audit. The independent auditors also reported that there were no major weaknesses in the Company's internal audit or risk management systems. At this meeting, the Managing Board explained the financial statements of Siemens AG and the Siemens Group as well as the Company's risk management system. The independent auditors also discussed the scope, focal points and costs of the audit.

The Supervisory Board concurs with the results of the audit. Following the definitive findings of the Audit Committee's examination and our own examination, we have no objections. The Managing Board prepared the stand-alone Financial Statements of Siemens AG and the Consolidated Financial Statements of the Siemens Group. We approved the stand-alone Financial Statements and the Consolidated Financial Statements. In view of our approval, the stand-alone Financial Statements are accepted as submitted. At our meeting on November 27, 2013, we endorsed the Managing Board's proposal that the net income available for distribution be used to pay out a dividend of €3.00 per share entitled to a dividend and that the amount of net income attributable to shares of stock not entitled to receive a dividend for fiscal 2013 be carried forward.

On behalf of the Supervisory Board, I would like to thank the members of the Managing Board and the employees and employee representatives at all Siemens companies for their outstanding commitment and constructive cooperation over the last few unsettled months at our Company.

For Siemens, 2013 was an eventful year marked by major changes. We must now join forces under Mr. Kaeser's leadership in order to narrow the gap to our competitors.

For the Supervisory Board

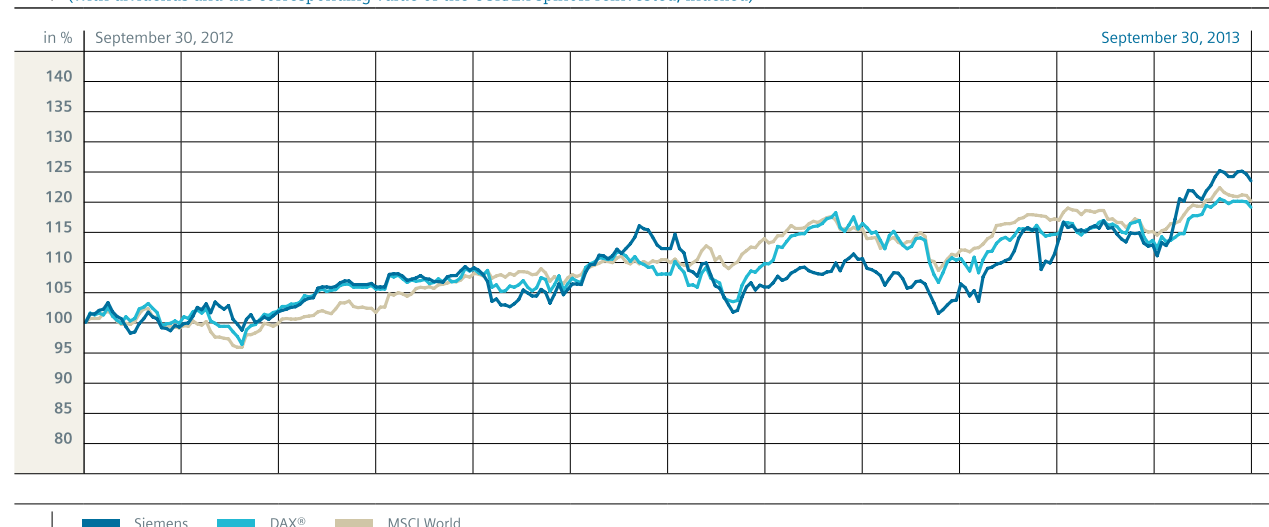


**Dr. Gerhard Cromme**  
**Chairman**

## A.4 The Siemens Share / Investor Relations

### Change in the value of an investment in Siemens shares in fiscal 2013

(with dividends and the corresponding value of the OSRAM spinoff reinvested; indexed)



The Siemens share price developed positively over the course of fiscal 2013, but did not perform as well as the share prices of major benchmark companies. Due to uncertainties regarding economic growth in Europe and the emerging countries, the stock markets were highly volatile in the reporting period. During the first half of fiscal 2013, Siemens' share price development was largely in line with the overall market trend. In July, several events led to a positive development of the Siemens share. At the beginning of the month, we sold our stake in the Nokia Siemens Networks (NSN) joint venture to Nokia. A few days later, OSRAM Licht AG was spun off from Siemens. As a result of these events, shareholders profited both from an increase in the Siemens share price and from a grant of OSRAM shares free of charge. At the end of July 2013, our Supervisory Board unanimously appointed the long-time CFO Joe Kaeser as President and CEO of Siemens AG. In August and September 2013, the Company's share price gained substantially, reaching a new high for the year.

The Managing Board and Supervisory Board will propose a dividend payment of €3.00 per share for fiscal 2013. Representing a planned payout ratio of 57%, this proposal is in accordance with our One Siemens dividend policy, with which we ensure that our shareholders participate appropriately in the Company's profit development. The share buyback program launched in August 2012 was concluded in November 2012. Subsequently, Siemens repurchased further shares in order to keep the number of Siemens' shares outstanding constant until the spinoff of OSRAM Licht AG. We acquired treasury shares with a total value corresponding to about €3.1 billion, of which roughly €1.3 billion was attributable to fiscal 2013. Siemens AG continues to have a very sound financial basis. In an environment in which the ratings of many countries have come under pressure, the Company continues to enjoy good investment-grade credit ratings.

## A.4.1 Development of the Siemens share

Over the first two months of fiscal 2013, the markets were volatile. Then, at the beginning of December 2012, share prices started to rise steadily. Following some fluctuations and a set-back on the German stock market, in particular, in February 2013, share prices reached an interim high at the end of May 2013. They subsequently declined again until the beginning of July 2013, when a strong upturn began, resulting in new highs for the year at the end of fiscal 2013.

**Long-term performance of Siemens shares compared with leading indices** (average annual performance with dividends and the corresponding value of the OSRAM spinoff reinvested)

Ten-year period		FY 2004 – FY 2013
Siemens	8.7%	
DAX®	10.2%	
MSCI World	7.6%	

Over the entire fiscal year, Siemens stock performed relatively well in the market environment, closing at €89.06 per share on September 30, 2013. For shareholders who reinvested their dividends and their proceeds from the OSRAM spinoff, this amounted to a gain of 22.8% (fiscal 2012: a gain of 18.6%) compared to the price on September 28, 2012. The Siemens share outperformed the leading index of the German stock market, the DAX (which rose 19.1%), and the leading international index, MSCI World (which advanced 20.2%).

A long-term comparison also illustrates the strength of the Siemens share: the assets of an investor who acquired Siemens stock worth €1,000 at the beginning of fiscal 2004 and reinvested the dividends and the corresponding value of the OSRAM spinoff in additional Siemens shares would have increased to €2,312 by the end of fiscal 2013. This annual return of 8.7% is above the results for MSCI World (7.6%) but below those for the DAX 30 (10.2%).

## A.4.2 Dividend proposal

At the Annual Shareholders' Meeting, the Managing Board and the Supervisory Board will propose an unchanged dividend payment of €3.00, which represents a payout ratio of 57%. This proposal continues without change our tradition of paying attractive dividends to our investors.

## A.4.3 Share buyback program

In August 2012, against the backdrop of favorable capital market conditions, Siemens began to improve its capital structure and repurchase treasury shares with a total value corresponding to up to €3 billion. This program was concluded in November 2012 with a repurchase volume of about €2.9 billion. Siemens subsequently repurchased further shares in order to keep the number of Siemens' shares outstanding constant until the spinoff of OSRAM Licht AG. The Company acquired a total of about 40.4 million shares at an average price of €77.21, for a total value corresponding to roughly €3.1 billion. Of this amount, some €1.3 billion was attributable to fiscal 2013.

### Dividend

Fiscal year		FY 2013	FY 2012	FY 2011	FY 2010	FY 2009
Dividend per share	in €	3.00 <sup>1</sup>	3.00	3.00	2.70	1.60
Dividend yield <sup>2</sup>	in %	3.4	3.9	3.9	2.9	2.4
Ex-dividend date		Jan. 29, 2014	Jan. 24, 2013	Jan. 25, 2012	Jan. 26, 2011	Jan. 27, 2010
Net income	in millions of €	4,409	4,282	5,899	3,881	2,448
Total dividend payout	in millions of €	2,534 <sup>3</sup>	2,528	2,629	2,356	1,388
Payout ratio <sup>4</sup>	in %	57	56	41	58	56

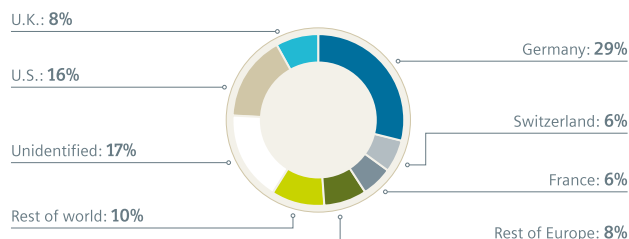
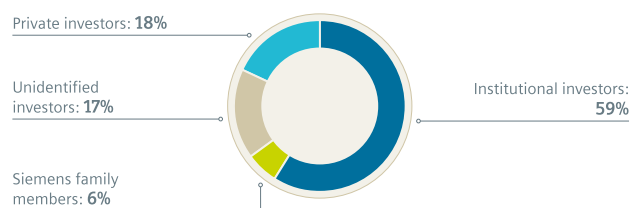
<sup>1</sup> To be proposed to the Annual Shareholders' Meeting.

<sup>2</sup> Dividend payout/Siemens share price on day of Annual Shareholders' Meeting; for fiscal 2013: dividend payout/Siemens share price at fiscal year-end.

<sup>3</sup> Based on currently estimated number of shares entitled to dividend payment.

<sup>4</sup> Excluding non-cash items in fiscal 2009 and fiscal 2010 (NSN and DX impairment charges), the payout ratio equaled 34% in fiscal 2009 and 46% in fiscal 2010.





## A.4.4 Spinoff of OSRAM Licht AG

With the aim of focusing even more strongly on its core business, Siemens spun off 80.5% of the shares of OSRAM Licht AG to Siemens shareholders in July 2013. For every ten Siemens shares held, one share of OSRAM Licht AG was allocated free of charge. In addition, following this transaction, the Siemens share price rose substantially. After an initial listing of €24 per share on July 8, 2013, OSRAM stock rose to €34.70 per share by September 30, 2013. For further information, please see → NOTE 4 ACQUISITIONS, DISPOSITIONS AND DISCONTINUED OPERATIONS in → D.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, pages 273-278.

## A.4.5 Shareholder structure

With some 690,000 shareholders, Siemens AG is one of the world's largest publicly owned companies. Siemens has a stable shareholder structure that has changed only slightly over time. In August 2013, we mandated an external institute to conduct an analysis of our shareholder structure. Based on an evaluation of publications from institutional investors and on statistical estimates, its analysis showed that shareholders in Germany hold the largest percentage of our shares outstanding, about 29% of all shares outstanding. Shareholders in the U.S. hold roughly 16% and shareholders in the U.K. around 8%, while investors in France hold 6% and in Switzerland 6%.

Some 59% of Siemens' shares outstanding are currently held by institutional investors, about 18% by private shareholders and around 6% by members of the Siemens family. For further information on our shareholder structure, please see

[WWW.SIEMENS.COM/SHAREHOLDERSTRUCTURE](http://WWW.SIEMENS.COM/SHAREHOLDERSTRUCTURE).

## A.4.6 Credit ratings

Siemens AG has good, investment-grade credit ratings. "Aa3/P-1/outlook negative" from Moody's Investors Service and "A+/A-1+/outlook stable" from Standard & Poor's are very positive ratings – particularly when compared to those of our competitors in the industry segment. Our solid financial position gives us unrestricted access to the international financial and capital markets.

At the end of fiscal 2013, the net debt of Siemens AG was €10,663 million, with cash and cash equivalents of €9,190 million. For further information on our credit ratings and financial obligations, please see → NOTE 28 COMMITMENTS AND CONTINGENCIES in → D.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, pages 305-306.

### | Credit ratings

	September 30, 2013		September 30, 2013	
	Moody's Investors Service	Standard & Poor's	Moody's Investors Service	Standard & Poor's
Long-term debt	Aa3	A+	Aa3	A+
Short-term debt	P-1	A-1+	P-1	A-1+

## A.4.7 Siemens on the capital market

We take our responsibility to maintain an intensive dialogue with the capital market very seriously. Cultivating close contacts with our shareholders, we keep them informed of all major developments throughout Siemens.

As part of our investor relations work, we provide information on our Company's development in quarterly, semiannual and annual reports. Our CEO and CFO also maintain close contact with investors through roadshows and conferences. In addition, Siemens holds Sector Capital Market Days, at which the management of our Sectors informs investors and analysts about the Sectors' business strategies and market environments.

