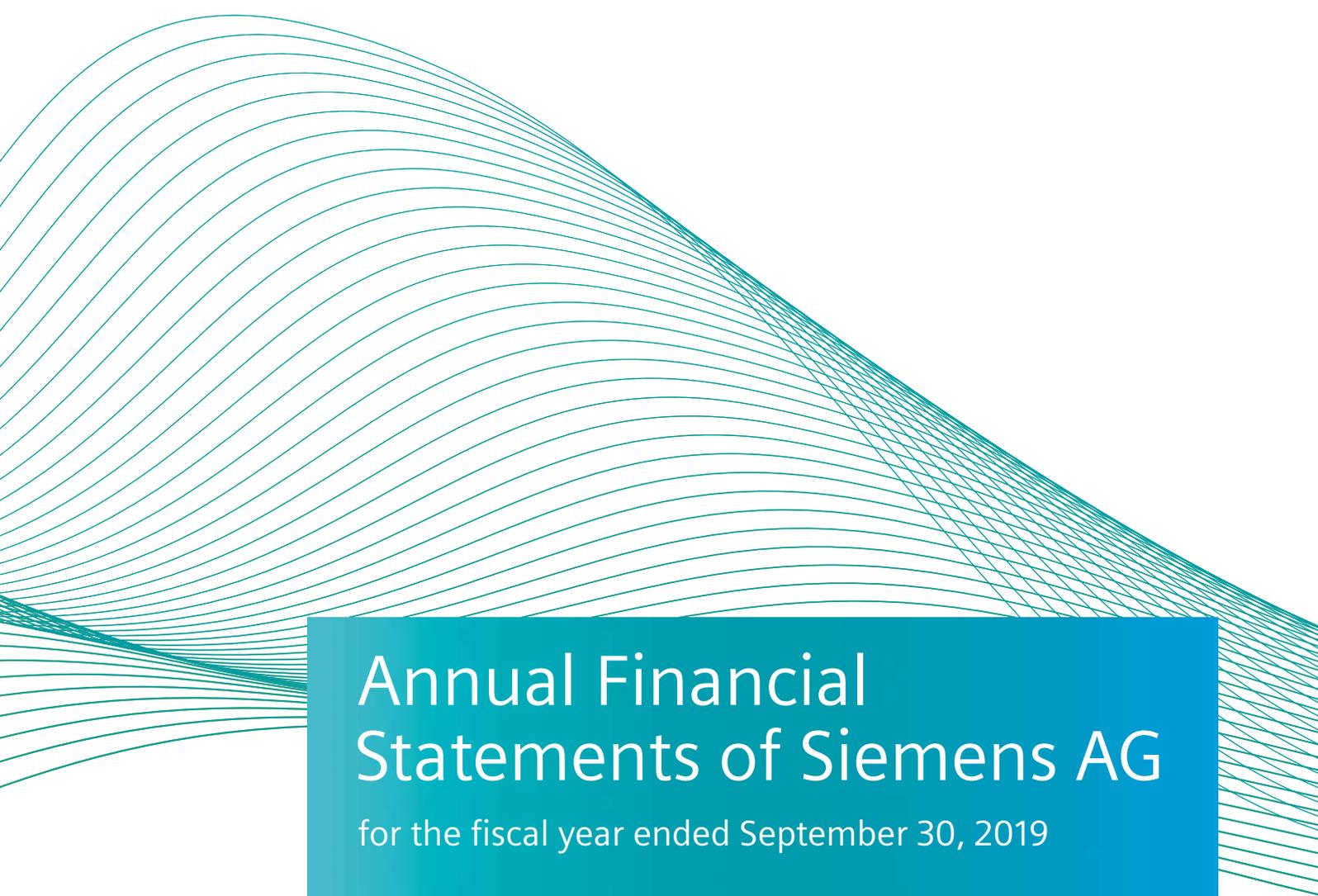


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Annual Financial Statements of Siemens AG

for the fiscal year ended September 30, 2019

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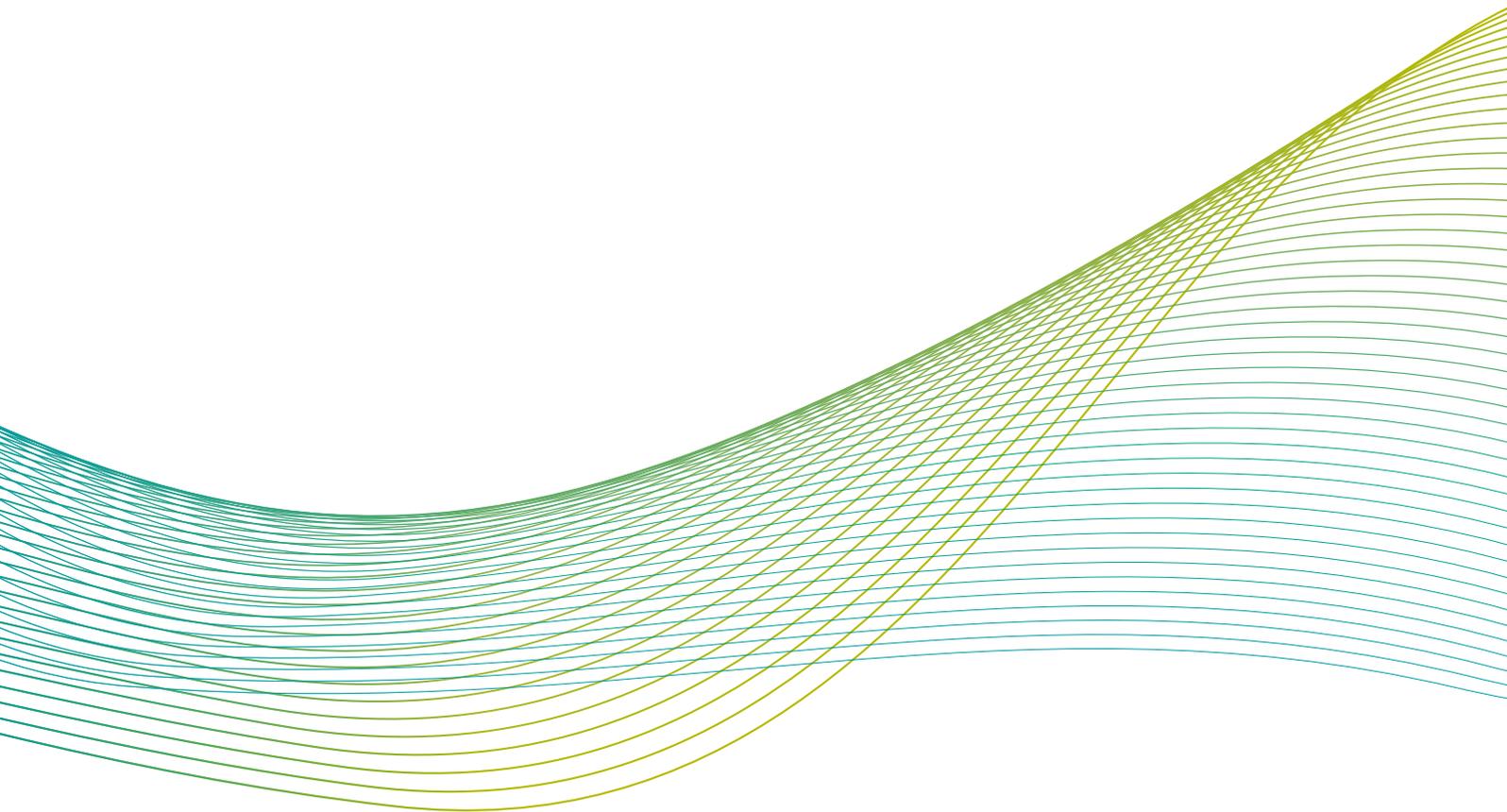


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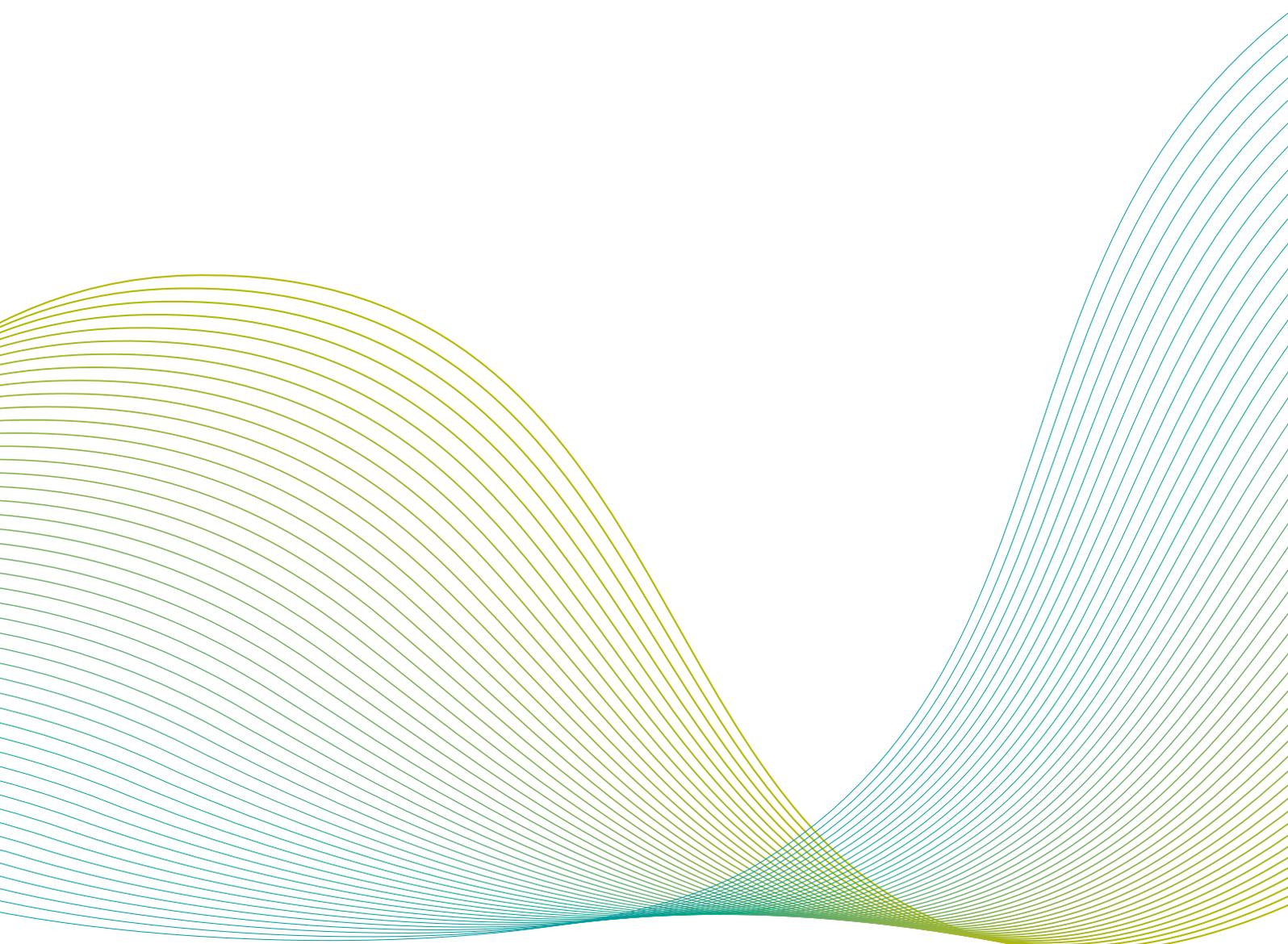
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Combined Management Report

The Management Report of Siemens AG has been combined with the Management Report of the Siemens Group in accordance with Section 315 para. 5 together with Section 298 para. 2 of the German Commercial Code (Handelsgesetzbuch) and is published in the 2019 Annual Report of the Siemens Group.

The Annual Financial Statements and the Combined Management Report of Siemens AG for the fiscal year 2019 are filed with the operator of the German Federal Gazette and published in the German Federal Gazette.

The Annual Financial Statements of Siemens AG as well as the Annual Report of the Siemens Group for the fiscal year 2019 are also available for download on the Internet at:

 WWW.SIEMENS.COM/FINANCIAL-REPORTS

Annual Financial Statements

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A.1 Income Statement

(in millions of €)	Note	2019	Fiscal year 2018
Revenue	1	22,104	28,185
Cost of sales		(15,825)	(21,074)
Gross profit		6,279	7,111
Research and development expenses		(2,362)	(2,788)
Selling expenses		(2,880)	(2,566)
General administrative expenses		(1,099)	(1,201)
Other operating income	2	9,698	295
Other operating expenses		(229)	(294)
Income from operations		9,407	557
Income (loss) from investments, net	3	3,754	5,381
Interest income	4	422	333
<i>thereof negative interest from financial investment</i>		(17)	(16)
Interest expenses	4	(195)	(70)
<i>thereof positive interest from borrowing</i>		193	147
Other financial income (expenses), net	5	(793)	(1,003)
Income from business activity		12,596	5,199
Income taxes	6	(1,377)	(653)
Net income		11,219	4,547
Appropriation of net income	27		
Net income		11,219	4,547
Profit carried forward		170	134
Allocation to other retained earnings		(6,005)	(1,451)
Unappropriated net income		5,384	3,230

A.2 Balance Sheet

(in millions of €)	Note	September 30, 2019	2018
Assets			
Non-current assets			
	10		
Intangible assets		408	425
Property, plant and equipment		1,477	1,469
Financial assets		73,158	55,747
		75,043	57,641
Current assets			
Inventories	11	8,362	8,244
Advance payments received		(8,362)	(8,244)
		-	-
Receivables and other assets	12		
Trade receivables		1,744	2,051
Receivables from affiliated companies		17,049	15,071
Other receivables and other assets		959	1,114
		19,752	18,236
Other securities		690	677
Cash and cash equivalents		3,798	2,500
		24,241	21,413
Prepaid expenses		147	163
Deferred tax assets	13	829	2,064
Active difference resulting from offsetting	14	68	62
Total assets		100,328	81,344
Shareholders' equity and liabilities			
Shareholders' equity			
	15		
Subscribed capital ¹		2,550	2,550
Treasury shares		(112)	(120)
Issued capital		2,438	2,430
Capital reserve		8,091	8,086
Other retained earnings		14,514	8,303
Unappropriated net income		5,384	3,230
		30,428	22,049
Special reserve with an equity portion		668	671
Provisions			
Provisions for pensions and similar commitments	16	12,343	11,885
Provisions for taxes		578	725
Other provisions	17	5,038	5,286
		17,959	17,896
Liabilities			
	18		
Liabilities to banks		27	53
Advance payments received on orders		1,841	1,504
Trade payables		1,755	1,688
Liabilities to affiliated companies		45,681	35,384
Other liabilities		1,643	1,791
		50,947	40,420
Deferred income		326	308
Total shareholders' equity and liabilities		100,328	81,344

¹ Conditional Capital as of September 30, 2019 and 2018 amounted to €1,081 million and €1,081 million, respectively.

A.3 Notes

A.3.1 General Disclosures

Siemens AG has registered offices in Berlin and Munich, Germany. The Company is registered in the commercial register maintained by the local courts in Berlin Charlottenburg, Germany, under the entry number HRB 12300, and in Munich, Germany, under the entry number HRB 6684.

The Annual Financial Statements of Siemens AG have been prepared in accordance with the regulations set forth in the German Commercial Code (Handelsgesetzbuch, HGB) and the German Stock Corporation Act (Aktiengesetz, AktG). Amounts are presented in millions of euros (€ million). Due to rounding, numbers presented may not add up precisely to totals provided.

A.3.2 Accounting and Measurement Principles

Revenue are proceeds from selling and leasing products, providing services and granting licenses.

Negative interest from financial investments is presented as a deduction in **interest income**, and positive interest from borrowings as a deduction in **interest expenses**.

Intangible assets acquired for consideration are capitalized at acquisition costs and amortized on a straight-line basis over a maximum of five years or, if longer, the contractually agreed useful life. Items are amortized on a pro rata temporis basis in the year of acquisition. The capitalization option for internally generated intangible assets is not used.

Acquired **goodwill** is generally amortized systematically over the expected useful life of five to 15 years. The expected useful life is based on the expected use of the acquired businesses and is determined in particular by economic factors such as future growth and profit expectations, synergy effects and employee base.

Property, plant and equipment: The components of production costs are described in the context of the explanations for inventories. In general, property, plant and equipment is depreciated using the straight-line method. In certain cases, the declining balance method is applied, whereby a switch is made from the declining balance to the straight-line method as soon as the latter results in higher depreciation expense. Items are depreciated on a pro rata temporis basis in the year of acquisition. Low-value non-current assets that are subject to wear and tear, movable, and capable of being used independently, are expensed immediately or capitalized and fully depreciated in the year of acquisition.

Useful lives of property, plant and equipment

Factory and office buildings	20 to 50 years
Other buildings	5 to 10 years
Technical equipment and machines	mostly 10 years
Other equipment, plant and office equipment	3 to 8 years
Equipment leased to others	mostly 3 to 5 years

Special reserve with an equity portion includes reserves pursuant to Section 6b of the German Income Tax Act (Einkommensteuergesetz), recognized and transferred in fiscal years prior to the transition to regulations of the German Accounting Law Modernisation Act (Bilanzrechtsmodernisierungsgesetz), as well as special tax allowances pursuant to Section 4 of the German Assisted Areas Act (Fördergebietsgesetz) exceeding the depreciation according to HGB.

Financial assets: Impairment losses are recognized if the decline in value is presumed to be other than temporary. This applies, if objective evidence, particularly events or changes in circumstances, indicate a significant or other than temporary decline in value. In case of quoted financial assets, in general the price as of the balance sheet date is relevant. In case of an impairment in prior periods, a lower recognized value may not be maintained if the reasons for the impairment do no longer exist.

Inventories are measured at the lower of average acquisition or production costs and daily values. Production costs comprise, in addition to direct costs, an appropriate portion of production and material overheads and depreciation of property, plant and equipment. General administration expenses, expenses for social facilities, voluntary social costs and company pension scheme costs are not capitalized. Write-downs are recorded to cover inventory risks for reduced usability and technological obsolescence as well as in the context of loss-free valuation of unbilled contracts in construction-type and service businesses.

Allowances on **receivables** are determined on the basis of the probability of default and country risks.

Deferred tax assets for differences between valuations of balance sheet line items in accordance to commercial and tax law are recognized if in total a future tax benefit is expected. Deferred tax assets are netted with deferred tax liabilities. Recognized deferred tax assets and liabilities comprise temporary differences of assets, liabilities, and deferred items of entities forming part of the Siemens AG tax group and partnerships to the extent that the recovery or settlement of the carrying amount of assets,

liabilities, or deferred items result in a deductible or taxable amount in the taxable profit (loss) of Siemens AG.

Offsetting of assets and of income and expenses:

Siemens AG measures assets at fair value that are designated as being held exclusively to settle specified pension obligations and obligations for early retirement ("Altersteilzeit") arrangements and which cannot be accessed by other creditors. Income and expenses relating to these designated assets are offset against the expenses arising from compounding the corresponding obligations and are reported within the line item Other financial income (expenses), net.

Pensions and similar commitments: Siemens AG measures its pension obligations using the settlement amount calculated with the actuarial projected unit credit method on the basis of biometric probabilities. The discount rate used corresponds to the average market interest rate for instruments with an assumed remaining maturity of 15 years as published by German Federal Reserve Bank (Deutsche Bundesbank).

Entitlements resulting from plans based on asset returns from underlying assets are generally measured at the fair value of the underlying assets at the balance sheet date. If the performance of the underlying assets is lower than a guaranteed return, the pension provision is measured by projecting forward the contributions at the guaranteed fixed return and discounting to a present value.

According to the Act on the Improvement of Company Pensions (Gesetz zur Verbesserung der betrieblichen Altersversorgung), Siemens AG is secondarily liable for pension benefits provided under an indirect pension funding vehicle (mittelbarer Durchführungsweg). Siemens AG recognizes the underfunding in the item Provisions for pensions and similar commitments as far as the respective assets of the pension fund or of the pension and support fund (Pensions- und Unterstützungskasse) do not cover the settlement amount of the respective pension obligations.

Other provisions are recognized in an appropriate and sufficient amount to cover individual obligations for all identifiable risks relating to liabilities of uncertain timing and amount and for anticipated losses on onerous contracts, taking account of price and cost increases expected to arise in the future. Provisions for agreed personnel restructuring measures were recognized for legal and constructive obligations. Significant provisions with a remaining term of more than one year are discounted using a discount rate which corresponds to the average market interest rate appropriate for the remaining term of the obligations, as calculated and published by Deutsche Bundesbank.

Foreign currency translation: Receivables, other current assets, securities, cash and cash equivalents, provisions and liabilities (excluding advance payments received on orders) as well as commitments and contingencies denominated in foreign currency are generally measured applying the mean spot exchange rate on the balance sheet date. Balance Sheet line items denominated in foreign currency which are part of a valuation unit used to hedge foreign currency risk are measured using the mean spot exchange rate on the transaction date. Non-current assets and inventories acquired in foreign currency are generally measured applying the mean spot exchange rate on the transaction date.

Derivative financial instruments are used by Siemens AG almost exclusively for hedging purposes and – if the relevant conditions are met – are aggregated with the underlying hedged item into valuation units. When a valuation unit is created, changes in values or cash flows from the hedged item and hedging contract are compared. A provision is recognized only for a negative surplus from the ineffective part of the market value changes. The unrealized gains and losses from the effective part offset each other completely and are not recognized in the Balance Sheet or the Income Statement.

Classification of items in the annual financial statements:

Siemens AG aggregates individual line items of the Income Statement and Balance Sheet if the individual line item is not material for providing a true and fair view of the Company's financial position and if such an aggregation improves the clarity of the presentation. Siemens AG discloses these items separately in the notes.

Transfer of Siemens trademark rights: In January 2019, Siemens AG transferred the trademark "Siemens", consisting of a portfolio of trademarks with the component "Siemens", by way of a contribution in kind to the affiliated company Siemens Trademark GmbH & Co. KG, Germany. The additional shares in Siemens Trademark GmbH & Co. KG, Germany, were measured at the fair value of the transferred trademark rights in the amount of €9,510 million. The contribution resulted in a gain in the same amount. This gain is partially offset by a related deferred tax expense of €1,505 million. The fair value was determined with the help of an external appraisal report by using the relief-from-royalty method. Measurement was based, among others, on judgments both for the amount of business-specific royalty rates that depend on profitability and brand relevance and the amount of future brand-relevant revenue. Siemens Trademark GmbH & Co. KG, Germany, has granted Siemens AG a royalty bearing right to use the trademarks. Expenses related to this arrangement are recognized in selling expenses. The contract has an indefinite duration.

A.3.3 Notes to the Income Statement

Carve-out of the mobility business: The mobility business of Siemens AG was transferred to Siemens Mobility GmbH, Germany, on August 1, 2018, by means of singular succession. The carve-out primarily resulted in a decline of revenue, cost of sales, gross profit, and research and development expenses.

NOTE 1 Revenue

Revenue also includes proceeds from leasing and granting licenses.