### | Stock market information

		FY 2013 <sup>1</sup>	FY 2012 <sup>1</sup>
Stock price range (Xetra closing price)			
High	in €	90.33	79.71
Low	in €	76.00	63.06
Fiscal year-end	in €	89.06	77.61
Number of shares issued (September 30)	in millions	881	881
Market capitalization <sup>2</sup>	in millions of €	75,078	66,455
Basic earnings per share <sup>3</sup>	in €	5.08	4.74
Diluted earnings per share <sup>3</sup>	in €	5.03	4.69
Dividend per share	in €	3.00 <sup>4</sup>	3.00

- 1 Fiscal year from October 1 to September 30.
- 2 On the basis of outstanding shares.
- 3 Adjusted for effects of adopting IAS 19R.  
The prior year is presented on a comparable basis.
- 4 To be proposed to the Annual Shareholders' Meeting.

We also provide extensive information online. Quarterly, semi-annual and annual reports, analyst presentations and press releases as well as our financial calendar for the current year (please see → E.9 FINANCIAL CALENDAR, page 371), which includes all major publication dates as well as the date of the Annual Shareholders' Meeting, are available at [www.siemens.com/investors](http://www.siemens.com/investors). In fiscal 2013, we launched the Siemens Shareholder Letter, a quarterly publication which is addressed primarily to our private investors and provides a brief summary of key developments during the quarter under review.

## A.4.8 Profit-sharing culture / Stock-based compensation programs

Siemens has set itself the goal of more intensively fostering a profit-sharing culture at the Company and encouraging employees to become shareholders. That's why we offer various share-based payment programs to our workforce. In fiscal 2013, 3,878,899 Siemens shares were issued to service these programs, namely, the Stock Awards program, the Share Matching Program (including the Base Share Program, the Share Matching Plan and the Monthly Investment Plan) and the Jubilee Program. Non-vested and outstanding grants under the various plans will result in additional share issuances to employees in the future. For more detailed information on share-based payment, please see → NOTE 33 SHARE-BASED PAYMENT in → D.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, pages 323-326.

Our Company-wide Share Ownership Guidelines specify that the members of the Managing Board and roughly 550 other senior executives must hold an interest in Siemens equal in value to between 50% and 300% of their base compensation for the period in which they hold office. For further information on our employee share programs, please see → NOTE 33 SHARE-BASED PAYMENT in → D.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, pages 323-326.

Corporate Governance Report

Corporate Governance statement

Compliance Report

Compensation Report

Takeover-relevant information



## A.4.7 Siemens

We take our responsibility with the capital markets into account in all our contacts with our shareholders and report on major developments.

As part of our investor relations, we provide information on our Company's development in our annual reports. Our communication with investors through our Investor Relations function, Siemens holds regular dialogues with the management of our shareholders about the Sectors' business developments.

### Stock market information

Stock price range (Xetra closing price)
High
Low
Fiscal year-end
Number of shares issued (September 30)
Market capitalization <sup>2</sup>
Basic earnings per share <sup>3</sup>
Diluted earnings per share <sup>3</sup>
Dividend per share

- 1 Fiscal year from October 1 to September 30
- 2 On the basis of outstanding shares
- 3 Adjusted for effects of the 2019/2020 financial year. The prior year is presented on the basis of the 2018/2019 financial year.
- 4 To be proposed to the Shareholders' Meeting

We also provide external communication through our annual and annual reports, press releases as well as our website. For more information, please see → E.9 FINANCIAL REPORTING. In all major publications, we refer to our Shareholders' Meeting as the Sectors' Shareholders' Meeting. In fiscal 2019/2020, we published a Letter to our private investors, a quarterly report to our private investors and a report on major developments during the year.

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

[WWW.SIEMENS.COM/AR/CORPORATE-GOVERNANCE](http://WWW.SIEMENS.COM/AR/CORPORATE-GOVERNANCE)



# Corporate Governance

# B.

Corporate Governance

B. Corporate Governance

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## B.1 Corporate Governance Report

Siemens AG complies with the currently applicable recommendations of the German Corporate Governance Code (Code) in the version of May 13, 2013.

The Managing Board and the Supervisory Board of Siemens AG have discussed compliance with the Code's recommendations in detail. Based on their deliberations, the boards have approved the annual Declaration of Conformity as of October 1, 2013 with two supplementary explanations regarding compliance with certain recommendations. This document is posted on our website and presented in chapter → **B.2 CORPORATE GOVERNANCE STATEMENT PURSUANT TO SECTION 289A OF THE GERMAN COMMERCIAL CODE** on page 124 of this Annual Report.

Siemens voluntarily complies with the Code's non-binding suggestions, with the following exceptions:

- > According to the revised Section 3.7 para. 3, in the case of a takeover offer, the Management Board should convene an extraordinary General Meeting at which shareholders discuss the takeover offer and may decide on corporate actions (previously: only in appropriate cases). The convening of a shareholders' meeting – even taking into account the shortened time limits stipulated in the German Securities Acquisition and Takeover Act (WpÜG) – is an organizational challenge for large publicly listed companies. It appears doubtful whether the associated effort is justified in cases where no relevant decisions by the shareholders' meeting are intended. Therefore, extraordinary shareholders' meetings shall, as in the past, be convened only in appropriate cases.
- > Since the Managing Board appointments made in 2011, the suggestion in Section 5.1.2 para. 2 sentence 1 of the Code that the maximum possible appointment period of five years should not be the rule for first-time appointments to the Management Board has not been followed.

Our listing on the New York Stock Exchange (NYSE) subjects us to a number of provisions under U.S. securities laws (including the Sarbanes-Oxley Act, SOA) as well as to the rules and regulations of the U.S. Securities and Exchange Commission (SEC) and the NYSE. To, inter alia, facilitate our compliance with the SOA, we have, among other things, established a Disclosure Committee, comprising the heads of a number of our Corporate Units. This committee is responsible for reviewing certain financial and non-financial information and advising our Managing Board in its decisions regarding disclosure. We also have procedures in place that require the members of the management of our Sectors, Divisions, Financial Services, Cross-Sector Services, Regional Clusters and certain Corporate Units – supported by certifications provided by the management of entities under their direction – to confirm the correctness of the financial data that they have reported to Siemens' corporate

headquarters and the effectiveness of the related control systems. Their confirmation provides a basis for our CEO and CFO to certify our financial statements to the SEC. Consistent with the requirements of the SOA, we have procedures for handling accounting complaints in place as well as a Code of Ethics for Financial Matters. This Code of Ethics for Financial Matters was last updated in 2010.

### B.1.1 Management and control structure

#### B.1.1.1 SUPERVISORY BOARD

Siemens AG is subject to German corporate law. It has a two-tier board structure, consisting of a Managing Board and a Supervisory Board. As required by the German Codetermination Act (Mitbestimmungsgesetz), the Company's shareholders and its employees each select one-half of the Supervisory Board's members. The term of office of the members of the Supervisory Board will expire at the close of the Annual Shareholders' Meeting 2018. As successor to Dr. Josef Ackermann, who resigned from the Supervisory Board effective September 30, 2013, Jim Hagemann Snabe has been appointed to the Supervisory Board by court order in accordance with Section 5.4.3 sentence 2 of the Code until the end of the Annual Shareholders' Meeting 2014.

The Supervisory Board most recently amended the objectives for its composition in line with Section 5.4.1 of the Code in fiscal 2012. Due to the new election of shareholder and employee representatives, which took effect at the end of the Annual Shareholders' Meeting on January 23, 2013, the Supervisory Board modified these objectives at its meeting on September 18, 2013, and reapproved them as follows:

- > The composition of the Supervisory Board of Siemens AG shall be such that qualified control and advising for the Managing Board is ensured. The candidates proposed for election to the Supervisory Board shall have the expertise, skills and professional experience necessary to carry out the functions of a Supervisory Board member in a multinational company and safeguard the reputation of Siemens in public. In particular, care shall be taken in regard to the personality, integrity, commitment, professionalism and independence of the individuals proposed for election. The goal is to ensure that, in the Supervisory Board, as a group, all know-how and experience is available that is considered essential in view of Siemens' activities.
- > Taking the company's international orientation into account, care shall also be taken to ensure that the Supervisory Board has an adequate number of members with extensive international experience. Our goal is to make sure that the present considerable share of Supervisory Board members with extensive international experience is maintained.

- > In its election proposals, the Supervisory Board shall also pay particular attention to the appropriate participation of women. Qualified women shall already be included in the initial process of selecting potential candidates for new elections or for the filling of Supervisory Board positions that have become vacant and shall be considered, as appropriate, in nominations. We have meanwhile been able to increase the number of women on our Supervisory Board to five. Our goal is to maintain and, if possible, to increase this number. It is also intended that – as is currently the case – at the minimum one woman should be a member of the Nominating Committee.
- > An adequate number of independent members shall belong to the Supervisory Board. Material and not only temporary conflicts of interest, such as organizational functions or advisory capacities with major competitors of the company, shall be avoided. Under the presumption that the mere exercise of Supervisory Board duties as an employee representative gives no cause to doubt the compliance with the independence criteria pursuant to Section 5.4.2 of the Code, the Supervisory Board shall have a minimum of sixteen members who are independent in the meaning of the Code. In any case, the Supervisory Board shall be composed in such a way that a number of at least six independent shareholder representatives in the meaning of Section 5.4.2 of the Code is achieved. In addition, the Supervisory Board members shall have sufficient time to be able to devote the necessary regularity and diligence to their mandate.
- > The age limitation established in the Bylaws for the Supervisory Board will be taken into consideration. In addition, no more than two former members of the Managing Board of Siemens AG shall belong to the Supervisory Board.

The objectives for the Supervisory Board's composition that were approved in the last fiscal year have been taken into account in the proposals for the election of the Supervisory Board members and have been fully achieved. The considerable share of Supervisory Board members who are currently engaged in international activities and/or have many years of international experience has been maintained. The number of female Supervisory Board members has increased from four to five. Furthermore, Dr. Nicola Leibinger-Kammüller has been elected to the Nominating Committee. The Supervisory Board has an adequate number of independent members. In the opinion of the Supervisory Board, a minimum of sixteen Supervisory Board members are independent in the meaning of Section 5.4.2 of the Code. Some Supervisory Board members hold – or have held in the past year – high-ranking positions at other companies with which Siemens does business. Nevertheless, transactions between Siemens and such companies are carried out on an arm's length basis. We believe that these transactions do not compromise the independence of the Supervisory Board members in question.

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

The Supervisory Board currently has seven committees whose duties, responsibilities and procedures fulfill the requirements of the German Stock Corporation Act and the Code, reflect applicable SOA requirements and incorporate applicable NYSE rules as well as certain NYSE rules, with which Siemens AG complies voluntarily. The Chairmen of the committees provide the Supervisory Board with regular reports on the activities of the committees.

The **Chairman's Committee**, which comprises the Chairman and Deputy Chairmen of the Supervisory Board as well as one further employee representative elected by the Supervisory Board, performs the collective tasks of a "nominating and corporate governance committee" to the extent that such tasks are not performed by the Nominating Committee and German law does not require that such tasks be performed by the full Supervisory Board. In particular, the Chairman's Committee makes proposals regarding the appointment and dismissal of Managing Board members and handles contracts with members of the Managing Board. In preparing recommendations on the appointment of Managing Board members, the Chairman's

Committee takes into account a candidate's professional qualifications, international experience and leadership qualities, the age limit specified for Managing Board members, the board's long-range plans for succession as well as the board's diversity and, in particular, the appropriate consideration of women. The Chairman's Committee concerns itself with questions regarding the Company's corporate governance and prepares the resolutions to be approved by the Supervisory Board regarding the Declaration of Conformity with the Code, including the explanation of deviations from the Code, and regarding the approval of the Corporate Governance Report, and the Report of the Supervisory Board to the Annual Shareholders' Meeting. Furthermore, the Chairman's Committee submits recommendations to the Supervisory Board regarding the composition of Supervisory Board committees and decides whether to approve business transactions with Managing Board members and parties related to them.

The **Compensation Committee**, which was newly formed by the Supervisory Board on July 31, 2013, and comprises the members of the Chairman's Committee of the Supervisory Board as well as one of the Supervisory Board's shareholder representatives and one of the Supervisory Board's employee representatives, prepares the proposals for decisions by the Supervisory Board's plenary meetings regarding the system of Managing Board compensation, including the implementation of this system in the Managing Board contracts, the definition of the targets for variable Managing Board compensation, the determination and review of the appropriateness of the total compensation of individual Managing Board members and the approval of the annual Compensation Report. In addition, the Compensation Committee prepares the regular review by the Supervisory Board's plenary meetings of the system of Managing Board compensation.