Revenue by lines of business (in millions of €)	Fiscal year 2019
Digital Industries	4,976
Smart Infrastructure	7,363
Gas and Power	7,119
Portfolio Companies	856
Other revenue	1,791
Revenue	22,104

Revenue by region (in millions of €)	Fiscal year 2019
Europe, C.I.S., Africa, Middle East	16,572
Americas	1,648
Asia, Australia	3,885
Revenue	22,104

NOTE 2 Other operating income

Other operating income mainly included gains from the disposal of intangible assets in the amount of €9,510 million in connection with the transfer of the Siemens trademark rights. The trademark rights were contributed at fair value to Siemens Trademark GmbH & Co. KG, Germany.

Income from the release of the special reserve with an equity portion amounted to €3 million.

NOTE 3 Income (loss) from investments, net

(in millions of €)	Fiscal year	
	2019	2018
Income from investments	3,384	3,147
<i>thereof from affiliated companies</i>	3,064	3,081
Income from profit transfer agreements with affiliated companies	301	2,490
Expenses from loss transfers from affiliated companies	(134)	(24)
Impairments on investments	(218)	(313)
Reversals of impairments on investments	331	5
Gains from the disposal of investments	95	77
Losses from the disposal of investments	(5)	–
Income from investments, net	3,754	5,381

Income from investments included in particular profit distributions from Siemens Ltd., China, amounting to €2,005 million, from Siemens Healthineers AG, Germany, amounting to €467 million, and from Atos SE, France, amounting to €284 million.

Reversals of impairments on investments were primarily comprised of a reversal of the impairment on the investment in Siemens Gamesa Renewable Energy S.A., Spain, amounting to €294 million.

NOTE 4 Interest income and interest expenses

Interest income from affiliated companies amounted to €381 (2018: €302) million. Interest expenses from affiliated companies amounted to €165 (2018: €44) million. Interest income from loans of non-current financial assets amounted to €86 (2018: €73) million.

NOTE 5 Other financial income (expenses), net

(in millions of €)	Fiscal year	
	2019	2018
Interest component of changes in the pension provisions that are not offset against designated plan assets	(1,099)	(940)
Financial income (expenses), net relating to the pension and personnel-related provisions that are offset against designated plan assets	(18)	(39)
Other financial income	336	302
Other financial expenses	(469)	(309)
Impairments and reversal of impairments of loans and securities of non-current and current assets	456	(17)
Other financial income (expenses), net	(793)	(1,003)

Financial income (expenses), net relating to the pension and personnel-related provisions that are offset against designated plan assets represents a net amount from offset income totaling €33 (2018: €18) million and expenses totaling €51 (2018: €57) million.

Other financial income primarily included realized income from interest rate derivative financial instruments totaling €333 (2018: €11) million.

Other financial expenses included mainly expenses resulting from the change in the provisions for onerous contracts related to derivative financial instruments amounting to €253 (2018: income of €101) million and the realization of monetary items denominated in foreign currencies amounting to €143 (2018: €230) million. In addition, the position included expenses from compounding of other provisions amounting to €54 (2018: €66) million.

Impairments and reversal of impairments of loans and securities of non-current and current assets mainly included the reversal of the impairment of a loan receivable amounting to €455 million. Reversals of impairments amounting to €461 (2018: impairments of €16) million related to loans receivable and securities within non-current and current assets related to affiliated companies.

NOTE 6 Income taxes

(in millions of €)	Fiscal year	
	2019	2018
Income tax expenses	(151)	(543)
Deferred taxes	(1,226)	(109)
Income taxes	(1,377)	(653)

Deferred taxes were primarily affected by the recognition of deferred tax liabilities related to the transfer of the Siemens trademark rights.

NOTE 7 Other taxes

Other taxes of €45 (2018: €25) million were included in functional costs.

NOTE 8 Impact of tax regulations on net income

The use of tax incentives had a positive effect on net income of €2 million.

NOTE 9 Income and expenses relating to prior periods

The income statement of Siemens AG included expenses and income relating to prior periods of €136 (2018: €215) million and of €1,129 (2018: €1,103) million, respectively. The income relating to prior periods resulted mainly from the release of provisions.

A.3.4 Notes to the Balance Sheet

NOTE 10 Non-current assets

(in millions of €)	Acquisition or production costs				
	Oct 01, 2018	Additions	Reclassifications	Disposals	Sep 30, 2019
Intangible assets					
Concessions and industrial property rights	1,053	34	–	(21)	1,066
Goodwill	149	22	–	–	171
	1,202	56	–	(21)	1,238
Property, plant and equipment					
Land, land rights and buildings, including buildings on third-party land	677	8	3	(12)	676
Technical equipment and machinery	2,455	57	51	(104)	2,459
Other equipment, plant and office equipment	1,611	185	15	(166)	1,645
Equipment leased to others	152	26	–	(17)	161
Advanced payments made and construction in progress	125	86	(69)	–	143
	5,021	362	–	(299)	5,083
Financial assets					
Shares in affiliated companies	47,061	16,803	30	(240)	63,654
Shares in investments	2,160	338	(30)	(303)	2,165
Loans	3,172	760	–	(532)	3,400
Securities	6,446	797	–	(332)	6,911
	58,840	18,698	–	(1,408)	76,130
	65,063	19,116	–	(1,728)	82,451

The additions in line item Shares in affiliated companies mainly resulted from the contribution in kind of the Siemens trademark rights to Siemens Trademark GmbH and Co. KG, Germany, in the amount of €9,510 million.

Other significant additions in this position resulted from a contribution in cash amounting to €5,341 million and a contribution in kind amounting to €915 million to Siemens Beteiligungen Inland GmbH, Germany, and a contribution in kind amounting to €411 million to Atecs Mannesmann GmbH, Germany. These contributions were related to a restructuring of intragroup financing arrangements.

Line item Loans included loans to affiliated companies amounting to €2,799 (2018: €2,828) million, loans to investments amounting to €320 (2018: €126) million, and other loans amounting to €271 (2018: €211) million.

Securities held as non-current assets included shares in investment funds, to which additions and disposals within this position were mainly related.

Total impairments of non-current assets were €224 (2018: €337) million.

	Accumulated depreciation/amortization				Carrying amount		
	Oct 01, 2018	Depreciation/ amortization	Write-ups	Disposals	Sep 30, 2019	Sep 30, 2019	Sep 30, 2018
	(634)	(66)	–	20	(679)	387	419
	(143)	(8)	–	–	(151)	21	6
	(777)	(74)	–	20	(830)	408	425
	(385)	(13)	–	10	(388)	288	292
	(1,887)	(104)	1	93	(1,897)	561	567
	(1,187)	(204)	–	157	(1,233)	412	425
	(92)	(11)	–	15	(88)	73	60
	–	–	–	–	–	143	125
	(3,551)	(331)	1	275	(3,607)	1,477	1,469
	(2,253)	(27)	331	7	(1,941)	61,713	44,808
	(811)	(192)	–	7	(996)	1,169	1,349
	(7)	(3)	–	–	(10)	3,390	3,165
	(22)	(2)	–	–	(24)	6,887	6,425
	(3,093)	(223)	331	14	(2,971)	73,158	55,747
	(7,421)	(628)	332	309	(7,408)	75,043	57,641

NOTE 11 Inventories

(in millions of €)	Sep 30,	
	2019	2018
Raw materials and supplies	870	834
Work in progress	868	889
Finished products and goods	437	439
Cost of unbilled contracts	5,882	5,751
Advance payments made	305	332
Inventories	8,362	8,244

The item cost of unbilled contracts included mainly capitalized expenses incurred in the context of deliveries and services for projects in construction-type business which were not billed to customers at the balance sheet date.

NOTE 12 Receivables and other assets

(in millions of €)	Sep 30, 2019	thereof maturities		Sep 30, 2018	thereof maturities	
		more than one year			more than one year	
Trade receivables	1,744	137		2,051	71	
Receivables from affiliated companies	17,049	3,643		15,071	4,865	
Other receivables and other assets	959	140		1,114	180	
<i>thereof from long-term investees</i>	110	105		105	95	
<i>thereof other assets</i>	850	34		1,009	86	
Receivables and other assets	19,752	3,920		18,236	5,116	

Receivables from affiliated companies resulted primarily from intragroup-financing activities and included trade receivables totaling €53 (2018: €79) million.

NOTE 13 Deferred tax assets

The total deferred tax assets resulted mainly from pension provisions, pension-related assets and other provisions. Deferred tax liabilities resulting from the transfer of the Siemens trademark rights were netted against deferred tax assets.

For the measurement of deferred tax assets a tax rate of 31.30% was applied. Deviating from this, a tax rate of 15.83% was applied for temporary differences related to assets, liabilities and pre-paid/deferred items of partnerships.

NOTE 14 Active difference resulting from offsetting

(in millions of €)	Sep 30,
	2019
Fair value of designated plan assets	1,217
Settlement amount for offset pension provisions	(824)
Settlement amount for offset personnel-related provisions	(325)
Active difference resulting from offsetting	68
Acquisition cost of designated plan assets	1,076

NOTE 15 Shareholders' equity

(in millions of €)	Oct 01, 2018	Share buybacks	Fulfillment of exercised warrants	Issuance of treasury shares under share-based payments and employee share programs	Dividend for 2018	Net income	Sep 30, 2019
Subscribed capital	2,550	–	–	–	–	–	2,550
Treasury shares	(120)	(41)	35	14	–	–	(112)
Issued capital	2,430	(41)	35	14	–	–	2,438
Capital reserve	8,086	–	–	6	–	–	8,091
Other retained earnings	8,303	(1,310)	1,080	436	–	6,005	14,514
Unappropriated net income	3,230	–	–	–	(3,060)	5,214	5,384
Shareholders' equity	22,049	(1,350)	1,115	456	(3,060)	11,219	30,428

SUBSCRIBED CAPITAL

The capital stock of Siemens AG is divided into 850,000,000 registered shares of no par value with a notional value of €3.00 per share.

OTHER RETAINED EARNINGS

Other retained earnings included a portion attributable to equity from reversal of impairments of non-current and current assets amounting to €792 (2018: 0) million.

AUTHORIZED CAPITAL (NOT ISSUED)

As of September 30, 2019, the total unissued authorized capital of Siemens AG consisted of a nominal amount of €600 million that may be issued in installments with varying terms by issuance of up to 200 million registered shares.

In detail, the following authorizations to increase the capital stock exist:

- By resolution of the Annual Shareholders' Meeting of January 26, 2016, the Managing Board is authorized to increase, with the approval of the Supervisory Board, the capital stock until January 25, 2021 by up to €90.0 million through the issuance of up to 30 million registered shares against contributions in cash (Authorized Capital 2016). Subscription rights of existing shareholders are excluded. The new shares may exclusively be offered to employees of Siemens AG and its affiliated companies (employee shares). To the extent permitted by law, employee shares may also be issued in such a manner that the contribution to be paid on such shares is covered by that part of the annual net income which the Managing Board and the Supervisory Board may allocate to other retained earnings under Section 58 para. 2 of the German Stock Corporation Act.

- Further, by resolution of the Annual Shareholders' Meeting of January 30, 2019, the Managing Board is authorized to increase, with the approval of the Supervisory Board, the capital stock until January 29, 2024 by up to €510 million through the issuance of up to 170 million registered shares against cash contributions and/or contributions in kind (Authorized Capital 2019). Under certain conditions and with the approval of the Supervisory Board, the Managing Board is authorized to exclude subscription rights of shareholders in the event of capital increases against contributions in kind. In the event of capital increases against cash contributions, the shares shall in principle be offered to shareholders for subscription. However, the Managing Board is authorized to exclude, with the approval of the Supervisory Board, shareholders' subscription rights, (1) with regard to any fractional amounts, (2) in order to grant subscription rights to holders of conversion or option rights respective conversion or option obligations on Siemens shares as compensation for the effects of dilution, and (3) under certain other conditions if the issue price of the new shares is not significantly lower than their stock market price of the Siemens shares already issued.

TREASURY SHARES

The following table presents the development of treasury shares:

(in number of shares)	Fiscal year 2019
Treasury shares, beginning of fiscal year	39,951,459
Share buyback	13,532,557
Fulfillment of exercised warrants	(11,549,926)
Issuance under share-based payments and employee share programs	(4,702,042)
Treasury shares, end of fiscal year	37,232,048

Siemens AG held 37,232,048 treasury shares, equaling a nominal amount of €112 million, representing 4.4% of the capital stock.

On October 10, 2018, the share buyback with a volume of up to €3 billion that was announced on November 12, 2015, and started on February 2, 2016, was ended. In fiscal 2019, Siemens AG repurchased a total of 3,343,479 shares under this buyback program. This represents a nominal amount of €10 million or 0.4% of capital stock. For this purpose, €355 million were spent; excluding incidental transaction charges, this represents an average stock price of €106.30 per share. The purchase was made during October on 7 Xetra trading days and was carried out by a bank that had been commissioned by Siemens AG; the shares were purchased exclusively on the electronic trading platform of the Frankfurt Stock Exchange (Xetra). The average volume on these trading days was about 477,640 shares. In addition, a final payment to the executing bank was made in fiscal 2019, which was recognized as a purchase price adjustment and resulted in an average share purchase price of €110.98 with regard to the entire repurchase from 2016 through 2018.

On November 8, 2018, Siemens again announced a share buyback with a volume of up to €3 billion ending November 15, 2021, at the latest. The share buyback started on December 3, 2018 and is executed based on the authorization provided by the Annual Shareholders' Meeting on January 27, 2015. The goal of the share buyback is to have shareholders participate continuously in the success of the Company in addition to the dividend policy.

In fiscal 2019, Siemens AG repurchased a total of 10,189,078 shares under this share buyback program. This represents a nominal amount of €31 million or 1.2% of capital stock. In this period, €982 million (excluding incidental transaction charges) were spent for this purpose; this represents a weighted average stock

price of €96.37 per share. The purchase was made in the reporting period on 204 Xetra trading days and was carried out by a bank that had been commissioned by Siemens AG; the shares were purchased exclusively on the electronic trading platform of the Frankfurt Stock Exchange (Xetra). The average volume on these trading days was about 49,946 shares.

The treasury shares purchased under the share buybacks may be used for purposes of retirement, distribution to employees, members of the executive bodies of companies affiliated with Siemens and members of the Managing Board, as well as the servicing of convertible bonds with attached warrants.

In fiscal 2019, Siemens AG re-issued in total 4,702,042 treasury shares under the exclusion of subscription rights in connection with share-based payments and employee share programs in the Group, equaling a nominal amount of €14 million and 0.6% of the capital stock. The Company received in total €272 million for 3,165,520 shares, re-issued against payment of a purchase price. Siemens AG received this amount for unrestricted use. 3,018,996 shares were sold as investment shares in connection with the share matching program to plan participants. In each case, the purchase price was determined on the basis of the closing rate in Xetra trading, determined on a monthly effective date. Therefore, in the reporting period, in total 1,916,610 shares related to the monthly investment plan at a weighted average share price of €98.46 per share; 384,639 shares related to the share matching plan at a weighted average share price of €92.25 per share, and 717,747 shares related to the 2019 base share program at a weighted average share price of €46.13 per share (after consideration of a 50% subsidy by the Company). The other shares re-issued during the reporting period can be primarily attributed to the servicing of stock awards granted in the year 2014 totaling 714,502 shares, to 707,580 matching shares under the share matching program for the year 2016, and to the re-issuance of 114,440 jubilee shares. In addition, beneficiaries of the stock awards primarily granted in the year 2014 that had the option of cash settlement were offered to reinvest their arithmetical net payment in Siemens shares at the lowest daily price of the transfer date. In connection with this offer, beneficiaries purchased 146,524 shares at an average weighted share price of €99.95 per share.

11,549,926 treasury shares, excluding subscription rights, were used for servicing exercised options related to the bonds with warrant units due in August 2019, equivalent to a nominal amount of €34.7 million or 1.4% of capital stock. For the Siemens shares re-issued, the company recorded proceeds of €1,115 million, which corresponds to an average selling price of €96.52 per Siemens share.

INFORMATION ON AMOUNTS SUBJECT TO DIVIDEND PAYOUT RESTRICTIONS

(in millions of €)	Fiscal year 2019
Amount representing the difference of the recognition of provisions and similar commitments based on average interest rates covering ten and seven years, respectively	1,218
Amounts from the capitalization of deferred taxes	829
Amounts from the capitalization of assets at fair value	50

Amounts subject to dividend payout restrictions face other retained earnings in the amount of €14,514 million. Therefore, the unappropriated net income of €5,384 million is available for distribution.

DISCLOSURES ON SHAREHOLDINGS OF SIEMENS AG

As of September 30, 2019, the following information on shareholdings subject to reporting requirements was available to the Company pursuant to Section 160 para 1 No. 8 German Stock Corporation Act (Aktiengesetz):

BlackRock, Inc., Wilmington, USA, notified us on January 30, 2019, that its percentage of voting rights (held either directly or indirectly) in Siemens AG amounted to 5.13% (43,588,278 voting rights) on January 25, 2019.

The State of Qatar, Doha, acting by and through the DIC Company Limited, notified us on May 10, 2012, that its percentage of voting rights (held either directly or indirectly) in Siemens AG exceeded the threshold of 3% of the voting rights in our Company on May 7, 2012 and amounted to 3.04% (27,758,338 voting rights) as per this date.

The Werner Siemens-Stiftung, Zug, Switzerland, notified us on January 21, 2008, that its percentage of voting rights (held either directly or indirectly) in Siemens AG exceeded the threshold of 3% of the voting rights in our Company on January 2, 2008 and amounted to 3.03% (27,739,285 voting rights) as per this date.

NOTE 16 Provisions for pensions and similar commitments

In Germany, Siemens AG provides pension benefits through the BSAV (Beitragsorientierte Siemens Altersversorgung), frozen legacy plans and deferred compensation plans. The majority of Siemens' active employees participate in the BSAV. The benefits are predominantly based on notional contributions made by the Company and the respective asset returns earned on underlying assets, subject to a minimum return guaranteed by the Company. In connection with the implementation of the BSAV, benefits provided under the frozen legacy plans were modified to substantially eliminate the effects of compensation increases. Therefore valuation assumptions for salary and pension increases including career trend are no longer significant for the pension obligation of Siemens AG. The pension benefits are funded via contractual trust arrangements (CTA). A portion of these trust assets also covers the pension obligations of other domestic subsidiaries. Therefore, the assets do not meet the criteria for offsetting against the pension obligation and are presented as financial assets of Siemens AG.

The actuarial valuation of the settlement amount of €13,167 million as of September 30, 2019 was based, among others, on a discount rate of 2.82% and on a rate of pension progression of 1.50%, except for the BSAV plan with 1.00% per year. Effective September 30, 2019, the mortality tables used (Siemens Bio 2017) are substantially based on data of the German Siemens population and, to a lesser extent, on data of the German Federal Statistical Office, using a set of formulas that corresponds to generally accepted actuarial standards.

NOTE 17 Other provisions

The main amounts in other provisions were contributed by personnel-related provisions of €1,685 million, provisions for onerous contracts from derivative financial instruments amounting to €587 million, provisions for warranties of €557 million, and provisions for decontamination obligations of €525 million, including prepayments of €95 million to the Federal Government of Germany for the construction of the final storage facility, which were recognized in advance payments made.

The provision for the obligation to decontaminate relates to the closing of the facility in Hanau and the nuclear research and service center in Karlstein. While in fiscal 2017 parts of the regulation for nuclear waste disposal were amended by the Reorganising Responsibility for Nuclear Waste Management Act (Gesetz zur Neuordnung der Verantwortung in der kerntechnischen Entsorgung), Siemens is not covered by these regulations and consequently continues to adhere to the German Atomic Energy Act (Atomgesetz) in its version valid at September 30, 2019, which states that when the nuclear facility in those days operated by Siemens is closed, the resulting radioactive waste has to be utilized without causing damage and delivered to a government-

developed final storage facility. The measurement of the provision is based on critical accounting estimates. A critical accounting estimate in determining the costs of the remediation is contingent on the decision of the federal government on the location of the final storage facilities and the date of their availability or possible delivery volume. Several parameters relating to the development of a final storage facility for radioactive waste are specified on the assumptions for the so-called Schacht Konrad final storage. Furthermore, a significant factor of uncertainty is future political decisions and unforeseen developments during the timeframe of the storage process.

NOTE 18 Liabilities

(in millions of €)	Sep 30, 2019	up to 1 year	thereof maturities		Sep 30, 2018	up to 1 year	thereof maturities	
			1 year up to 5 years	more than 5 years			1 year up to 5 years	more than 5 years
Liabilities to banks	27	27	–	–	53	53	–	–
Advance payments received	1,841	1,841	–	–	1,504	1,504	–	–
Trade payables	1,755	1,752	3	–	1,688	1,687	1	–
Liabilities to affiliated companies	45,681	35,650	7,077	2,954	35,384	30,995	4,389	–
Other liabilities	1,643	1,558	85	–	1,791	1,699	92	–
<i>thereof to long-term investees</i>	3	3	–	–	2	2	–	–
<i>thereof miscellaneous liabilities</i>	1,640	1,555	85	–	1,788	1,696	92	–
<i>therein from taxes</i>	42	42	–	–	76	76	–	–
<i>therein for social security</i>	347	347	–	–	209	209	–	–
Liabilities	50,947	40,828	7,165	2,954	40,420	35,938	4,482	–

Liabilities to affiliated companies resulted primarily from intra-group-financing activities. The increase of these liabilities was mainly due to a restructuring of an intragroup financing arrangement.

Other liabilities are collateralized in an amount of €60 million through the assignment of trade receivables.

A.3.5 Other disclosures

NOTE 19 Material expenses

(in millions of €)	Fiscal year	
	2019	2018
Expenses for raw materials, supplies and purchased merchandise	(7,906)	(9,407)
Costs of purchased services	(3,897)	(4,808)
Material expenses	(11,804)	(14,215)

NOTE 20 Personnel expenses

(in millions of €)	Fiscal year	
	2019	2018
Wages and salaries	(6,464)	(7,804)
Social security contributions and expenses for other employee benefits	(982)	(1,112)
Expenses for pensions	(152)	(546)
Personnel expenses	(7,598)	(9,462)

Personnel expenses did not include the expenses resulting from the compounding of the pension and personnel-related provisions, which are included in other financial income (expenses), net.

The breakdown of employees per function is as follows:

	Fiscal year
	2019
Production	41,900
Sales	14,400
Research and development	9,000
Administration and general functions	10,300
Employees	75,500

NOTE 21 Share-based payment

Siemens AG allows employees and members of the Managing Board to participate in share-based payment programs. For the purpose of servicing share-based payment programs Siemens AG also delivers Siemens shares, which have been granted by affiliated companies.

STOCK AWARDS

Siemens AG grants stock awards to members of the Managing Board, members of the senior management and other eligible employees.

Stock awards to beneficiaries of Siemens AG are expensed as incurred over the vesting period and are measured at the intrinsic value (= share price of the Siemens stock) at the balance sheet date on a pro rata basis for the proportion of the vesting period expired considering the estimated target attainment at the balance sheet date.