The **Audit Committee** comprises the Chairman of the Supervisory Board, two of the Supervisory Board's shareholder representatives and three of the Supervisory Board's employee representatives. In November 2013, it was decided to increase the number of Committee members by one additional shareholder representative and one additional employee representative. Under German law, the Audit Committee must include at least one independent Supervisory Board member with knowledge and experience in the application of accounting principles or the auditing of financial statements. The Chairman of the Audit Committee, Dr. Hans Michael Gaul, fulfills these statutory requirements. The Supervisory Board has designated Dr. Hans Michael Gaul – in addition to Dr. Gerhard Cromme – as an "audit committee financial expert," as defined by the SOA

and the regulations of the SEC. The Audit Committee oversees the accounting process. It also prepares the Supervisory Board's recommendation to the Annual Shareholders' Meeting concerning the election of the independent auditors and submits the corresponding proposal to the full Supervisory Board. In addition to the work performed by the independent auditors, the Audit Committee also discusses the Company's financial statements, which are prepared by the Managing Board quarterly, half-yearly and annually. On the basis of the independent auditors' report on the annual financial statements, the Audit Committee makes, after its own review, recommendations to the Supervisory Board regarding the approval of the Stand-Alone Financial Statements of Siemens AG and the Consolidated Financial Statements of Siemens Group. It concerns itself with the Company's risk monitoring system and oversees the effectiveness of the internal control system as this relates, in particular, to financial reporting, the risk management system and the internal audit system. The Internal Audit Department reports regularly to the Audit Committee. The Audit Committee awards the audit contract to the independent auditors elected by the Annual Shareholders' Meeting and monitors the independent audit of the financial statements – including, in particular, the auditors' independence, professional expertise and services – and performs other functions assigned to it under the SOA.

The **Compliance Committee** comprises the Chairman of the Supervisory Board, two of the Supervisory Board's shareholder representatives and three of the Supervisory Board's employee representatives. In November 2013, it was decided to increase the number of Committee members by one additional shareholder representative and one additional employee representative. The Compliance Committee concerns itself, in particular, with the Company's adherence to statutory provisions, official regulations and internal Company policies.

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



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

The **Finance and Investment Committee**<sup>1</sup> comprises the Chairman of the Supervisory Board, three of the Supervisory Board's shareholder representatives and four of the Supervisory Board's employee representatives. Based on the Company's overall strategy, which is the focus of an annual strategy meeting of the Supervisory Board, the Committee prepares the discussions and resolutions of the Supervisory Board regarding questions relating to the Company's financial situation and structure as well as its fixed asset and financial investments. In addition, the Finance and Investment Committee has been authorized by the Supervisory Board to decide on the approval of transactions and measures that require Supervisory Board approval and have a value of less than €600 million.

The composition of the Supervisory Board and its committees is presented in chapter → **D.7 SUPERVISORY BOARD AND MANAGING BOARD** on pages 348-351 of this Annual Report. Information on the work of this body is provided in the → **A.3 REPORT OF THE SUPERVISORY BOARD** on pages 102-110. The compensation paid to the members of the Supervisory Board is explained in chapter → **B.4 COMPENSATION REPORT** on pages 146-147.

### **B.1.1.2 MANAGING BOARD**

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

The Managing Board prepares the Company's quarterly and half-yearly reports, the Stand-Alone Financial Statements of Siemens AG and the Consolidated Financial Statements of Siemens Group. In addition, the Managing Board must ensure that the Company adheres to statutory provisions, official regulations and internal Company policies (compliance) and works to achieve compliance with these provisions and policies within the Siemens Group. Further comprehensive information on the compliance program and related activities in fiscal 2013

is presented in chapter → **B.3 COMPLIANCE REPORT** on pages 126-128 and in chapter → **C.8.10 COMPLIANCE** on pages 224-226 of this Annual Report. The Managing Board and the Supervisory Board cooperate closely for the benefit of the Company. The Managing Board informs the Supervisory Board regularly, comprehensively and without delay on all issues of importance to the Company with regard to strategy, planning, business development, financial position, earnings, compliance and risks. When filling managerial positions at the Company, the Managing Board takes diversity into consideration and, in particular, aims for an appropriate consideration of women.

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

The composition of the Managing Board and its committee is presented in chapter → **D.7 SUPERVISORY BOARD AND MANAGING BOARD** on pages 352-354 of this Annual Report. Information on the compensation paid to the members of the Managing Board is provided in the → **B.4 COMPENSATION REPORT** on pages 129-145.

### **B.1.1.3 SHARE OWNERSHIP**

As of October 13, 2013, the Managing Board's current members held a total of 216,560 (2012: 293,808) Siemens shares representing 0.02 (2012: 0.03)% of the capital stock of Siemens AG, which totaled 881,000,000 shares.

As of the same day, the Supervisory Board's current members held Siemens shares representing less than 0.01 (2012: less than 0.01)% of the capital stock of Siemens AG, which totaled 881,000,000 shares. These figures do not include the 9,313,438 (2012: 11,454,464) shares, or 1.06 (2012: 1.30)% of the capital stock of Siemens AG, which totaled 881,000,000 shares, over which the von Siemens-Vermögensverwaltung GmbH (vSV), a German limited liability company, has voting control under powers of attorney based on an agreement between – among others – members of the Siemens family, including Gerd von Brandenstein, and vSV. These shares are voted together by vSV based on proposals by the family partnership established by the Siemens family or by one of its committees. Gerd von Brandenstein is the current chairman of the executive committee and has a deciding vote in cases of deadlock.

<sup>1</sup> In November 2013 renamed "Innovation and Finance Committee."

## B.1.2 Purchase or sale of the Company's shares

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

[www.siemens.com/directors-dealings](http://www.siemens.com/directors-dealings).

## B.1.3 Annual Shareholders' Meeting and investor relations

Shareholders exercise their rights in the Annual Shareholders' Meeting. An ordinary Annual Shareholders' Meeting normally takes place within the first four months of each fiscal year. The Annual Shareholders' Meeting decides, among other things, on the appropriation of the unappropriated net income, the ratification of the acts of the Managing and Supervisory Boards, and the appointment of the independent auditors. Amendments to the Articles of Association and measures that change the Company's capital stock are approved at the Annual Shareholders' Meeting and are implemented by the Managing Board. The Managing Board facilitates shareholder participation in this meeting through electronic communications – in particular, via the Internet – and enables shareholders who are unable to attend the meeting to vote by proxy. Furthermore, shareholders may exercise their right to vote in writing or by means of electronic communications (voting by mail). The Managing Board may enable shareholders to participate in the Annual Shareholders' Meeting without the need to be present at the venue and without a proxy and to exercise some or all of their rights fully or partially by means of electronic communications. Shareholders may submit proposals regarding the proposals of the Managing and Supervisory Boards and may contest decisions of the Annual Shareholders' Meeting. Shareholders owning Siemens stock with an aggregate notional value of €100,000 or more may also demand the judicial appointment of special auditors to examine specific issues. The reports, documents and information required by law, including the Annual Report, may be downloaded from our website. The same applies to the agenda for the Annual Shareholders' Meeting and to possible counterproposals or shareholders' nominations, if any, that require disclosure.

As part of our investor relations activities, we inform our investors comprehensively about developments within the Company.

For communication purposes, Siemens makes extensive use of the Internet. We publish quarterly, half-yearly and annual reports, earnings releases, ad hoc announcements, analyst presentations, shareholder letters and press releases as well as the financial calendar for the current year, which contains the publication dates of significant financial communications and the date of the Annual Shareholders' Meeting, at [www.siemens.com/investors](http://www.siemens.com/investors). Details of our investor relations activities are provided in chapter → A.4 THE SIEMENS SHARE / INVESTOR RELATIONS on pages 111-114 of this Annual Report.

## CORPORATE GOVERNANCE GUIDELINES

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

[www.siemens.com/corporate-governance](http://www.siemens.com/corporate-governance).

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

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

As a company incorporated in Germany, Siemens AG must comply in the first instance with the German Stock Corporation Act and the German Codetermination Act and voluntarily follows the recommendations of the German Corporate Governance Code as set out on pages 118-121 of this Annual Report. Furthermore, Siemens complies with all binding rules and regulations of the markets on which its securities are listed, such as the NYSE, and also voluntarily complies with many of the NYSE requirements that by their terms apply only to U.S. domestic issuers.

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

#### **B.1.4.1 TWO-TIER BOARD STRUCTURE**

The German Stock Corporation Act requires Siemens AG to have a two-tier board structure, consisting of a Managing Board and a Supervisory Board. This two-tier structure is characterized by a strict separation of management and supervision. The roles and responsibilities of each of the two boards are clearly defined by law. The composition of the Supervisory Board is determined in accordance with the German Codetermination Act, which stipulates that one-half of the required 20 Supervisory Board members are to be elected by our employees in Germany. The Chairman of the Supervisory Board is entitled to cast a deciding vote when the Supervisory Board is unable to reach a decision in two separate rounds of voting.

#### **B.1.4.2 INDEPENDENCE**

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

#### **B.1.4.3 COMMITTEES**

In contrast to the NYSE Standards, which require the creation of several specific board committees, composed of independent directors and operating pursuant to written charters that define their tasks and responsibilities, the Supervisory Board of Siemens AG has assigned many of the functions of a nominating and corporate governance committee to its Chairman's Committee and has delegated part of the remaining functions

to its Nominating Committee. The Supervisory Board has also established a Compensation Committee. Nevertheless, certain responsibilities – for example, the determination of the compensation of the members of the Managing Board – have not been delegated to a committee because German law requires that these functions be performed by the full Supervisory Board. The Audit Committee, the Chairman's Committee and the Compliance Committee have written bylaws – adopted by the Supervisory Board – that define their respective tasks and responsibilities. The NYSE Standards were taken into consideration in drawing up these bylaws.

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

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

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

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

Under German law, share buybacks generally require prior shareholder authorization. Such authorization was last given at our Annual Shareholders' Meeting on January 25, 2011, and this matter will, as a general rule, be voted upon at the expiration of each authorization.

## B.2 Corporate Governance statement pursuant to Section 289a of the German Commercial Code

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

### DECLARATION OF CONFORMITY WITH THE GERMAN CORPORATE GOVERNANCE CODE

The Managing Board and the Supervisory Board of Siemens AG approved the following Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act as of October 1, 2013:

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

Siemens AG complies and will continue to comply with the currently applicable recommendations of the German Corporate Governance Code ("Code") in the version of May 13, 2013, published by the Federal Ministry of Justice in the official section of the Federal Gazette ("Bundesanzeiger"). Further details are as follows:

In Section 4.2.3 para. 2 sentence 6, the Code recommends capping the amount of Management Board compensation, both overall and for individual compensation components.

Plans call for implementing this recommendation effective October 1, 2013. The current Managing Board contracts specify caps for bonuses and long-term, stock-based compensation. However, these caps are defined as a percentage of each target amount; they are not specific figures. In line with the principle that agreements must be honored, retroactive intervention in these contracts would be inappropriate. It could not be implemented by the company unilaterally and, in our opinion, is not required by Section 4.2.3 para. 2 sentence 6.

In Section 4.2.3 para. 4 sentence 1, the Code recommends that, in concluding Management Board contracts, care be taken to ensure that payments made to a Management Board member on premature termination of his/her contract, including fringe benefits, do not exceed the value of two years' compensation (severance payment cap) and compensate no more than the remaining term of the employment contract.

The current Managing Board contracts contain a corresponding severance payment cap, and it is intended to include such a cap in all future Managing Board contracts. Therefore, the agreements concluded with Mr. Löscher and Ms. Ederer on the premature termination of their Managing Board activities specify severance payments that do not exceed the value of two years' compensation. Further benefits that do not constitute compensation payments in the sense of Section 4.2.3 para. 4 sentence 1 of the Code were also agreed upon with both Mr. Löscher and Ms. Ederer, Mr. Löscher in particular having signed a two-year post-contractual non-compete clause. Details of the agreements with Mr. Löscher and Ms. Ederer will be provided in the Compensation Report included in the Annual Report for 2013.

Since making the last Declaration of Conformity dated October 1, 2012, Siemens AG has complied with the recommendations of the Code in the prior version of May 15, 2012.

Berlin and Munich, October 1, 2013

Siemens Aktiengesellschaft

The Managing Board      The Supervisory Board"



## INFORMATION ON CORPORATE GOVERNANCE PRACTICES Suggestions of the Code

Siemens voluntarily complies with the Code's non-binding suggestions, with the following exceptions:

According to the revised Section 3.7 para. 3, in the case of a takeover offer, the Management Board should convene an extraordinary General Meeting at which shareholders discuss the takeover offer and may decide on corporate actions (previously: only in appropriate cases). The convening of a shareholders' meeting – even taking into account the shortened time limits stipulated in the German Securities Acquisition and Takeover Act (Wertpapiererwerbs- und Übernahmegesetz, WpÜG) – is an organizational challenge for large publicly listed companies. It appears doubtful whether the associated effort is justified in cases where no relevant decisions by the shareholders' meeting are intended. Therefore, extraordinary shareholders' meetings shall, as in the past, be convened only in appropriate cases.