The following table shows the changes in the stock awards held by members of the senior management and other eligible employees of Siemens AG:

(in number of shares)	Fiscal year 2019
	Awards
Non-vested, beginning of fiscal year	3,235,057
Granted	1,909,111
Forfeited	(205,873)
Settled	(7,629)
Change from equity settlement to cash settlement for stock awards granted in 2014	(643,619)
Organizational changes	24,730
Non-vested, end of fiscal year	4,311,777

The pro rata intrinsic value of all stock awards issued to beneficiaries of Siemens AG amounted to €232 million at the balance sheet date.

SHARE MATCHING PROGRAM

Plan participants receive the right to one Siemens share without payment (matching share) for every three investment shares continuously held over a vesting period.

Matching shares granted to beneficiaries of Siemens AG are expensed as incurred over the vesting period and are measured at the intrinsic value (= share price of the Siemens stock) at the balance sheet date on a pro rata basis for the proportion of the vesting period expired at the balance sheet date.

The following table shows the changes in the entitlements to matching shares of beneficiaries of Siemens AG:

(in number of shares)	Fiscal year
	2019
Outstanding, beginning of fiscal year	919,625
Granted	491,189
Vested and fulfilled	(380,618)
Forfeited	(58,390)
Settled	(23,439)
Organizational changes	2,570
Outstanding, end of fiscal year	950,937

The pro rata intrinsic value of all matching shares issued to beneficiaries of Siemens AG amounted to €52 million.

NOTE 22 Shares in investment funds

The following shares in investment funds according to investment objects were held:

(in millions of €)	Sep 30, 2019		
	Carrying amount	Market value	Deviation from carrying amount
Mixed funds	7,440	8,136	696
Bond-based funds	384	384	-
Share-based funds	48	48	-
Money market funds	74	74	-
Shares in investment assets according to investment objects	7,946	8,642	696

Generally, shares in investment assets are accounted for securities held as non-current financial assets. Exceptions were those shares which represent plan assets and are not accessible by all other creditors. These shares are held exclusively for the purpose of settling liabilities arising from post-employment obligations or comparable obligations with a long-term maturity, and are to be offset against such liabilities.

NOTE 23 Guarantees and other commitments

(in millions of €)	Sep 30,	
	2019	2018
Obligations from guarantees	1,840	1,865
Warranty obligations	100,600	89,014
<i>thereof relating to financing of affiliated companies</i>	45,670	38,770
<i>thereof relating to performance guarantees on behalf of affiliated companies</i>	48,773	43,981
<i>thereof Others</i>	6,157	6,264
Guarantees and other commitments	102,440	90,879

Warranty obligations included obligations of Siemens AG to affiliated companies amounting to €452 (2018: €411) million.

Others includes indemnifications issued in connection with dispositions of businesses. Such indemnifications, if customary to the relevant transactions, may protect the buyer from potential tax, legal and other risks in conjunction with the purchased business.

Siemens AG only enters into guarantees and other commitments after careful consideration of the risks concerned and in general only in relation to its own business activities or those of affiliated companies. Based on an ongoing risk evaluation of the arrangements entered into and taking into account all information available up to the date on which the Annual Financial Statements were issued for approval, Siemens AG currently concludes that the relevant primary debtors are able to fulfill the underlying obligations. For this reason, Siemens AG considers it not probable that it will be called upon in conjunction with any of the guarantees and commitments described above.

NOTE 24 Financial payment obligations under leasing and rental arrangements

Expenses for lease and rental arrangements with third parties in which the economic ownership of the leased/rented asset is not attributable to Siemens AG and the relevant items are not recognized as assets by Siemens AG amounted to €198 million. Object of these contracts were mainly real estate and other non-current assets.

Payment obligations under lease and rental arrangements amounted to €790 million, of which €285 million resulted from transactions with affiliated companies. Payment obligations under leasing and rental arrangements due within the next year amounted to €262 million.

NOTE 25 Other financial obligations

Obligations for equity and debt contribution payments amounted to €1,007 million, of which €540 million related to affiliated companies and €346 million related to associates.

Approximately €1.5 billion were still outstanding as of September 30, 2019, from an existing outsourcing agreement that had a total amount of approximately €8.7 billion and a maturity of several years.

Siemens AG has entered into a contract to pay its affiliated company Siemens Trademark GmbH & Co. KG, Germany, a running royalty for the use of the Siemens trademark rights. The fee is calculated by applying business-specific royalty rates to the brand-related revenue. The contract has an indefinite duration. For the period from January to September 2019, the fee amounted to €584 million. For fiscal year 2020, a corresponding higher royalty in a high three-digit million amount is expected.

In the course of its normal business operations, Siemens AG is involved in numerous legal and regulatory proceedings as well as governmental investigations (Legal Proceedings) in various jurisdictions. These Legal Proceedings could result in particular in the Company being subject to payment of damages and punitive damages, equitable remedies or criminal or civil sanctions, fines or disgorgements of profit. In individual cases, this may also lead to formal or informal exclusion from tenders or the revocation or loss of business licenses or permits. In addition, further Legal Proceedings may be commenced or the scope of pending Legal Proceedings may be expanded. Some of these Legal Proceedings could result in adverse decisions for Siemens AG that may have material effects on its financial position, the results of its operations and/or its cash flows in the respective reporting period. As far as not recognized in the financial statements, Siemens AG does currently not expect any material negative effects on its financial position, the results of its operations and/or its cash flows.

NOTE 26 Derivative financial instruments and valuation units

As a consequence of its global operating, investing and financing activities, Siemens AG is in particular exposed to risks resulting from changes in exchange rates and interest rates, managed in line with a proven risk management system in consideration of defined risk limits. As the parent Company of the Siemens Group, Siemens AG has the central role within the Group-wide management of financial market risks. To manage the risks resulting from changes in exchange rates and interest rates, Siemens uses primarily foreign currency forward contracts, interest rate swaps, combined interest and foreign currency swaps as well as interest rate options and interest rate futures. Thereby the operating units of Siemens AG are not allowed to enter into derivative financial instruments for speculative purposes. The contract partners of the Company for derivative financial instruments are banks, brokers and affiliated companies. The credit rating for banks and brokers is constantly monitored.

Derivative financial instruments held in the portfolio are as follows:

(in millions of €)	Sep 30, 2019	
	Notional amount	Fair values
Currency hedging contracts		
Foreign currency forward contracts	72,706	252
Currency options	212	–
Interest rate hedging contracts		
Interest rate swaps	23,584	346
Interest rate options	2,518	29
Interest rate futures	520	6
Combined interest and currency hedging contracts	3,366	389
Other hedging contracts	426	2
Existing derivative financial instruments	103,333	1,024

The notional amounts equal the contractual amounts of the individual derivative financial instrument which – irrespective of the nature of the concluded position (sale or purchase) – are presented on a gross basis (gross notional amounts).

The market values of derivative financial instruments are determined according to the nature of the individual instrument. For foreign currency derivatives, market values are determined based on changes of the relevant exchange rates. For interest rate derivatives, market values are determined by discounting expected future cash flows over the remaining term of the instrument

using current market interest rates and yield curves or determined based on quoted market prices. Combined interest rate and foreign currency derivatives are measured using a combination of the mentioned factors. If foreign currency and interest rate derivatives include an option component, measurement is based on an estimated value determined in accordance with an option price model or on quoted market prices.

Provided the relevant conditions are met, derivative financial instruments are aggregated with the underlying hedged item into valuation units. The effectiveness of the valuation unit is either ensured through risk management, or is demonstrated both prospectively and retrospectively based on appropriate methods used to demonstrate effectiveness (e.g. dollar offset method, regression method, sensitivity analysis).

VALUATION UNIT USED TO HEDGE THE FOREIGN CURRENCY RISK

According to the Company policy, Siemens units are responsible for recording, assessing and monitoring their foreign currency transaction exposure. The net foreign currency position of the Siemens units serves as a central performance measure and has to be hedged within a band of at least 75% but no more than 100% with the Corporate Treasury of Siemens AG.

The remaining foreign currency risk after offsetting cash flows in the same currency is hedged by the Corporate Treasury of Siemens AG with external contract partners. The net foreign currency position (before hedging) of Siemens AG is combined with the offsetting foreign currency exchange contracts to a macro valuation unit. For this purpose, hedged items and hedging instruments are measured with the respective underlying discounted cash flows. The existing derivative currency hedging contracts are included in the valuation unit in their entirety and have maturity terms until the year 2037. The cash in- and outflows from the foreign currency exchange contracts, firm commitments and forecast transactions are disclosed on a net basis in the following table.

(in millions of €)	Sep 30, 2019
Foreign currency risk from balance sheet items	(6,016)
<i>thereof assets</i>	12,877
<i>thereof liabilities</i>	(18,893)
Foreign currency risk from firm commitments and forecast transactions	854
Net foreign currency position (before hedging)	(5,162)
Foreign currency exchange contracts	5,157
<i>thereof with external contract partners</i>	7,836
<i>thereof with affiliated companies</i>	(2,678)
Net foreign currency position (after hedging)	(4)

Firm commitments and forecast transactions concern business transactions for which a legally binding contract was concluded but not yet performed on by either contracting party, as well as contingent payment claims for already partially completed performance obligations in the project and product businesses.

The foreign currency portfolio of Siemens AG reached a hedge ratio (ratio of the hedging instruments' absolute values and the hedged items' absolute values) of approximately 100%. The recognition of a provision for contingent losses from pending transactions was not necessary.

VALUATION UNIT USED TO HEDGE THE INTEREST RATE RISK

The interest rate hedging contracts used by Siemens AG serve mainly to hedge against interest rate risks and to optimize the interest result in accordance with internal interest rate benchmarks. The portion of Siemens AG's underlying transactions subject to interest rate risk is combined with interest rate derivatives held for hedging purposes in valuation units if the applicable designation requirements are fulfilled.

Siemens AG has entered into interest rate derivatives with external counterparties to hedge interest rate swaps transacted with its affiliated companies against interest rate risk. As of September 30, 2019, the interest rate swaps transacted with affiliated companies included in this macro valuation unit have a notional amount of €4,352 million and fair values of €(404) million and have maximum maturity terms until the year 2028. At balance sheet date, these underlying transactions were matched by external interest rate derivatives with fair values of €217 million, and maximum maturity terms until the year 2028. As of September 30, 2019, the negative surplus for the macro valuation unit, recorded in provisions, amounted to €187 million.

To hedge receivables from affiliated companies against interest rate risk, Siemens AG has entered into interest rate derivatives with external counterparties and combined these instruments with the underlying transactions in a macro valuation unit. As of September 30, 2019, the notional amount of the receivables, which have a maximum maturity until the year 2045, amounted to €15,795 million. As of September 30, 2019, the cumulative market value changes of these receivables of €196 million were matched by offsetting interest rate derivatives with a fair value of €(38) million and maximum maturity terms until the year 2049.

To hedge payables to affiliated companies against interest rate risk, Siemens AG has entered into interest rate derivatives with external counterparties. The payables hedged within this micro valuation unit have a nominal volume of €2,283 million as of September 30, 2019 and maximum maturity terms until the year 2025. As of September 30, 2019, negative cumulative changes in market value of these liabilities of €61 million were matched by

external interest rate derivatives with identical maturities whose market value was €93 million.