Since the Managing Board appointments made in 2011, the suggestion in Section 5.1.2 para. 2 sentence 1 of the Code that the maximum possible appointment period of five years should not be the rule for first-time appointments to the Management Board has not been followed.

The Code can be downloaded from the Internet at:

 [WWW.SIEMENS.COM/289A](http://WWW.SIEMENS.COM/289A).

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

## Our Company's values and Business Conduct Guidelines

In the 166 years of its existence, our Company has built an excellent reputation around the world. Technical performance, innovation, quality reliability, and international engagement have made Siemens one of the leading companies in electronics and electrical engineering. It is top performance with the highest ethics that has made Siemens strong. This is what the Company should continue to stand for in the future.


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

The Business Conduct Guidelines can be downloaded from the Internet on:  [WWW.SIEMENS.COM/289A](http://WWW.SIEMENS.COM/289A).

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

The composition of the committees of the Managing and Supervisory Boards is given under chapter → **D.7 SUPERVISORY BOARD AND MANAGING BOARD** on pages 348-354, respectively of the Annual Report, as is a description of the composition of the Managing Board and the Supervisory Board. The compositions can be accessed via the Internet on:

 [WWW.SIEMENS.COM/289A](http://WWW.SIEMENS.COM/289A).

A general description of the functions and operation of the Managing Board and the Supervisory Board can be found under the heading → **B.1.1 MANAGEMENT AND CONTROL STRUCTURE** under chapter → **B.1 CORPORATE GOVERNANCE REPORT** on pages 118-123 and via the Internet on:  [WWW.SIEMENS.COM/289A](http://WWW.SIEMENS.COM/289A). Further details regarding the operation of the Managing Board and Supervisory Board can be derived from the description of the committees as well as from the bylaws for the corporate bodies concerned. These documents can be found at:

 [WWW.SIEMENS.COM/289A](http://WWW.SIEMENS.COM/289A).

## B.3 Compliance Report

For Siemens, promoting integrity means acting in accordance with our values – responsible, excellent and innovative – wherever we do business. A key element of integrity is compliance: adherence to the law and to our own internal regulations. We have zero tolerance for corruption and violations of the principles of fair competition – and where they do occur, we rigorously investigate. The fact that we uncovered compliance violations in our Company in the past fiscal year is, in our view, a validation that our compliance system was designed properly and implemented effectively.

Our Business Conduct Guidelines are binding for all managers, employees and Managing Board members worldwide. They also apply to members of the Supervisory Board where relevant. Our Business Conduct Guidelines describe how we fulfill our compliance-related responsibilities. They're also an expression of our values and lay the foundation for our own internal regulations. Our compliance system instills a permanent awareness of these responsibilities in all our managers and employees.

We actively support the ratification and enactment of the United Nations Convention against Corruption, which – like the ten principles of the United Nations Global Compact – provides important guidance for our entire organization. We're also actively involved in the Global Compact and engaged in a variety of its local networks.

### B.3.1 Compliance priorities

Since their introduction in fiscal 2011, our compliance priorities have taken into account and fulfilled the continuously evolving requirements in the field of compliance – requirements that reflect both our own work and the changing market conditions and compliance risks of our business activities. Each fiscal year, we focus our activities on the compliance priorities that provide the basis for the ongoing development of our compliance system. This approach has proven its worth.

### B.3.2 Further information, indicators and legal proceedings

For information on compliance risks, please see → C.9 REPORT ON EXPECTED DEVELOPMENTS AND ASSOCIATED MATERIAL OPPORTUNITIES AND RISKS on pages 227-245 of this Annual Report. Detailed information on our compliance priorities for fiscal 2013 and fiscal 2014 and a list of our compliance indicators (with accompanying notes) are set out in → C.8.10 COMPLIANCE on pages 224-226. We report on corruption and antitrust proceedings in → NOTE 29 LEGAL PROCEEDINGS on pages 306-312.

On our website, you'll find extensive information on compliance at Siemens and an overview of the published Company information on compliance within the structure of the guidance by the Global Compact and Transparency International on reporting for the Global Compact's tenth principle – anti-corruption: [www.siemens.com/ar/anti-corruption-reporting-index](http://www.siemens.com/ar/anti-corruption-reporting-index).

### B.3.3 Compliance training

One focus of our preventive measures under the compliance system is to provide training to all managers and employees who hold positions with a particular risk profile. The Compliance Officers of the relevant Company units identify the managers and employees whose participation is required and ensure they attend the training seminars. They monitor and confirm the fulfillment of these requirements at regular intervals.

The assessment and analysis of compliance risks for the operating units and at Group level (→ C.9 REPORT ON EXPECTED DEVELOPMENTS AND ASSOCIATED MATERIAL OPPORTUNITIES AND RISKS) offers important indicators that help us develop and define the focus of our training activities, including the selection of the themed modules for the annual events held in conjunction with the Integrity Dialog, which we introduced Siemens-wide in fiscal 2013. Our operating units address specific challenges by enhancing their training activities with additional topics from their own businesses. In this way, the training reflects both Siemens-wide topics and the key topics specific to the operating units.

### B.3.4 Employee survey on compliance

We conduct regular surveys to gauge how Siemens employees perceive the topic of compliance. Since fiscal 2010, this has been a fixed component of the Company-wide Siemens Global Engagement Survey. The next survey is planned for fiscal 2014.

### B.3.5 Business partners and suppliers

All business partners who function as intermediaries between Siemens and its customers must undergo standardized Company-wide risk assessment before business relations commence. Business partners are assigned a risk class based on certain risk indicators such as the risk of corruption in the local country. The risk class determines how business relations – license requirements, mandatory contract clauses, etc. – proceed.

In the year under review, we made our business partner check more risk-oriented. We also provided all Siemens operating units with standardized recommendations for the ongoing monitoring of business partner activities.

Our Code of Conduct for Siemens suppliers requires our suppliers to behave in a lawful manner generally and to comply with our anti-corruption principles, in particular. This Code of Conduct is based on the ten principles of the United Nations Global Compact. We take a risk-based approach with system checks and on-site inspections to monitor whether our suppliers are in compliance with the Code's requirements. For more information, please see → C.8.3 SUPPLY CHAIN MANAGEMENT on page 215 of this Annual Report.

In fiscal 2013, we developed information and recommendations designed to help our employees deal with routine risks from corruption, fraud and embezzlement in the area of purchasing. Here, we drew upon our experience with a similar guide to antitrust regulations, which we provided to employees as part of our antitrust compliance program.

### B.3.6 Siemens Integrity Initiative

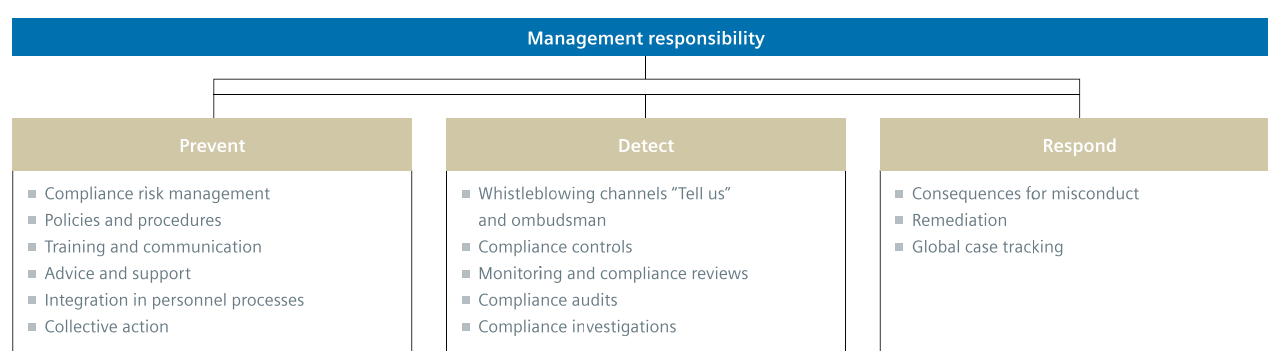
If real progress is to be made in combating corruption and fostering fair competition, as many stakeholders as possible must act in concert. That's why we've joined forces with other organizations to fight corruption and promote ethical markets through collective action and the Siemens Integrity Initiative.

Siemens introduced the second funding round of the Siemens Integrity Initiative on June 27, 2013. Information on the process and a description of the selection criteria are published on our corporate website at [WWW.SIEMENS.COM/INTEGRITY-INITIATIVE](http://WWW.SIEMENS.COM/INTEGRITY-INITIATIVE). Information on the projects supported in the first funding round and their status can be found in the second annual report of the Siemens Integrity Initiative, which is also available on our corporate website.

### B.3.7 Transfer of responsibility for data privacy

Fiscal 2014 will see the Siemens-wide transfer of operational responsibility for data privacy to the compliance organization. The related tasks include risk assessments, monitoring activities, training for all managers and employees and complaint handling. The corporate legal department is providing legal advice. We're adapting our compliance system processes accordingly – for example, by updating the compliance risk assessment for our operating units to include data privacy.

The Siemens compliance organization has an active presence with a firm foothold in our operating units. The Compliance Officers work with the CEOs of the operating units, and our employees contact their local Compliance Officer with any questions or reports about possible misconduct. We're now applying this same efficient, established structure to data privacy. We believe this will make our data privacy management more effective while optimizing efficiency.



All Siemens managers are responsible for compliance – this continues to be the central element of our compliance system, with its three action levels: Prevent, Detect and Respond. In addition to specifying a role-model function for senior management, this responsibility goes further: all our managers must exemplify compliance and ensure that business decisions and actions in their areas of responsibility are always in complete accordance with the relevant legal requirements and our own values and guidelines.

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

For further information, please see:

→ C.9 REPORT ON EXPECTED DEVELOPMENTS AND ASSOCIATED MATERIAL OPPORTUNITIES AND RISKS on pages 227-245, → C.8.10 COMPLIANCE on pages 224-226 and → NOTE 29 LEGAL PROCEEDINGS on pages 306-312 of this Annual Report.

[WWW.SIEMENS.COM/COMPLIANCE](http://WWW.SIEMENS.COM/COMPLIANCE)



## B.4 Compensation Report

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

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

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

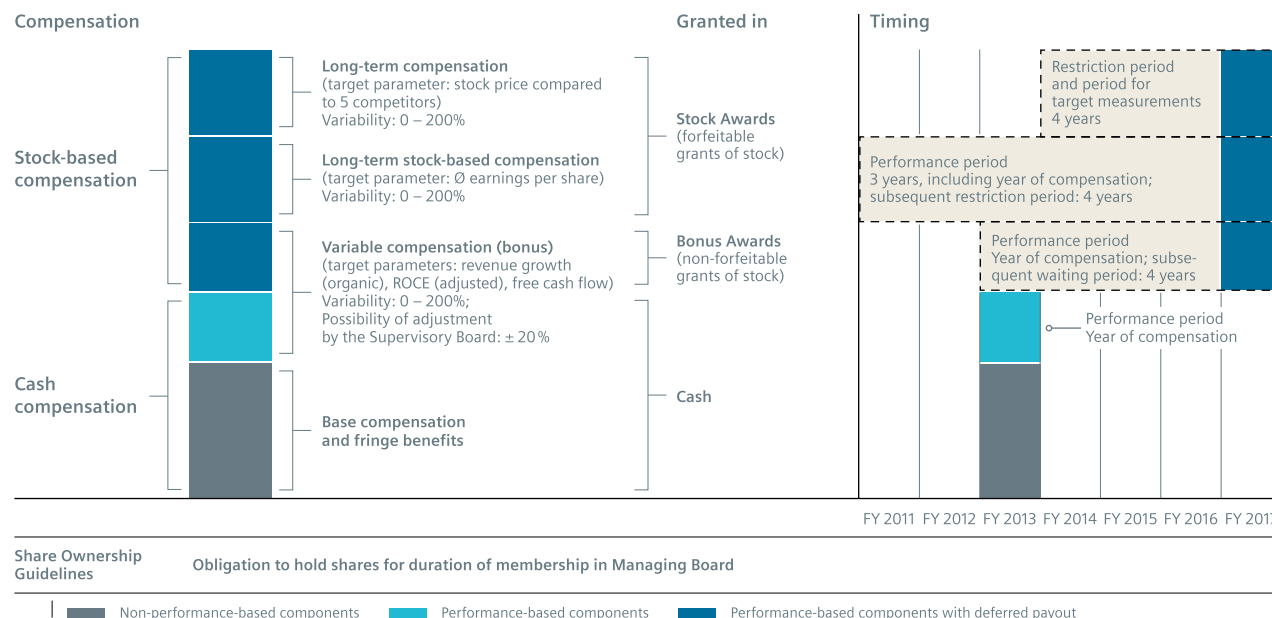
#### B.4.1.1 REMUNERATION SYSTEM

The remuneration system for the Managing Board at Siemens is intended to provide an incentive for successful corporate management with an emphasis on sustainability. Members of the Managing Board are expected to make a long-term commitment to and on behalf of the Company, and may benefit from any sustained increase in the Company's value. In the interest of that aim, a substantial portion of their total remuneration is linked to the performance of Siemens stock. A further

aim is for their remuneration to be commensurate with the Company's size and economic position. Exceptional achievements are to be rewarded adequately, while falling short of goals is intended to result in an appreciable reduction in remuneration. The Managing Board's compensation is also structured so as to be attractive in comparison to that of competitors, with a view to attracting outstanding managers to our Company and keeping them with us for the long term.

The system and levels for the remuneration of the Managing Board are determined and reviewed regularly by the full Supervisory Board, based on proposals from the Chairman's Committee, or, beginning with July 2013 the Compensation Committee. The Supervisory Board reviews remuneration levels annually to ensure that they are appropriate. In that 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 the peer companies and with the compensation structure in place in other areas of the Company, taking 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. The remuneration system that has been used for the Managing Board members since fiscal 2011 was approved by a large majority at the Annual Shareholders' Meeting on January 25, 2011.

#### Remuneration system for Managing Board members



In fiscal 2013, the remuneration system for the Managing Board had the following components:

## Non-performance-based components

### Base compensation

Base compensation is paid as a monthly salary. It is reviewed annually, and revised if appropriate. The base compensation of the President and CEO Joe Kaeser has been €1,845,000 per year since his appointment on August 1, 2013. The base compensation of the CFO and those members of the Managing Board who have responsibilities for Sector portfolios has been €967,500 per year since October 1, 2012. The base compensation of the other members of the Managing Board has remained unchanged at €900,000 per year since October 1, 2010.

### Fringe benefits

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

## Performance-based components

### Variable compensation (bonus)

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

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

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

option may also be exercised in recognition of Managing Board members' individual achievements.

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

### Long-term stock-based compensation

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

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

In the event of a 100% target attainment, the annual target amount for the monetary value of the Stock Awards commitment will be €1.9 million for the President and CEO (effective August 1, 2013), and €1 million for each of the other members of the Managing Board. Beginning with fiscal 2011, the Supervisory Board has the option of increasing, on an individual basis, the target amount for a member of the Managing Board who has been reappointed by as much as 75% above the amount of €1 million, for one fiscal year at a time. This option enables the Supervisory Board to take account of the Managing Board member's individual accomplishments and experience as well as the scope and demands of his or her function. This rule does not apply to the President and CEO.

The performance-based component of long-term stock-based compensation is likewise founded on the One Siemens target system. The allocation rules for long-term stock-based compensation take this focus into account as follows:

- > On the one hand, half of the annual target amount for the annual Stock Awards is linked to the average basic earnings per share for the last three completed fiscal years from continuing and discontinued operations (EPS). In principle, the target value is the average basic EPS from the past three

fiscal years completed prior to the year of compensation. At the end of each fiscal year, the Supervisory Board decides on a figure that represents that year's target attainment, which may lie between 0% and 200% (cap). This target attainment will then determine the actual monetary value of the award and the resulting number of Stock Awards.

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

With regard to the further terms of the Stock Awards, generally the same principles apply for the Managing Board and for senior managers; these principles are discussed in more detail in → NOTE 33 in → D.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS. That note also includes further information about the stock-based employee investment plans.

### Share Ownership Guidelines

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

Evidence that this obligation has been met must first be provided after the buildup phase, and updated annually thereafter. If the value of the accrued holdings declines below the minimum to be evidenced from time to time because the market price of Siemens stock has fluctuated, the member of the Managing Board must acquire additional shares.

### Pension benefit commitments

The members of the Managing Board, like all Siemens AG employees, are included in the Siemens Defined Contribution Benefit Plan (BSAV). Under the BSAV, members of the Managing Board receive contributions that are credited to their personal pension account. The amount of the annual contributions is based on a predetermined percentage which refers to the base compensation and the target amount for the bonus. This percentage is decided upon annually by the Supervisory Board; most recently it was set at 28%. In making its decision, the Supervisory Board takes account of the intended level of provision for each individual, also considering the length of time for which the individual has been a Managing Board member, as well as the annual and long-term expense to the Company as a result of that provision. The non-forfeitability of pension benefit commitments is 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 of the Supervisory Board. In the case of new appointments of members of the Managing Board from outside the Company, these contributions may be defined as non-forfeitable from their inception. If a member of the Managing Board earned a pension benefit entitlement from the Company before the BSAV was introduced, a portion of his or her contributions went toward financing this prior commitment.

Members of the Managing Board are entitled to benefits under the BSAV on reaching age 60, at the earliest. As a rule, the accrued pension benefit balance is paid out to the Managing Board member in twelve annual installments. At the request of the Managing Board member or of his or her surviving dependents, the pension benefit balance may also 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, the Managing Board member may choose a combination of payment in one to twelve installments and payment of a pension. If the pension option is chosen, a decision must be made as to whether it should include pensions for surviving dependents. If a member of the Managing Board dies while receiving a pension, benefits will be paid to the member's surviving dependents if the member has chosen such benefits. The Company will then provide a limited-term pension to surviving

children until they reach age 27, or age 25 in the case of commitments made on or after January 1, 2007.

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

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

**Commitments in connection with termination of Managing Board membership**

Managing Board contracts provide for a compensatory payment if membership on the Managing Board is terminated prematurely 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 the base compensation, the variable compensation (bonus), and the long-term stock-based compensation (Stock Awards) 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 exceptional contribution is made to the BSAV. The amount of this contribution is based on the BSAV contribution that the Board member received in the previous year, and on the remaining term of the appointment, but is limited to not more than two years' contributions (cap). The above benefits are not paid if an amicable termination of the member's activity on the Managing Board is agreed upon at the member's request, or if there is serious cause for the Company to terminate the employment relationship.

In the event of a change of control that results in a substantial change in the position of the Managing Board member (e.g., due to a change in corporate strategy or a change in the Managing Board member's duties and responsibilities), the member of the Managing Board has the right to terminate his or her contract with the Company for good cause. A change of control exists if one or more shareholders acting jointly or in concert acquire a majority of the voting rights in Siemens AG and exercise a controlling influence, or if Siemens AG becomes a dependent enterprise as a result of entering into an inter-company agreement within the meaning of Section 291 of the German Stock Corporation Act, or if Siemens AG is to be merged into an existing corporation or other entity. If this right of termination is exercised, the Managing Board member

is entitled to a severance payment in the amount of not more than two years' compensation. The calculation of the annual compensation includes not only the base compensation and the target amount for the bonus, but also the target amount for the Stock Awards, in each case based on the most recent completed fiscal year prior to termination of the contract. The stock-based components for which a firm commitment already exists will remain unaffected. There is no entitlement to a severance payment if the Managing Board member receives benefits from third parties in connection with a change of control. Moreover, there is no right to terminate if the change of control occurs within a period of twelve months prior to a Managing Board member's retirement.

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

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

Stock commitments that were made as long-term stock-based compensation (Stock Awards), and for which the restriction period is still in progress will normally forfeit without replacement if the employment agreement is terminated in the course of an appointment period. The same applies if the employment agreement is not extended after the end of an appointment period, either at the Board member's request or because there is serious cause that would have entitled the Company to revoke the appointment or terminate the contract. However, once granted, Stock Awards do not forfeit if the employment agreement is terminated 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 this case, the Stock Awards will remain in effect upon termination of the employment agreement and will be honored on expiration of the restriction period.

118	B.1	Corporate Governance Report
124	B.2	Corporate Governance statement pursuant to Section 289a of the German Commercial Code (part of the Combined Management Report)
126	B.3	Compliance Report

129	B.4	Compensation Report (part of the Combined Management Report)
148	B.5	Takeover-relevant information (pursuant to Sections 289 para. 4 and 315 para. 4 of the German Commercial Code) and explanatory report (part of the Combined Management Report)



The remuneration system for the Managing Board members applicable as of fiscal 2014 will be submitted for approval to the Annual Shareholders' Meeting on January 28, 2014. For a description of the revisions compared to the remuneration system currently in place, see → B.4.1.4 REVISIONS OF THE REMUNERATION SYSTEM FOR THE MANAGING BOARD FOR FISCAL 2014.

**B.4.1.2 REMUNERATION OF THE MEMBERS OF THE MANAGING BOARD FOR FISCAL 2013**

On the basis of our One Siemens target system, at the beginning of the fiscal year the Supervisory Board set the targets and weighting for the unchanged parameters compared to the previous year: organic revenue growth, return on capital employed (ROCE) adjusted, and Free cash flow, in each case on the basis of continuing operations, together with EPS. The definition of these parameters and their weighting acknowledges a sustainable enhancement of corporate value. An internal review of the appropriateness of the Managing Board's compensation for fiscal 2013 has confirmed that the remuneration of the Managing Board resulting from the target attainment for fiscal 2013 is to be considered appropriate. Following the decision on determining the achievement of the targets set at the beginning of the fiscal year, the Supervisory Board decided at its meeting on November 6, 2013, to set the variable compensation component (bonus) the Stock Awards to be granted and the pension benefit contributions as follows:

Target parameter	Weight	100% of target	Actual 2013 figure	Target attainment
Revenue growth (organic) <sup>1</sup>	20%	(0.5)%	(1.1)%	87.80%
ROCE adjusted <sup>1</sup>	40%	15.1%	13.8%	67.75%
Free cash flow <sup>1</sup>	40%	€3,600 million	€5,257 million	155.24%
<b>Target attainment (calculative)</b>				<b>106.76%</b>

1 Continuing operations.

The values measured for target attainment were not adjusted. In an overall assessment of all relevant aspects, the Supervisory Board decided, exercising its duty-bound discretion (pflichtgemäßes Ermessen), to adjust the bonus payout amounts resulting from target attainment downward for all Managing Board members resulting in target attainment of 95% for the determination of the payout amounts of the variable compensation (bonus). In its decision, the Supervisory Board, among other factors took into account that the Company did not meet its expectations compared to competitors, especially with regard to profitability.

In addition, the Supervisory Board reflected the performance of individual Managing Board members and decided upon further individual adjustments for certain Managing Board members.

**Variable compensation (bonus)**

In setting the targets for the variable compensation (bonus) at the beginning of fiscal 2013, the Supervisory Board took into account that the Company continues to focus on a sustainable appreciation of value. This focus is intended to enable the Company to maintain its financial flexibility and hold its own against competitors in periods of high market volatility:

- > The emphasis in terms of the sustainable enhancement of value is on capital efficiency and capital structure. This was taken into account in weighting the two target parameters of ROCE adjusted, and Free cash flow.
- > The target for organic revenue growth allowed for the great uncertainty of the competitive environment and the goal of capital-efficient growth.
- > The target for ROCE adjusted allowed for the first-time application of the revised IAS 19R reporting standard. The expectations for business in fiscal 2013 as well as the "Siemens 2014" program were also considered.
- > The target for Free cash flow was maintained at the prior year's level, which represented a noticeable increase at that time. The trend towards lower advance payments by customers was also taken into account.

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

The number of stock commitments (Bonus Awards and Stock Awards) granted was based on the closing price of Siemens stock in Xetra trading on the date of award less the present value of dividends expected during the holding period, because beneficiaries are not entitled to receive dividends. This figure for determining the number of commitments amounted to €80.88 (2012: €64.93).

**Benefits associated with termination of Managing Board membership**

In connection with the mutually agreed premature termination of the Managing Board membership of former President and CEO Peter Löscher as of July 31, 2013, it was agreed that his contract with the Company would terminate as of September 30, 2013. His entitlements agreed under the contract remained in effect until that date. A compensatory payment in a gross amount of €14,803,005 was agreed upon with Mr. Löscher in connection with the mutually agreed premature termination of his activity as President and CEO, together with a one-time special contribution of €2,240,000 to the BSAV, to be credited in January 2014. It was also agreed with Mr. Löscher that his long-term stock-based compensation (Stock Awards) for fiscal 2013 will be calculated after the actual target attainment is available and awarded at the usual date. These 28,077 Stock Awards will be settled in cash according to the provisions of the contract as no employment relationship will be in place at the date of award. The Company has furthermore agreed with Mr. Löscher to reimburse out-of-pocket expenses up to a maximum of €100,000 plus value-added tax. For his part, Mr. Löscher has agreed not to work for any significant competitor of Siemens AG for a period of two years after the end of his employment contract, i.e., until September 30, 2015; Siemens will not provide additional compensation for this post-contractual non-compete commitment. However, the Stock Awards that were granted in the past for fiscal 2010, 2011 and 2012 and for which the restriction period is still in effect, will be absolutely maintained, see → B.4.1.3 ADDITIONAL INFORMATION ON STOCK-BASED COMPENSATION INSTRUMENTS IN FISCAL 2013.