CARRYING AMOUNTS OF THE DERIVATIVE FINANCIAL INSTRUMENTS REQUIRING RECOGNITION

Derivative financial instruments requiring recognition are included with their carrying amounts in the following balance sheet items:

(in millions of €)	Sep 30, 2019		
	Other assets	Other provisions	Other liabilities
Currency hedging contracts			
Currency options	1	-	-
Interest rate hedging contracts			
Interest rate swaps	-	(400)	(42)
Interest rate options	24	-	-
Derivative financial instruments requiring recognition	25	(400)	(42)

NOTE 27 Proposal for the appropriation of net income

The Supervisory Board and the Managing Board propose the unappropriated net income of Siemens AG for the fiscal year ended September 30, 2019, amounting to €5,384 million to be appropriated as follows: Distribution of a dividend of €3.90 on each share of no par value entitled to the dividend, allocation of €2,069 million to retained earnings, and carry-forward of the unappropriated net income for shares of no par value not entitled to the dividend.

NOTE 28 Remuneration of the members of the Managing Board and the Supervisory Board

REMUNERATION OF THE MEMBERS OF THE MANAGING BOARD

Members of the Managing Board received cash compensation of €22.0 million. The fair value of share-based compensation amounted to €11.1 million for 254,693 stock awards. The Company granted contributions under the BSAV to members of the Managing Board totaling €5.6 million.

Therefore the compensation and benefits attributable to members of the Managing Board amounted to €38.6 million in total.

TOTAL REMUNERATION OF FORMER MEMBERS OF THE MANAGING BOARD

Former members of the Managing Board and their surviving dependents received a total of €21.1 million according to Section 285 para. 1 number 9b of the German Commercial Code.

Siemens recognized pension provisions totaling €95.0 million for the pension entitlements to former members of the Managing Board and their surviving dependents.

REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

Compensation attributable to members of the Supervisory Board comprises a base compensation and additional compensation for committee work and amounted to €5.1 million (including meeting fees).

Information regarding the remuneration of the members of the Managing Board and Supervisory Board is disclosed on an individual basis in the Compensation Report, which is part of the Combined Management Report.

NOTE 29 Declaration of Compliance with the German Corporate Governance Code

As of October 1, 2019, the mandatory statement pursuant to Section 161 of the German Stock Corporation Act (AktG) has been issued by the Managing Board and the Supervisory Board and is permanently accessible on WWW.SIEMENS.COM/GCG-CODE.

NOTE 30 Members of the Supervisory Board and Managing Board and their mandates

MEMBERS OF THE MANAGING BOARD AND POSITIONS HELD BY MANAGING BOARD MEMBERS

In fiscal 2019, the Managing Board comprised the following members:

Name	Date of birth	First appointed	Term expires	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises	
				External positions (as of September 30, 2019)	Group company positions (as of September 30, 2019)
Joe Kaeser President and Chief Executive Officer	June 23, 1957	May 1, 2006	At the end of the 2021 Annual Shareholders' Meeting	German positions: > Allianz Deutschland AG, Munich > Daimler AG, Stuttgart > Mercedes-Benz AG, Stuttgart Positions outside Germany: > NXP Semiconductors N.V., Netherlands	Positions outside Germany: > Siemens Ltd., India
Roland Busch (Dr. rer. nat.)	November 22, 1964	April 1, 2011	March 31, 2021	German positions: > European School of Management and Technology GmbH, Berlin > OSRAM Licht AG, Munich (Deputy Chairman) > OSRAM GmbH, Munich (Deputy Chairman) Positions outside Germany: > Atos SE, France	German positions: > Siemens Mobility GmbH, Munich (Chairman) > Siemens Postal, Parcel & Airport Logistics GmbH, Constance Positions outside Germany: > Arabia Electric Ltd. (Equipment), Saudi Arabia > ISCOA Industries and Maintenance Ltd., Saudi Arabia (Deputy Chairman) > Siemens Ltd., Saudi Arabia > Siemens W.L.L., Qatar > VA TECH T&D Co. Ltd., Saudi Arabia
Lisa Davis	October 15, 1963	August 1, 2014	October 31, 2020	Positions outside Germany: > Penske Automotive Group, Inc., USA	Positions outside Germany: > Siemens Gamesa Renewable Energy, S.A., Spain > Siemens Proprietary Ltd., South Africa (Chairwoman)
Klaus Helmrich	May 24, 1958	April 1, 2011	March 31, 2021	German positions: > EOS Holding AG, Krailling > inpro Innovationsgesellschaft für fortgeschrittene Produktionssysteme in der Fahrzeugindustrie mbH, Berlin	Positions outside Germany: > Siemens AB, Sweden (Chairman) > Siemens Aktiengesellschaft Österreich, Austria (Chairman)

Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises					
Name	Date of birth	First appointed	Term expires	External positions (as of September 30, 2019)	Group company positions (as of September 30, 2019)
Janina Kugel	January 12, 1970	February 1, 2015	January 31, 2020	German positions: > Pensions-Sicherungs-Verein Versicherungsverein auf Gegenseitigkeit, Cologne Positions outside Germany: > Konecranes Plc., Finland	German positions: > Siemens Healthcare GmbH, Munich
Cedrik Neike	March 7, 1973	April 1, 2017	May 31, 2025		Positions outside Germany: > Siemens France Holding S.A., France > Siemens Ltd., India > Siemens Pte. Ltd., Singapore > Siemens Schweiz AG, Switzerland (Chairman)
Michael Sen	November 17, 1968	April 1, 2017	March 31, 2022		German positions: > Siemens Healthcare GmbH, Munich (Chairman) > Siemens Healthineers AG, Munich (Chairman) Positions outside Germany: > Siemens Gamesa Renewable Energy, S.A., Spain
Ralf P. Thomas (Prof. Dr. rer. pol.)	March 7, 1961	September 18, 2013	September 17, 2023		German positions: > Siemens Healthcare GmbH, Munich > Siemens Healthineers AG, Munich Positions outside Germany: > Siemens Aktiengesellschaft Österreich, Austria > Siemens Gamesa Renewable Energy, S.A., Spain

MEMBERS OF THE SUPERVISORY BOARD AND POSITIONS HELD BY SUPERVISORY BOARD MEMBERS

The Supervisory Board of Siemens AG has 20 members. As stipulated by the German Codetermination Act, half of the members represent Company shareholders, and half represent Company employees. The employee representatives' names are marked below with an asterisk (*). The shareholder representatives on

the Supervisory Board are elected at the Annual Shareholders' Meeting by a simple majority vote. Elections to the Supervisory Board are conducted, as a rule, on an individual basis. The Supervisory Board's employee representatives are elected in accordance with the provisions of the German Codetermination Act.

In fiscal 2019, the Supervisory Board comprised the following members:

Name	Occupation	Date of birth	Member since	Term expires ¹	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises (as of September 30, 2019)
Jim Hagemann Snabe Chairman	Chairman of the Supervisory Board of Siemens AG and of the Board of Directors of A.P. Møller-Mærsk A/S	October 27, 1965	October 1, 2013	2021	German positions: <ul style="list-style-type: none"> ➤ Allianz SE, Munich (Deputy Chairman) Positions outside Germany: <ul style="list-style-type: none"> ➤ A.P. Møller-Mærsk A/S, Denmark (Chairman)
Birgit Steinborn* First Deputy Chairwoman	Chairwoman of the Central Works Council of Siemens AG	March 26, 1960	January 24, 2008	2023	
Werner Wenning Second Deputy Chairman	Chairman of the Supervisory Board of Bayer AG	October 21, 1946	January 23, 2013	2021	German positions: <ul style="list-style-type: none"> ➤ Bayer AG, Leverkusen (Chairman) ➤ Henkel AG & Co. KGaA, Düsseldorf² ➤ Henkel Management AG, Düsseldorf
Werner Brandt (Dr. rer. pol.)	Chairman of the Supervisory Board of RWE AG and of ProSiebenSat.1 Media SE	January 3, 1954	January 31, 2018	2023	German positions: <ul style="list-style-type: none"> ➤ ProSiebenSat.1 Media SE, Munich (Chairman) ➤ RWE AG, Essen (Chairman)
Michael Diekmann	Chairman of the Supervisory Board of Allianz SE	December 23, 1954	January 24, 2008	2023	German positions: <ul style="list-style-type: none"> ➤ Allianz SE, Munich (Chairman) ➤ Fresenius Management SE, Bad Homburg ➤ Fresenius SE & Co. KGaA, Bad Homburg (Deputy Chairman)
Andrea Fehrmann (Dr. phil.)*	Trade Union Secretary, IG Metall Regional Office for Bavaria	June 21, 1970	January 31, 2018	2023	
Reinhard Hahn* (until January 30, 2019)	Trade Union Secretary of the Managing Board of IG Metall	June 24, 1956	January 27, 2015	2019	German positions: ³ <ul style="list-style-type: none"> ➤ Siemens Healthcare GmbH, Munich
Bettina Haller*	Chairwoman of the Combine Works Council of Siemens AG	March 14, 1959	April 1, 2007	2023	German positions: <ul style="list-style-type: none"> ➤ Siemens Mobility GmbH, Munich (Deputy Chairwoman)
Robert Kensbock*	Deputy Chairman of the Central Works Council of Siemens AG	March 13, 1971	January 23, 2013	2023	
Harald Kern*	Chairman of the Siemens Europe Committee	March 16, 1960	January 24, 2008	2023	

¹ As a rule, the term of office ends upon completion of the (relevant) ordinary Annual Shareholders' Meeting.

² Shareholders' Committee.

³ As of January 30, 2019.

⁴ Group company position.

Name	Occupation	Date of birth	Member since	Term expires ¹	Memberships in supervisory boards whose establishment is required by law or in comparable domestic or foreign controlling bodies of business enterprises (as of September 30, 2019)
Jürgen Kerner*	Chief Treasurer and Executive Member of the Managing Board of IG Metall	January 22, 1969	January 25, 2012	2023	German positions: > Airbus Operations GmbH, Hamburg > Flender GmbH, Bocholt > MAN Energy Solutions SE, Augsburg > MAN SE, Munich (Deputy Chairman) > MAN Truck & Bus SE, Munich > Premium Aerotec GmbH, Augsburg (Deputy Chairman) > Traton SE, Munich
Nicola Leibinger-Kammüller (Dr. phil.)	Chief Executive Officer (CEO) – President and Chairwoman of the Group Management of TRUMPF GmbH + Co. KG	December 15, 1959	January 24, 2008	2021	German positions: > Axel Springer SE, Berlin Positions outside Germany: > TRUMPF Schweiz AG, Switzerland ⁴
Benoît Potier	Chairman and Chief Executive Officer of Air Liquide S.A.	September 3, 1957	January 31, 2018	2023	Positions outside Germany: > Air Liquide International S.A., France (Chairman and Chief Executive Officer) ⁴ > Air Liquide International Corporation (ALIC), USA (Chairman) ⁴ > American Air Liquide Holdings, Inc., USA ⁴ > Danone S.A., France > The Hydrogen Company S.A., France ⁴
Hagen Reimer*	Trade Union Secretary of the Managing Board of IG Metall	April 26, 1967	January 30, 2019	2023	
Norbert Reithofer (Dr.-Ing. Dr.-Ing. E.h.)	Chairman of the Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft	May 29, 1956	January 27, 2015	2023	German positions: > Bayerische Motoren Werke Aktiengesellschaft, Munich (Chairman) > Henkel AG & Co. KGaA, Düsseldorf ²
Dame Nemat Shafik (DPhil)	Director of the London School of Economics	August 13, 1962	January 31, 2018	2023	
Nathalie von Siemens (Dr. phil.)	Managing Director and Spokesperson of Siemens Stiftung	July 14, 1971	January 27, 2015	2023	German positions: > Messer Group GmbH, Sulzbach > Siemens Healthcare GmbH, Munich > Siemens Healthineers AG, Munich
Michael Sigmund*	Chairman of the Committee of Spokespersons of the Siemens Group and Chairman of the Central Committee of Spokespersons of Siemens AG	September 13, 1957	March 1, 2014	2023	
Dorothea Simon*	Chairwoman of the Central Works Council of Siemens Healthcare GmbH	August 3, 1969	October 1, 2017	2023	German positions: > Siemens Healthcare GmbH, Munich
Matthias Zachert	Chairman of the Board of Management of LANXESS AG	November 8, 1967	January 31, 2018	2023	
Gunnar Zukunft*	Deputy Chairman of the Central Works Council of Siemens Industry Software GmbH	June 21, 1965	January 31, 2018	2023	German positions: > Siemens Industry Software GmbH, Cologne

¹ As a rule, the term of office ends upon completion of the (relevant) ordinary Annual Shareholders' Meeting.

² Shareholders' Committee.

³ As of January 30, 2019.

⁴ Group company position.

NOTE 31 List of subsidiaries and associated companies pursuant to Section 285 para. 11, 11a and 11b of the German Commercial Code

September 30, 2019	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
Germany (45 companies)			
Atecs Mannesmann GmbH, Erlangen	24	7,428	100
BSAV Kapitalbeteiligungen und Vermögensverwaltungs Management GmbH, Grünwald	18	268	100 ⁶
evosoft GmbH, Nuremberg	0	6	100
Flender GmbH, Bocholt	1	350	100
Flender Industriegetriebe GmbH, Penig	0	59	100
HaCon Ingenieurgesellschaft mbH, Hanover	(5)	158	100
HSP Hochspannungsgeräte GmbH, Troisdorf	1	1	100
Kyros Beteiligungsverwaltung GmbH, Grünwald	62	519	100 ⁶
Maschinenfabrik Reinhausen GmbH, Regensburg	73	363	20 ⁶
Mentor Graphics (Deutschland) GmbH, Munich	2	88	100
Munipolis GmbH, Munich	(2)	279	100
NEO New Oncology GmbH, Cologne	126	1,243	100
Next47 GmbH, Munich	6	0	100
OWP Butendiek GmbH & Co. KG, Bremen	102	466	23 ⁶
Project Ventures Butendiek Holding GmbH, Erlangen	21	118	100
RISICOM Rückversicherung AG, Grünwald	(2)	197	100
Siemens Bank GmbH, Munich	14	1,095	100
Siemens Beteiligungen Europa GmbH, Munich	64	2,927	100
Siemens Beteiligungen Inland GmbH, Munich	26	20,907	100
Siemens Beteiligungen USA GmbH, Berlin	(5)	13,303	100
Siemens Beteiligungsverwaltung GmbH & Co. OHG, Kemnath	3,287	20,801	100 ²
Siemens Campus Erlangen Grundstücks-GmbH & Co. KG, Grünwald	17	44	100
Siemens Digital Logistics GmbH, Frankenthal	14	32	100
Siemens Finance & Leasing GmbH, Munich	3	116	100
Siemens Financial Services GmbH, Munich	2	2,035	100
Siemens Gamesa Renewable Energy GmbH & Co. KG, Hamburg	51	132	100
Siemens Healthcare Diagnostics Products GmbH, Marburg	(72)	479	100
Siemens Healthcare GmbH, Munich	10	1,244	100
Siemens Healthineers AG, Munich	1,047	15,441	85
Siemens Healthineers Beteiligungen GmbH & Co. KG, Kemnath	126	14,776	100
Siemens Immobilien GmbH & Co. KG, Grünwald	62	325	100
Siemens Industry Software GmbH, Cologne	3	304	100
Siemens Logistics GmbH, Constance	5	48	100
Siemens Mobility GmbH, Munich	237	1,888	100
Siemens Mobility Real Estate GmbH & Co. KG, Grünwald	18	134	100
Siemens Nixdorf Informationssysteme GmbH, Grünwald	(4)	27	100

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N/A = No financial data available.

September 30, 2019	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
Siemens Project Ventures GmbH, Erlangen	(14)	364	100
Siemens Real Estate GmbH & Co. KG, Kemnath	14	120	100
Siemens Traction Gears GmbH, Penig	(1)	13	100
Siemens Trademark GmbH & Co. KG, Kemnath	537	537	100
Siemens Treasury GmbH, Munich	0	1	100
SIM 2. Grundstücks-GmbH & Co. KG, Grünwald	6	176	100
Valeo Siemens eAutomotive GmbH, Erlangen	(1)	168	50 ⁶
Veja Mate Offshore Project GmbH, Oststeinbek	144	259	20 ⁶
Voith Hydro Holding GmbH & Co. KG, Heidenheim	(22)	79	35 ⁵

Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East (without Germany) (141 companies)

Siemens Spa, Algiers/Algeria	15	31	100 ⁶
ETM professional control GmbH, Eisenstadt/Austria	12	18	100
KDAG Beteiligungen GmbH, Vienna/Austria	(1)	6	100
Siemens Aktiengesellschaft Österreich, Vienna/Austria	186	1,342	100
Siemens Healthcare Diagnostics GmbH, Vienna/Austria	8	105	100
Siemens Konzernbeteiligungen GmbH, Vienna/Austria	618	2,022	100 ⁹
Siemens Metals Technologies Vermögensverwaltungs GmbH, Vienna/Austria	4	41	100
Siemens Gamesa Renewable Energy BVBA, Beersel/Belgium	12	16	100
Siemens Healthcare NV, Beersel/Belgium	9	90	100
Siemens Industry Software NV, Leuven/Belgium	7	415	100
Siemens S.A./N.V., Beersel/Belgium	27	105	100
OEZ s.r.o., Letohrad/Czech Republic	12	46	100
Siemens, s.r.o., Prague/Czech Republic	37	67	100
Siemens A/S, Ballerup/Denmark	13	65	100
Siemens Gamesa Renewable Energy A/S, Brande/Denmark	303	652	100
Siemens Osakeyhtiö, Espoo/Finland	8	43	100
ATOS SE, Bezons/France	671	8,101	11 ⁶
D-R Holdings (France) SAS, Le Havre/France	0	89	100 ⁶
Dresser-Rand SAS, Le Havre/France	(11)	126	100 ⁶
Siemens France Holding SAS, Saint-Denis/France	115	533	100
Siemens Healthcare SAS, Saint-Denis/France	7	214	100
Siemens Industry Software SAS, Châtillon/France	5	56	100
Siemens Mobility SAS, Châtillon/France	21	132	100
Siemens SAS, Saint-Denis/France	54	205	100
Siemens A.E., Electrotechnical Projects and Products, Athens/Greece	(1)	99	100
Siemens Healthcare Industrial and Commercial Société Anonyme, Chalandri/Greece	3	58	100
evosoft Hungary Szamitastechnikai Kft., Budapest/Hungary	7	10	100
Siemens Sherkate Sahami (Khas), Teheran/Iran, Islamic Republic of	22	11	97
Mentor Graphics (Holdings) Unlimited Company, Shannon, County Clare/Ireland	(1)	2,042	100 ³
Mentor Graphics (Ireland) Limited, Shannon, County Clare/Ireland	62	2,031	100
Siemens Gamesa Renewable Energy Limited, Dublin/Ireland	5	3	100

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September 30, 2019	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
Mentor Graphics Development Services (Israel) Ltd., Rehovot/Israel	37	114	100
Siemens Concentrated Solar Power Ltd., Rosh HaAyin/Israel	130	(364)	100
Siemens Industry Software Ltd., Airport City/Israel	21	74	100
Siemens Israel Ltd., Rosh HaAyin/Israel	16	43	100
UGS Israeli Holdings (Israel) Ltd., Airport City/Israel	0	1	100
Siemens Healthcare S.r.l., Milan/Italy	9	240	100
Siemens S.p.A., Milan/Italy	58	330	100
D-R Luxembourg Holding 1, SARL, Luxembourg/Luxembourg	20	414	100
D-R Luxembourg Holding 2, SARL, Luxembourg/Luxembourg	0	0	100
D-R Luxembourg Holding 3, SARL, Luxembourg/Luxembourg	23	1,153	100
D-R Luxembourg International SARL, Luxembourg/Luxembourg	(1)	(197)	100
Dresser-Rand Holding (Delaware) LLC, SARL, Luxembourg/Luxembourg	0	158	100
FAST TRACK DIAGNOSTICS LUXEMBOURG S.à r.l., Esch-sur-Alzette/Luxembourg	(1)	74	100
Buitengaats C.V., Amsterdam/Netherlands	50	139	20 ^{3,6}
Castor III B.V., Amsterdam/Netherlands	8	3	100
Dresser-Rand B.V., Spijkenisse/Netherlands	0	2	100
Dresser-Rand International B.V., The Hague/Netherlands	0	327	100
Dresser-Rand Services B.V., Spijkenisse/Netherlands	0	67	100
Mendix Technology B.V., Rotterdam/Netherlands	(59)	263	100 ⁶
Mentor Graphics (Netherlands) B.V., Eindhoven/Netherlands	5	247	100
Minicare B.V., Amsterdam/Netherlands	(1)	65	100
Pollux III B.V., Amsterdam/Netherlands	8	3	100
Roos Holding B.V., The Hague/Netherlands	0	1	100 ⁶
Siemens D-R Holding II B.V., The Hague/Netherlands	20	1,463	100
Siemens D-R Holding III B.V., The Hague/Netherlands	(1)	114	100
Siemens Gas and Power Holding B.V., The Hague/Netherlands	0	122	100
Siemens Gas Turbine Technologies Holding B.V., The Hague/Netherlands	2	84	65 ⁶
Siemens Healthcare Nederland B.V., The Hague/Netherlands	10	118	100
Siemens Healthineers Holding III B.V., The Hague/Netherlands	235	4,519	100
Siemens Heat Transfer Technology B.V., Zoeterwoude/Netherlands	(12)	47	100
Siemens Industry Software Holding II B.V., The Hague/Netherlands	13	180	100
Siemens International Holding B.V., The Hague/Netherlands	2,211	9,943	100
Siemens Medical Solutions Diagnostics Holding I B.V., The Hague/Netherlands	(14)	1,050	100
Siemens Mobility Holding B.V., The Hague/Netherlands	18	785	100
Siemens Nederland N.V., The Hague/Netherlands	4	778	100
TASS International Holding B.V., Helmond/Netherlands	0	52	100
Ural Locomotives Holding Besloten Vennootschap, The Hague/Netherlands	31	86	50 ⁶
ZeeEnergie C.V., Amsterdam/Netherlands	50	139	20 ^{3,6}
Siemens Ltd., Lagos/Nigeria	11	38	100
Dresser-Rand AS, Kongsberg/Norway	(20)	36	100
Siemens AS, Oslo/Norway	9	38	100
SIEMENS HEALTHCARE, UNIPESSOAL, LDA, Amadora/Portugal	2	89	100
Siemens S.A., Amadora/Portugal	13	106	100