In connection with the mutually agreed premature termination of the Managing Board membership of former Managing Board member Brigitte Ederer as of September 30, 2013, it was agreed upon that her contract with the Company would end at the same time. A compensatory payment in a gross amount of €5,600,019 was agreed upon with Ms. Ederer in connection with the mutually agreed premature termination of her activity as Managing Board member, together with a one-time special contribution of €882,000 to the BSAV, to be credited in January 2014. It was also agreed with Ms. Ederer that her long-term stock-based compensation (Stock Awards) for fiscal 2013 will be calculated after the actual target attainment is available and awarded at the usual date. These 13,477 Stock Awards will be settled in cash according to the provisions of the contract as no employment relationship will be in place at the date of award. The Company has furthermore

agreed with Ms. Ederer to reimburse out-of-pocket expenses up to a maximum of €30,000 plus value-added tax. The Stock Awards that were granted in the past for fiscal 2010, 2011 and 2012 and for which the restriction period is still in effect, will be absolutely maintained, see → B.4.1.3 ADDITIONAL INFORMATION ON STOCK-BASED COMPENSATION INSTRUMENTS IN FISCAL 2013.

In determining the amount of the compensatory payments for Mr. Löscher and Ms. Ederer, in accordance with the terms of their contracts with the Company, the base compensation for fiscal 2013 and the variable compensation and long-term stock based compensation actually received for fiscal 2012 were applied and limited, as applicable, to either two annual payments in total or the compensation for the remaining terms of their appointments. The portion of compensatory payments that was calculated excluding the first six months of the remaining contract term was reduced by 15% as a lump-sum allowance for discounted values and for income earned elsewhere. In addition, non-monetary benefits were covered by a payment in the amount of 5% of the compensatory payment.

**Total compensation**

On the basis of the decisions by the Supervisory Board described above, Managing Board compensation for fiscal 2013 totaled €34.58 million, a decrease of 12.7% (2012: €39.61 million). Of this total amount, €16.98 million (2012: €17.45 million) was attributable to cash compensation and €17.60 million (2012: €22.16 million) to stock-based compensation. Thus more than half of the compensation was paid in the form of stock-based instruments with waiting or restriction periods of four years, and therefore on a deferred basis.

The compensation for fiscal 2013 presented in the following table not only takes account of the applicable reporting standards, but also of the new recommendations of the GCGC with regard to the disclosure of remuneration of the Managing Board. Consequently, the information is set forth in a model table recommended by the Code and shows the value of benefits granted for the year under review. The figures presented also include the attainable minimums or maximums, as applicable. The fair values shown for granted stock-based compensation were calculated on the basis of the applicable reporting standards. The transfer of one share per award will not take place until the expiration of the four-year waiting or restriction period, i.e., not until November 2017. The number of Stock Awards linked to the performance of the price of Siemens stock will be adjusted after the end of the restriction period, on the basis of the actual target attainment. Accordingly, the value of the actual shares transferred may be higher or lower than shown here, also depending on the stock price in effect at the time of transfer.

The compensation presented on the following pages was granted to the members of the Managing Board for fiscal 2013 (individualized disclosure).

**Managing Board members serving as of September 30, 2013**

	(amounts in €)	Joe Kaeser <sup>a</sup>					Dr. Roland Buecher					Brigitte Ederer <sup>a</sup>				
		President and CEO since August 1, 2013					Member with responsibilities for Sector portfolio					Member of the Managing Board				
		FY 2012	FY 2013	FY 2013 (min)	FY 2013 (max)	FY 2012	FY 2013	FY 2013 (min)	FY 2013 (max)	FY 2012	FY 2013	FY 2013 (min)	FY 2013 (max)			
Non-performance-based components	Fixed compensation (base compensation)	900,000	1,113,750	1,113,750	1,113,750	900,000	967,500	967,500	967,500	900,000	900,000	900,000	900,000			
	Fringe benefits <sup>1</sup>	72,935	71,843	71,843	71,843	49,771	48,591	48,591	48,591	27,697	42,571	42,571	42,571			
	Total	972,935	1,185,593	1,185,593	1,185,593	949,771	1,016,091	1,016,091	1,016,091	927,697	942,571	942,571	942,571			
	without long-term incentive effect, non-stock-based	450,000	556,875	0	1,336,500	450,000	483,750	0	1,161,000	450,000	900,000	0	2,160,000			
Performance-based components	Multi-year variable compensation <sup>2, 4</sup>	2,796,444	2,542,970	0	4,886,500	1,799,038	1,551,574	0	3,161,000	1,860,202	1,117,734	0	2,000,000			
	Variable compensation (bonus) – Bonus Awards <sup>2, 3</sup>	611,965	558,881	0	1,336,500	550,801	433,840	0	1,161,000	611,965	0	0	0			
	Siemens Stock Awards (restriction period: 4 years)															
	Target attainment depending on EPS for past three fiscal years <sup>5</sup>	1,347,557	1,047,315	0	3,550,000	770,005	590,020	0	2,000,000	770,005	590,020	0	2,000,000			
	Target attainment depending on future stock performance <sup>6</sup>	836,922	936,774			478,232	527,714			478,232	527,714					
	Total	4,219,379	4,285,438	1,185,593	7,408,593	3,198,809	3,051,415	1,016,091	5,338,091	3,237,899	2,960,305	942,571	5,102,571			
	Service cost	530,970	504,323	504,323	547,713	520,736	552,904	520,736	552,904	525,886	525,886	525,886	525,886			
	Total (GCCC) <sup>7</sup>	4,750,349	4,789,761	1,689,916	7,912,916	3,746,522	3,572,151	1,536,827	5,858,827	3,790,803	3,486,191	1,468,457	5,628,457			

Total compensation of all Managing Board members for fiscal 2013, according to the applicable reporting standards, amounted to €34.58 million (2012: €39.61 million). The granted payout amount presented below is to be used instead of the target value according to the GCGC for the one-year variable compensation (bonus) and service costs for pension benefits are not included.

	without long-term incentive effect, non-stock-based	One-year variable compensation (bonus) – Cash component <sup>2</sup>				
<b>Performance-based components</b>		611,955	558,849			
<b>Total compensation</b>		4,381,334	3,001,484	550,760	433,819	611,955
			<b>4,287,412</b>	<b>3,299,569</b>	<b>3,001,484</b>	<b>855,148</b>
						<b>3,399,854</b>
						<b>2,915,453</b>

**Managing Board members serving as of September 30, 2013**

	Prof. Dr. Siegfried Russwurm *					Peter Y. Solmsen <sup>1b</sup>					Dr. Michael Süß				
	Member with responsibilities for Sector portfolio					Member of the Managing Board					Member with responsibilities for Sector portfolio				
(amounts in €)	FY 2012	FY 2013	FY 2013 (min)	FY 2013 (max)		FY 2012	FY 2013	FY 2013 (min)	FY 2013 (max)		FY 2012	FY 2013	FY 2013 (min)	FY 2013 (max)	
<b>Non-performance-based components</b>															
Fixed compensation (base compensation)	900,000	967,500	967,500	967,500	900,000	900,000	900,000	900,000	900,000		900,000	967,500	967,500	967,500	
Fringe benefits <sup>1</sup>	42,146	42,134	42,134	42,134	33,498	32,977	32,977	32,977	32,977		49,089	36,158	36,158	36,158	
<b>Total</b>	942,146	1,009,634	1,009,634	1,009,634	933,498	932,977	932,977	932,977	932,977		949,089	1,003,658	1,003,658	1,003,658	
<b>Performance-based components</b>															
without long-term incentive effect, non-stock-based	450,000	483,750	0	1,161,000	450,000	450,000	450,000	0	1,080,000		450,000	483,750	0	1,161,000	
with long-term incentive effect, stock-based	1,860,202	1,856,952	0	3,661,000	1,860,202	1,545,347	0	3,080,000	1,860,202		1,860,202	1,577,456	0	3,161,000	
Variable compensation (bonus) – Bonus Awards <sup>2,3</sup>	611,965	459,722	0	1,161,000	611,965	427,613	0	1,080,000	611,965		611,965	459,722	0	1,161,000	
Siemens Stock Awards (restriction period: 4 years)															
Target attainment depending on EPS for past three fiscal years <sup>4</sup>	770,005	737,545	0	2,500,000	770,005	590,020	0	2,000,000	770,005		770,005	590,020	0	2,000,000	
Target attainment depending on future stock performance <sup>6</sup>					478,232	527,714			478,232		478,232	527,714			
<b>Total</b>	3,252,348	3,350,336	1,009,634	5,831,634	3,243,700	2,928,324	932,977	5,092,977	3,259,291		3,259,291	3,064,864	1,003,658	5,325,658	
Service cost	546,850	519,915	519,915	519,915	553,236	526,160	526,160	526,160	526,160		558,008	530,392	530,392	530,392	
<b>Total (GCGC)<sup>7</sup></b>	3,799,198	3,870,251	1,529,549	6,351,549	3,796,936	3,454,484	1,459,137	5,619,137	3,817,299		3,817,299	3,595,256	1,534,050	5,856,050	
Total compensation of all Managing Board members for fiscal 2013, according to the applicable reporting standards, amounted to €34.58 million (2012: €39.61 million). The granted payout amount presented below is to be used instead of the target value according to the GCGC for the one-year variable compensation (bonus), and service costs for pension benefits are not included.															
<b>Performance-based components</b>															
without long-term incentive effect, non-stock-based	611,955	459,642			611,955	427,574			611,955		611,955	459,642			
<b>Total compensation</b>	3,414,303	3,326,228			3,405,655	2,905,898			3,405,655		3,421,246	3,040,756			

Total compensation of all Managing Board members for fiscal 2013, according to the applicable reporting standards, amounted to €34.58 million (2012: €39.61 million). The granted payout amount presented below is to be used instead of the target value according to the GCGC for the one-year variable compensation (bonus) and service costs for pension benefits are not included.

	without long-term incentive effect, non-stock-based	One-year variable compensation (bonus) – Cash component <sup>2</sup>	611,955	459,642		
<b>Performance-based components</b>						
			611,955	427,574	611,955	459,642
<b>Total compensation</b>			3,405,655	3,326,898	3,421,246	3,304,756

1 Fringe benefits include costs, or the cash equivalent, of non-monetary benefits and other perquisites, such as provision of company cars in the amount of £239,301 (2012: £257,855), contributions toward the cost of insurance in the amount of £88,827 (2012: £81,429), reimbursement of fees for legal advice, tax advice and accommodation and moving expenses, including any taxes that have been assumed in this regard as well as costs connected with preventive medical examinations, in the amount of £176,221 (2012: £135,625).

2 The Supervisory Board adjusted the bonus payable amounts resulting from target attainment for Managing Board members downward by 11%.

→ B.4.1.4. REVISIONS OF THE REMUNERATION SYSTEM FOR THE MANAGING BOARD FOR FISCAL 2014

The expenses recognized for stock-based com-

compensation (Bonus Awards and Stock Awards) and for the Share Matching Plan for members of the Managing Board in accordance with IFRS in fiscal

2013 and 2012 amounted to €23,160,536 and €15,995,543, respectively. The following amounts pertained to the members of the Managing Board in fiscal 2013: Joe Kaeser €2,099,925 (2012: €1,781,626), Dr. Roland Busch €1,091,572 (2012: €935,167), Brigitte Ederer €3,062,678 (2012: €950,250), Klaus Helmrich €1,058,299 (2012: €735,167), Barbara Kuh €1,566,960 (2012:

€1,493,576), Prof. Dr. Hermann Requardt (€1,686,929 (2012: €1,605,244), Prof. Dr. Siegfried Russwurm (€1,653,844 (2012: €1,571,872), Peter Y. Solmissen (€1,566,874 (2012: €1,566,372), Dr. Michael Süß (€1,091,934 (2012: €735,167) and Dr. Ralf P. Thomas (€19,572 (2012: €0). The corresponding expense recognized for former President and CEO Peter

Löscher came to €8,261,949 (2012: €3,57,110).

For Stock Awards for which the target attainment depends on the EPS for the past three fiscal years, and for Bonus Awards, the fair value at the date of award is equivalent to

The monetary values referred to a 100% target attainment amounted to €6,197,430 (2012: €6,125,302). The following amounts pertained to the members of the Managing Board:

€500,000 (2012: €500,026), Brigitte Ederer €500,000

(2012: €500,026), Klaus Heinrich €500,000 (2012: €500,026), Barbara Kux €500,000 (2012: €500,026), Prof. Dr. Hermann Requardt €625,041 (2012: €500,026), Prof. Dr. Siegfried Russwurm €625,041 (2012: €500,026), Peter Y. Solmssen €500,000 (2012: €500,026), Dr. Michael

Suß €500,000 (2012: €500,026) and Dr. Ralf P. Thomas €18,117 (2012: €0). The corresponding monetary value for former President and CEO Peter Löscher amounted to €1,041,654 (2012: €1,050,033).

The total compensation reflects the current fair value of stock-based compensation components. On the basis of the current monetary values of stock-based compensation components, total compensation amounted to €34,236,151 (2012: €39,874,058).

The Supervisory Board increased the annual target amount for the monetary value of the Stock Award commitment for fiscal 2013 by 75% for Joe Kaeser, to €1,750,000, and by 25% each for Prof. Dr. Hermann Reiquardt and Prof. Dr. Siegfried Russwurm, to €1,250,000.

Brigitte Ederer resigned from the Managing Board effective at the end of the day on September 30, 2019. According to the provisions of the contract, the vari-

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

Klaus Helmrich Member of the Managing Board					Barbara Kux Member of the Managing Board				Prof. Dr. Hermann Requardt <sup>8</sup> Member with responsibilities for Sector portfolio			
FY 2012	FY 2013	FY 2013 (min)	FY 2013 (max)		FY 2012	FY 2013	FY 2013 (min)	FY 2013 (max)	FY 2012	FY 2013	FY 2013 (min)	FY 2013 (max)
900,000	900,000	900,000	900,000		900,000	900,000	900,000	900,000	900,000	967,500	967,500	967,500
76,961	68,329	68,329	68,329		33,960	68,048	68,048	68,048	64,132	65,544	65,544	65,544
976,961	968,329	968,329	968,329		933,960	968,048	968,048	968,048	964,132	1,033,044	1,033,044	1,033,044
450,000	450,000	0	1,080,000		450,000	450,000	0	1,080,000	450,000	483,750	0	1,161,000
1,860,202	1,545,347	0	3,080,000		1,860,202	1,545,347	0	3,080,000	1,921,431	1,934,354	0	3,661,000
611,965	427,613	0	1,080,000		611,965	427,613	0	1,080,000	673,194	537,124	0	1,161,000
770,005	590,020	0	2,000,000		770,005	590,020	0	2,000,000	770,005	737,545	0	2,500,000
478,232	527,714				478,232	527,714			478,232	659,685		
3,287,163	2,963,676	968,329	5,128,329		3,244,162	2,963,395	968,048	5,128,048	3,335,563	3,451,148	1,033,044	5,855,044
547,675	520,698	520,698	520,698		552,800	525,734	525,734	525,734	526,202	499,761	499,761	499,761
3,834,838	3,484,374	1,489,027	5,649,027		3,796,962	3,489,129	1,493,782	5,653,782	3,861,765	3,950,909	1,532,805	6,354,805

611,955	427,574		611,955	427,574		673,151	537,110	
3,449,118	2,941,250		3,406,117	2,940,969		3,558,714	3,504,508	

Dr. Ralf P. Thomas CFO since September 18, 2013				
FY 2012	FY 2013	FY 2013 (min)	FY 2013 (max)	
–	34,938	34,938	34,938	
–	2,465	2,465	2,465	
–	37,403	37,403	37,403	
–	17,469	0	41,926	
–	57,134	0	114,148	
–	16,661	0	41,926	
–				
–	21,352	0	72,222	
–	19,121			
–	112,006	37,403	193,477	
–	208,034	208,034	208,034	
–	320,040	245,437	401,511	

–	16,598	
–	111,135	

Peter Löscher <sup>11</sup> Member of the Managing Board and President and CEO until July 31, 2013	
FY 2012	FY 2013
2,000,000	1,666,667
30,720	25,689
2,030,720	1,692,356
1,000,000	1,666,667
4,480,553	2,328,604
1,359,959	0
1,925,045	1,229,214
1,195,549	1,099,390
7,511,273	5,687,627
1,235,653	1,171,716
8,746,926	6,859,343

1,359,900	1,583,607
7,871,173	5,604,567

<sup>11</sup> Peter Löscher resigned from the Managing Board effective July 31, 2013; his employment agreement ended effective September 30, 2013. In addition to Mr. Löscher's reported total compensation as a member of the Managing Board and as President and CEO, he also received the following compensation for the remaining term of his employment contract in the months of August and September 2013: Fixed compensation of €333,333, fringe benefits of €5,138, proportional variable compensation (bonus) of €316,721, and proportional Siemens Stock Awards of €465,690. According to the provisions of the contract, the variable compensation (bonus) for fiscal 2013 will be granted fully in cash and the Siemens Stock Awards for fiscal 2013 will be settled in cash.

## Allocations

The following table shows allocations during or for fiscal 2013, as the case may be, for fixed compensation, fringe benefits, one-year variable compensation, and multi-year variable compensation, broken down by the relevant years for which they

were subscribed, as well as the expense of pension benefits. In deviation from the multi-year variable compensation granted for fiscal 2013 and shown above, this table includes the actual figure for multi-year variable compensation granted in previous years and allocated in fiscal 2013.

### Managing Board members serving as of September 30, 2013

		Joe Kaeser President and CEO since August 1, 2013	
(amounts in €)		FY 2012	FY 2013
Non-performance-based components	Fixed compensation (base compensation)	900,000	1,113,750
	Fringe benefits <sup>1</sup>	72,935	71,843
	<b>Total</b>	<b>972,935</b>	<b>1,185,593</b>
Performance-based components	without long-term incentive effect, non-stock-based	One-year variable compensation (bonus) – Cash component <sup>2</sup>	611,955
	with long-term incentive effect, stock-based	<b>Multi-year variable compensation</b>	<b>2,212,054</b>
		Siemens Stock Awards (restriction period: 2009 – 2012)	0
		Siemens Stock Awards (restriction period: 2008 – 2011)	1,935,766
		Share Matching Plan (vesting period: 2010 – 2012)	0
		Share Matching Plan (vesting period: 2009 – 2011)	276,288
		Other	0
<b>Total</b>		<b>3,796,944</b>	<b>3,170,635</b>
Service cost		530,970	504,323
<b>Total (GCGC)</b>		<b>4,327,914</b>	<b>3,674,958</b>

### Managing Board members serving as of September 30, 2013

		Prof. Dr. Siegfried Russwurm Member with responsibilities for Sector portfolio	
(amounts in €)		FY 2012	FY 2013
Non-performance-based components	Fixed compensation (base compensation)	900,000	967,500
	Fringe benefits <sup>1</sup>	42,146	42,134
	<b>Total</b>	<b>942,146</b>	<b>1,009,634</b>
Performance-based components	without long-term incentive effect, non-stock-based	One-year variable compensation (bonus) – Cash component <sup>2</sup>	611,955
	with long-term incentive effect, stock-based	<b>Multi-year variable compensation</b>	<b>2,288,812</b>
		Siemens Stock Awards (restriction period: 2009 – 2012)	0
		Siemens Stock Awards (restriction period: 2008 – 2011)	1,935,766
		Share Matching Plan (vesting period: 2010 – 2012)	0
		Share Matching Plan (vesting period: 2009 – 2011)	353,046
		Other	0
<b>Total</b>		<b>3,842,913</b>	<b>2,811,298</b>
Service cost		546,850	519,915
<b>Total (GCGC)</b>		<b>4,389,763</b>	<b>3,331,213</b>

1 Fringe benefits include costs, or the cash equivalent, of non-monetary benefits and other perquisites, such as provision of Company cars in the amount of €239,301 (2012: €257,855), contributions toward the cost of insurance in the amount of €88,827 (2012: €87,429), reimbursement of fees for legal advice, tax advice and accommodation and moving expenses, including any taxes that have been assumed in this regard as well as

costs connected with preventive medical examinations, in the amount of €176,221 (2012: €135,625).

2 The Supervisory Board adjusted the bonus payout amounts resulting from target attainment for all Managing Board members downward by 11%. In addition, the Supervisory Board made further adjustments on an individual basis as follows: Joe Kaeser upward by 5%;

Dr. Roland Busch downward by 5% and Prof. Dr. Hermann Requardt upward by 15%. The one-year variable compensation (bonus) – cash component – presented above therefore includes the amount awarded for fiscal 2013, which will be paid out in January 2014.

3 Brigitte Ederer resigned from the Managing Board effective at the end of the day on September 30, 2013.



Dr. Roland Busch Member with responsibilities for Sector portfolio		Brigitte Ederer <sup>3</sup> Member of the Managing Board		Klaus Helmrich Member of the Managing Board		Barbara Kux Member of the Managing Board		Prof. Dr. Hermann Requardt Member with responsibilities for Sector portfolio	
FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013
900,000	967,500	900,000	900,000	900,000	900,000	900,000	900,000	900,000	967,500
49,771	48,591	27,697	42,571	76,961	68,329	33,960	68,048	64,132	65,544
949,771	1,016,091	927,697	942,571	976,961	968,329	933,960	968,048	964,132	1,033,044
550,760	433,819	611,955	855,148	611,955	427,574	611,955	427,574	673,151	537,110
273,058	183,382	304,566	227,441	391,094	292,379	0	1,192,671	2,167,117	1,381,376
0	178,145	0	227,441	0	292,379	0	1,137,126	0	1,299,629
215,579	0	304,566	0	310,250	0	0	0	1,935,766	0
0	5,237	0	0	0	0	0	55,545	0	81,747
57,479	0	0	0	80,844	0	0	0	231,351	0
0	0	0	0	0	0	0	0	0	0
1,773,589	1,633,292	1,844,218	2,025,160	1,980,010	1,688,282	1,545,915	2,588,293	3,804,400	2,951,530
547,713	520,736	552,904	525,886	547,675	520,698	552,800	525,734	526,202	499,761
2,321,302	2,154,028	2,397,122	2,551,046	2,527,685	2,208,980	2,098,715	3,114,027	4,330,602	3,451,291

Peter Y. Solmssen Member of the Managing Board		Dr. Michael Süß Member with responsibilities for Sector portfolio		Dr. Ralf P. Thomas CFO since September 18, 2013		Peter Löscher <sup>4</sup> Member of the Managing Board and President and CEO until July 31, 2013	
FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013	FY 2012	FY 2013
900,000	900,000	900,000	967,500	0	34,938	2,000,000	1,666,667
33,498	32,977	49,089	36,158	0	2,465	30,720	25,689
933,498	932,977	949,089	1,003,658	0	37,403	2,030,720	1,692,356
611,955	427,574	611,955	459,642	0	16,598	1,359,900	1,583,607
2,379,441	1,299,629	647,466	477,239	0	0	4,839,378	3,248,954
0	1,299,629	0	477,239	0	0	0	3,248,954
1,935,766	0	647,466	0	0	0	4,839,378	0
0	0	0	0	0	0	0	0
443,675	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0
3,924,894	2,660,180	2,208,510	1,940,539	0	54,001	8,229,998	6,524,917
553,236	526,160	558,008	530,392	0	208,034	1,235,653	1,171,716
4,478,130	3,186,340	2,766,518	2,470,931	0	262,035	9,465,651	7,696,633

According to the provisions of the contract, the variable compensation (bonus) for fiscal 2013 will be granted fully in cash.

- <sup>4</sup> Peter Löscher resigned from the Managing Board effective July 31, 2013; his employment agreement ended effective September 30, 2013. According to the provisions of the contract, the variable compensation (bonus) for fiscal 2013 will be granted fully in cash. In addition to the compensation paid to him for fiscal 2013 as a member of the Managing Board and as President

and CEO, presented above, Peter Löscher received the following compensation for the remaining term of his employment agreement, for the months of August and September 2013: fixed compensation of €333,333, fringe benefits of €5,138, and a proportionate variable compensation (bonus) of €316,721.

## Pension benefit commitments

For fiscal 2013, the members of the Managing Board were granted contributions under the BSAV totaling €6.4 million (2012: €5.7 million), based on a resolution of the Supervisory Board dated November 6, 2013. Of this amount, €6.3 million (2012: €5.6 million) related to contributions to their personal pension accounts and the remaining €0.1 million (2012: €0.1 million) to 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, with value date on January 1. Until the beneficiary's time of retirement, the pension account is credited with an annual interest payment (guaranteed interest), currently 1.75%, on January 1 of each year.

The following table shows individualized details of the contributions (additions) under the BSAV for fiscal 2013 as well as the defined benefit obligations for the pension commitments.

(Amounts in €)	Total contributions <sup>1</sup> for		Defined benefit obligation <sup>2</sup> for all pension commitments excluding deferred compensation <sup>3</sup>	
	FY 2013	FY 2012	FY 2013	FY 2012
<b>Managing Board members serving as of September 30, 2013</b>				
Joe Kaeser	1,033,200	504,000	5,580,345	4,388,859
Dr. Roland Busch	541,800	504,000	2,008,718	1,446,910
Brigitte Ederer <sup>4</sup>	504,000	504,000	2,446,951 <sup>2</sup>	1,102,958
Klaus Helmrich	504,000	504,000	2,248,901	1,723,759
Barbara Kux	504,000	504,000	2,740,479 <sup>2</sup>	2,201,963 <sup>2</sup>
Prof. Dr. Hermann Requardt	541,800	504,000	5,094,071	4,433,581
Prof. Dr. Siegfried Russwurm	541,800	504,000	3,490,629	2,893,761
Peter Y. Solmssen	504,000	504,000	15,750,883 <sup>2</sup>	14,862,470 <sup>2</sup>
Dr. Michael Süß	541,800	504,000	2,353,756	1,789,619
Dr. Ralf P. Thomas <sup>5</sup>	19,565	–	1,970,651	–
<b>Former members of the Managing Board</b>				
Peter Löscher <sup>6</sup>	1,120,000	1,120,000	18,307,554 <sup>2</sup>	14,717,395 <sup>2</sup>
<b>Total</b>	<b>6,355,965</b>	<b>5,656,000</b>	<b>61,992,938</b>	<b>51,936,101</b>

1 The expenses (service costs) recognized in accordance with IFRS in fiscal 2013 for Managing Board members' entitlements under the BSAV in fiscal 2013 amounted to €6,053,355 (2012: €6,152,011).

2 The defined benefit obligations reflect one-time special contributions to the BSAV of €22,480,000 (2012: €19,358,000) for new appointments from outside the Company, as well as special contributions in connection with departure from the Managing Board, in the amount of €10,740,000 (2012: €8,500,000) for Peter Löscher,

€882,000 (2012: €0) for Brigitte Ederer, €340,000 (2012: €340,000) for Barbara Kux and €10,518,000 (2012: €10,518,000) for Peter Y. Solmssen.

3 Deferred compensation totals €8,595,135 (2012: €7,543,061), including €2,914,462 for Joe Kaeser (2012: €2,755,189), €276,893 for Klaus Helmrich (2012: €269,147), €4,082,366 for Barbara Kux (2012: €3,280,486), €1,275,259 for Prof. Dr. Hermann Requardt (2012: €1,238,239) and €46,155 (2012: €0) for Dr. Ralf P. Thomas.

4 Brigitte Ederer resigned from the Managing Board effective at the end of the day on September 30, 2013.

5 Dr. Ralf P. Thomas was elected a full member of the Managing Board effective September 18, 2013.

6 Peter Löscher resigned from the Managing Board effective July 31, 2013; his employment agreement ended effective September 30, 2013.

Former members of the Managing Board and their surviving dependents received emoluments within the meaning of Section 314 para. 1 No. 6 b of the HGB totaling €33.1 million (2012: €15.8 million) in fiscal 2013. This figure includes cash compensation for the stock commitments for former Managing Board member Wolfgang Dehen as a result of the spinoff of OSRAM from the corporate group. Furthermore it includes the compensatory payment connected with the mutually agreed premature termination of the Managing Board membership of former President and CEO Peter Löscher as of July 31, 2013, the

compensation for the remaining term of his employment contract, i.e. for the months of August and September 2013, as well as a one-time special contribution to the BSAV. Former President and CEO of the Managing Board Peter Löscher received 5,615 Stock Awards pro-rata for the months of August and September 2013, which will be settled in cash according to the provisions of the contract. Other than this, former Managing Board members and their surviving dependents received no Stock Awards (2012: no Stock Awards).

The defined benefit obligation (DBO) of all pension commitments to former members of the Managing Board and their surviving dependents as of September 30, 2013, amounted to €192.5 million (2012: €181.6 million). This figure is included in → NOTE 23 POST-EMPLOYMENT BENEFITS in → D.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS.

## Other

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

## B.4.1.3 ADDITIONAL INFORMATION ON STOCK-BASED COMPENSATION INSTRUMENTS IN FISCAL 2013

This section provides information concerning the stock commitments held by members of the Managing Board that were components of stock-based compensation in fiscal 2013 and prior years, and also concerning the Managing Board members' entitlements to matching shares under the Siemens Share Matching Plan.

### Stock commitments

The following table shows the changes in the stock commitments (Bonus Awards and Stock Awards) held by Managing Board members in fiscal 2013:

(Amounts in number of units)	Balance at beginning of fiscal 2013		Granted during fiscal year <sup>1</sup>				Vested and transferred during fiscal year	Forfeited during fiscal year	Balance at end of fiscal 2013 <sup>2</sup>	
	Non-forfeitable commitments of Bonus Awards	Forfeitable commitments of Stock Awards	Non-forfeitable commitments of Bonus 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 <sup>3</sup>	
				(Target attainment depending on EPS for past three fiscal years)	(Target attainment depending on future stock performance)					
<b>Managing Board members serving as of September 30, 2012</b>										
Joe Kaeser	15,394	49,657	9,425	20,754	13,477	16,451	–	24,819	67,437	
Dr. Roland Busch	7,697	16,490	8,483	11,859	7,701	2,255	–	16,180	33,795	
Brigitte Ederer <sup>4</sup>	15,394	26,788	9,425	11,859	7,701	2,879	–	24,819	43,469	
Klaus Helmrich	7,697	19,836	9,425	11,859	7,701	3,701	–	17,122	35,695	
Barbara Kux	15,394	47,600	9,425	11,859	7,701	14,394	–	24,819	52,766	
Prof. Dr. Hermann Requardt	15,394	49,657	10,368	11,859	7,701	16,451	–	25,762	52,766	
Prof. Dr. Siegfried Russwurm	15,394	49,657	9,425	11,859	7,701	16,451	–	24,819	52,766	
Peter Y. Solmssen	15,394	49,657	9,425	11,859	7,701	16,451	–	24,819	52,766	
Dr. Michael Süß	7,697	24,913	9,425	11,859	7,701	6,041	–	17,122	38,432	
Dr. Ralf P. Thomas <sup>5</sup>	–	18,899	–	5,218	3,388	5,264	–	–	22,241	
<b>Former members of the Managing Board</b>										
Peter Löscher <sup>6</sup>	34,208	124,139	20,945	29,648	19,252	41,126	–	55,153	131,913	
<b>Total</b>	<b>149,663</b>	<b>477,293</b>	<b>105,771</b>	<b>150,492</b>	<b>97,725</b>	<b>141,464</b>	<b>–</b>	<b>255,434</b>	<b>584,046</b>	

1 The weighted average fair value as of the grant-date for fiscal 2013 was €64.16 per granted share.

2 Amounts do not include stock commitments (Bonus Awards and Stock Awards) awarded in November 2013 for fiscal 2013. For details, see below. However, these amounts may include Stock Awards received as compensation by the Managing Board member before joining the Managing Board.

3 The number of forfeitable commitments of Stock Awards shown here for Brigitte Ederer and Peter Löscher as of the end of fiscal 2013 remains in effect in full on the basis of the agreements in connection with their departure from the Managing Board; the number of Stock Awards linked to future stock performance will be revised as a result of actual target attainment after the end of the restriction period.

4 Brigitte Ederer resigned from the Managing Board effective at the end of the day on September 30, 2013.

5 Dr. Ralf P. Thomas was elected a full member of the Managing Board effective September 18, 2013.

6 Peter Löscher resigned from the Managing Board effective July 31, 2013; his employment agreement ended effective September 30, 2013.

The following table shows the stock (Bonus Awards and Stock Awards) awarded in November 2013 for fiscal 2013:

Awarded for fiscal <sup>1</sup>			
(Amounts in number of units)	Non-forfeitable commitments of Bonus Awards	Forfeitable commitments of Stock Awards	
		(Target attainment depending on EPS for past three fiscal years)	(Target attainment depending on future stock performance)
<b>Managing Board members serving as of September 30, 2013</b>			
Joe Kaeser	6,910	12,949	10,974
Dr. Roland Busch	5,364	7,295	6,182
Brigitte Ederer <sup>2</sup>	0	7,295	6,182
Klaus Helmrich	5,287	7,295	6,182
Barbara Kux	5,287	7,295	6,182
Prof. Dr. Hermann Requardt	6,641	9,119	7,728
Prof. Dr. Siegfried Russwurm	5,684	9,119	7,728
Peter Y. Solmssen	5,287	7,295	6,182
Dr. Michael Süß	5,648	7,295	6,182
Dr. Ralf P. Thomas <sup>3</sup>	206	264	224
<b>Former members of the Managing Board</b>			
Peter Löscher <sup>4</sup>	0	15,198	12,879
<b>Total</b>	<b>46,350</b>	<b>90,419</b>	<b>76,625</b>

- 1 See the information on → **PAGES 135-137** for the corresponding fair values.
- 2 Brigitte Ederer resigned from the Managing Board effective at the end of the day on September 30, 2013. The Siemens Stock Awards for fiscal 2013 will be settled in cash. The cash settlement is calculated on the basis of the monetary value of the Stock Awards on the award date; this monetary value reflects target attainment of 100% for Stock Awards for which target attainment depends on future stock performance, see information on → **PAGE 136**.

- 3 Dr. Ralf P. Thomas was elected a full member of the Managing Board effective September 18, 2013.
- 4 Peter Löscher resigned from the Managing Board effective July 31, 2013; his employment agreement ended effective September 30, 2013. The Siemens Stock Awards for fiscal 2013 will be settled in cash. The cash settlement is calculated on the basis of the monetary value of the Stock Awards on the award date; this monetary value reflects target attainment of 100% for Stock Awards for which target attainment depends on future stock performance,

see information on → **PAGE 136**. Regarding the Stock Awards awarded for his remaining contract term, for the months of August and September 2013, see information on → **PAGE 140**.



## Shares from the Share Matching Plan

In fiscal 2011, the members of the Managing Board were entitled for the last time to participate in the Siemens Share Matching Plan, and under the plan were entitled to invest up to 50% of the annual gross amount of their variable cash compensation component (bonus) determined for fiscal 2010 in Siemens shares. After expiration of a vesting period of approximately three years, the plan participants will receive one free

matching share of Siemens stock for every three Siemens shares acquired and continuously held under the plan, provided the participants were employed without interruption at Siemens AG or a Siemens company until the end of the vesting period. The following table shows the development of the matching share entitlements of the individual members of the Managing Board in fiscal 2013.

(Amounts in number of units)	Balance at beginning of fiscal 2013 <sup>1</sup> Entitlement to matching shares	Due during fiscal year Entitlement to matching shares	Forfeited during fiscal year Entitlement to matching shares	Balance at end of fiscal 2013 <sup>1,2</sup> Entitlement to matching shares
<b>Managing Board members serving as of September 30, 2013</b>				
Joe Kaeser	3,806	1,590	–	2,216
Dr. Roland Busch	66	66	–	–
Brigitte Ederer <sup>3</sup>	–	–	–	–
Klaus Helmrich	3	–	–	3
Barbara Kux	698	698	–	–
Prof. Dr. Hermann Requardt	2,413	1,027	–	1,386
Prof. Dr. Siegfried Russwurm	533	533	–	–
Peter Y. Solmssen	–	–	–	–
Dr. Michael Süß	–	–	–	–
Dr. Ralf P. Thomas <sup>4</sup>	2,969	123	–	2,846
<b>Former members of the Managing Board</b>				
Peter Löscher <sup>5</sup>	–	–	–	–
<b>Total</b>	<b>10,488</b>	<b>4,037</b>	<b>–</b>	<b>6,451</b>

1 Amounts may include entitlements acquired before the member joined the Managing Board.

2 The entitlements of the Managing Board members serving as of September 30, 2013 had the following fair values: Joe Kaeser €146,901 (2012: €222,277), Dr. Roland Busch €0 (2012: €3,464), Brigitte Ederer €0 (2012: €0), Klaus Helmrich €527 (2012: €527), Barbara Kux €0 (2012: €33,282), Prof. Dr. Hermann Requardt €92,011 (2012: €140,823), Prof. Dr. Siegfried Russwurm €0 (2012: €25,487), Peter Y. Solmssen €0 (2012: €0), Dr. Michael Süß €0 (2012: €0) and Dr. Ralf P. Thomas

€152,696 (2012: €0). The entitlement of former Managing Board member Peter Löscher has the following fair value: €0 (2012: €0). The above fair values also take into account that the shares acquired under the Base Share Program as part of the Share Matching Plan were provided with a Company subsidy (for additional information on the Base Share Program see → NOTE 33 in → D.6 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS).

3 Brigitte Ederer resigned from the Managing Board effective at the end of the day on September 30, 2013.

4 Dr. Ralf P. Thomas was elected a full member of the Managing Board effective September 18, 2013. The stated balance at the end of fiscal 2013 also includes the granted entitlements of matching shares (780 shares) for fiscal 2013 prior to election as a full member of the Managing Board.

5 Peter Löscher resigned from the Managing Board effective July 31, 2013; his employment agreement ended effective September 30, 2013.