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September 30, 2019	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
Siemens W.L.L., Doha/Qatar	12	48	40
LIMITED LIABILITY COMPANY SIEMENS ELEKTROPRIVOD, St. Petersburg/Russian Federation	7	33	100 ⁶
OOO Legion II, Moscow/Russian Federation	4	79	100 ⁶
OOO Siemens Gas Turbine Technologies, Leningrad region/Russian Federation	4	58	100 ⁶
OOO Siemens Transformers, Voronezh/Russian Federation	3	20	100 ⁶
Siemens Finance and Leasing LLC, Vladivostok/Russian Federation	40	77	100 ⁶
ISCOSA Industries and Maintenance Ltd., Dammam/Saudi Arabia	13	16	51
Siemens Mobility d.o.o. Cerovac, Kragujevac/Serbia	(4)	50	100
Siemens s.r.o., Bratislava/Slovakia	9	31	100
Siemens Proprietary Limited, Midrand/South Africa	(4)	32	70
Adwen Offshore, S.L., Zamudio/Spain	(7)	1,378	100
Dresser-Rand Holdings Spain S.L.U., Vitoria-Gasteiz/Spain	29	214	100
Fábrica Electrotécnica Josa, S.A.U., Tres Cantos/Spain	2	41	100
Gamesa Electric, S.A. Unipersonal, Zamudio/Spain	15	95	100
Gamesa Energy Transmission, S.A. Unipersonal, Zamudio/Spain	3	99	100
Guascor Explotaciones Energéticas, S.A., Vitoria-Gasteiz/Spain	3	24	100
SIEMENS ENGINES SA, Zumaia/Spain	1	50	100
Siemens Gamesa Renewable Energy 9REN, S.L., Madrid/Spain	(2)	8	100
Siemens Gamesa Renewable Energy Eolica, S.L., Valle de Egues/Eguesibar/Spain	(85)	1,433	100
Siemens Gamesa Renewable Energy Innovation & Technology, S.L., Sarriguren/Spain	(101)	771	100
Siemens Gamesa Renewable Energy S.A., Zamudio/Spain	235	2,228	59
Siemens Gamesa Renewable Energy Wind Farms, S.A., Zamudio/Spain	(30)	2,189	100
SIEMENS HEALTHCARE, S.L.U., Getafe/Spain	3	260	100
Siemens Holding S.L., Madrid/Spain	88	631	100
SIEMENS MOBILITY, S.L.U., Tres Cantos/Spain	9	66	100
Siemens Rail Automation S.A.U., Tres Cantos/Spain	36	618	100
Siemens S.A., Madrid/Spain	34	219	100
Siemens AB, Solna/Sweden	4	103	100
Siemens Financial Services AB, Stockholm/Sweden	16	172	100
Siemens Industrial Turbomachinery AB, Finspång/Sweden	67	412	100
Dresser Rand Sales Company GmbH, Zurich/Switzerland	16	141	100
Huba Control AG, Würenlos/Switzerland	12	33	100
Polarion AG, Zurich/Switzerland	6	95	100
Siemens Healthcare AG, Zurich/Switzerland	12	131	100
Siemens Schweiz AG, Zurich/Switzerland	23	844	100
Siemens Healthcare Saglik Anonim Sirketi, Istanbul/Turkey	(5)	65	100
Siemens Sanayi ve Ticaret Anonim Sirketi, Istanbul/Turkey	5	53	100
Siemens LLC, Abu Dhabi/United Arab Emirates	37	45	49
Cross London Trains Holdco 2 Limited, London/United Kingdom	53	(267)	33 ⁴
Electrium Sales Limited, Frimley, Surrey/United Kingdom	2	104	100
Ethos Energy Group Limited, Aberdeen/United Kingdom	(184)	212	49 ⁶
Gallop Wind Farm Holding Company Limited, Swindon, Wiltshire/United Kingdom	32	97	25 ⁶
GyM Renewables Limited, Frimley, Surrey/United Kingdom	16	182	100

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September 30, 2019	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
GyM Renewables ONE Limited, Frimley, Surrey/United Kingdom	11	212	100 ⁶
Industrial Turbine Company (UK) Limited, Frimley, Surrey/United Kingdom	61	433	100
next47 Fund 2018, L.P., London/United Kingdom	0	86	100
Next47 Fund 2019, L.P., London/United Kingdom	0	93	100
Primetals Technologies, Limited, London/United Kingdom	(39)	428	49 ⁸
Project Ventures Rail Investments I Limited, Frimley, Surrey/United Kingdom	19	8	100
RWG (Repair & Overhauls) Limited, Aberdeen/United Kingdom	23	100	50 ⁶
SBS Pension Funding (Scotland) Limited Partnership, Edinburgh/United Kingdom	13	547	57 ⁶
Siemens Financial Services Holdings Ltd., Stoke Poges, Buckinghamshire/United Kingdom	23	192	100
Siemens Financial Services Ltd., Stoke Poges, Buckinghamshire/United Kingdom	32	327	100
Siemens Gamesa Renewable Energy Limited, Frimley, Surrey/United Kingdom	90	80	100
Siemens Healthcare Diagnostics Manufacturing Ltd, Frimley, Surrey/United Kingdom	6	175	100
Siemens Healthcare Diagnostics Products Ltd, Frimley, Surrey/United Kingdom	4	166	100
Siemens Healthcare Limited, Frimley, Surrey/United Kingdom	35	(34)	100
Siemens Holdings plc, Frimley, Surrey/United Kingdom	1,023	2,358	100
Siemens Industrial Turbomachinery Ltd., Frimley, Surrey/United Kingdom	(10)	564	100
Siemens Industry Software Computational Dynamics Limited, Frimley, Surrey/United Kingdom	16	532	100
Siemens Industry Software Limited, Frimley, Surrey/United Kingdom	6	116	100
Siemens Mobility Limited, Frimley, Surrey/United Kingdom	129	643	100
Siemens Pension Funding Limited, Frimley, Surrey/United Kingdom	(2)	484	100
Siemens plc, Frimley, Surrey/United Kingdom	16	1,711	100
Siemens Transmission & Distribution Limited, Frimley, Surrey/United Kingdom	44	227	100
Unincorporated Joint Venture Gwynt y Mor, Swindon, Wiltshire/United Kingdom	N/A	N/A	10
VA TECH (UK) Ltd., Frimley, Surrey/United Kingdom	(1)	69	100
Americas (52 companies)			
Siemens S.A., Buenos Aires/Argentina	4	27	100
GNA 1 Geração de Energia S.A., São João da Barra/Brazil	(3)	197	33 ⁶
Guascor do Brasil Ltda., São Paulo/Brazil	0	78	100
Siemens Gamesa Energia Renovável Ltda., Camaçari/Brazil	(9)	119	100
Siemens Healthcare Diagnósticos Ltda., São Paulo/Brazil	33	166	100
Siemens Ltda., São Paulo/Brazil	(1)	217	100
Siemens Participações Ltda., São Paulo/Brazil	19	104	100
EPOCAL INC., Toronto/Canada	1	94	100
Siemens Canada Limited, Oakville/Canada	42	341	100
Siemens Financial Ltd., Oakville/Canada	21	442	100
Siemens Gamesa Renewable Energy Limited, Oakville/Canada	12	17	100
Siemens Healthcare Limited, Oakville/Canada	10	84	100
Siemens Healthcare Diagnostics Manufacturing Limited, Grand Cayman/Cayman Islands	0	0	100
Siemens S.A., Tenjo/Colombia	(1)	37	100 ⁶
Siemens, S.R.L., Santo Domingo/Dominican Republic	4	7	100
Grupo Siemens S.A. de C.V., Mexico City/Mexico	6	150	100 ⁶
Siemens, S.A. de C.V., Mexico City/Mexico	0	136	100 ⁶

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September 30, 2019	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
Siemens S.A.C., Lima/Peru	0	15	100 ⁶
Advanced Airfoil Components LLC, Wilmington, DE/United States	(20)	64	51
Bentley Systems, Incorporated, Wilmington, DE/United States	N/A	N/A	12
CEF-L Holding, LLC, Wilmington, DE/United States	(23)	315	27 ⁶
ChargePoint, Inc., Campbell, CA/United States	(95)	150	5 ⁷
Dresser-Rand Company, Olean, NY/United States	(127)	3,952	100
Dresser-Rand Global Services, Inc., Wilmington, DE/United States	(7)	52	100
Dresser-Rand Group Inc., Wilmington, DE/United States	(216)	4,687	100
Dresser-Rand LLC, Wilmington, DE/United States	0	2,296	100
eMeter Corporation, Wilmington, DE/United States	(11)	75	100
Enlighted, Inc., Wilmington, DE/United States	(25)	41	100 ⁶
Fluence Energy, LLC, Wilmington, DE/United States	(21)	75	50 ⁵
Hickory Run Holdings, LLC, Wilmington, DE/United States	(3)	190	20 ⁶
Mannesmann Corporation, New York, NY/United States	1	45	100
Mentor Graphics Corporation, Wilsonville, OR/United States	(65)	1,286	100
Mentor Graphics Global Holdings, LLC, Wilmington, DE/United States	50	2,215	100
Panda Hummel Station Intermediate Holdings I LLC, Wilmington, DE/United States	4	4	32 ⁶
Panda Stonewall Intermediate Holdings I, LLC, Wilmington, DE/United States	1	3	37 ⁶
PETNET Solutions, Inc., Knoxville, TN/United States	19	174	100
Russelectric Inc., Hingham, MA/United States	(3)	310	100 ⁹
Siemens Capital Company LLC, Wilmington, DE/United States	110	1,144	100
Siemens Corporation, Wilmington, DE/United States	(103)	5,742	100
Siemens Energy, Inc., Wilmington, DE/United States	106	8,591	100
Siemens Financial Services, Inc., Wilmington, DE/United States	58	1,575	100
Siemens Gamesa Renewable Energy, Inc., Wilmington, DE/United States	(1)	418	100
Siemens Government Technologies, Inc., Wilmington, DE/United States	29	459	100
Siemens Healthcare Diagnostics Inc., Los Angeles, CA/United States	55	7,054	100
Siemens Industry, Inc., Wilmington, DE/United States	567	5,847	100
Siemens Medical Solutions USA, Inc., Wilmington, DE/United States	88	7,916	100
Siemens Mobility, Inc, Wilmington, DE/United States	70	983	100
Siemens Product Lifecycle Management Software Inc., Wilmington, DE/United States	144	3,698	100
Siemens Public, Inc., Wilmington, DE/United States	29	1,507	100
Siemens USA Holdings, Inc., Wilmington, DE/United States	0	10,349	100
SMI Holding LLC, Wilmington, DE/United States	(2)	16	100
Wheelabrator Air Pollution Control Inc., Baltimore, MD/United States	3	154	100
Asia, Australia (48 companies)			
Exemplar Health (SCUH) Partnership, Sydney/Australia	14	122	50 ⁴
Siemens Ltd., Bayswater/Australia	26	219	100
Siemens Mobility Pty Ltd, Bayswater/Australia	(1)	130	100
Beijing Siemens Cerberus Electronics Ltd., Beijing/China	20	27	100 ⁶
Flender Ltd., China, Tianjin/China	51	195	100 ⁶
Mentor Graphics (Shanghai) Electronic Technology Co., Ltd., Shanghai/China	2	55	100 ⁶

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⁸ Values from fiscal year April 01, 2018 – March 31, 2019.

⁹ Values from fiscal year July 01, 2018 – June 30, 2019.

N/A = No financial data available.

September 30, 2019	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
Shanghai Electric Power Generation Equipment Co., Ltd., Shanghai/China	40	524	40 ⁶
Siemens Electrical Apparatus Ltd., Suzhou, Suzhou/China	48	98	100 ⁶
Siemens Electrical Drives (Shanghai) Ltd., Shanghai/China	19	27	100 ⁶
Siemens Electrical Drives Ltd., Tianjin/China	70	106	85 ⁶
Siemens Factory Automation Engineering Ltd., Beijing/China	35	39	100 ⁶
Siemens Finance and Leasing Ltd., Beijing/China	9	92	100 ⁶
Siemens Financial Services Ltd., Beijing/China	40	369	100 ⁶
Siemens Healthcare Diagnostics Manufacturing Ltd., Shanghai, Shanghai/China	(6)	43	100 ⁶
Siemens Healthineers Ltd., Shanghai/China	95	131	100 ⁶
Siemens Industrial Automation Products Ltd., Chengdu, Chengdu/China	72	110	100 ⁶
Siemens International Trading Ltd., Shanghai, Shanghai/China	22	49	100 ⁶
Siemens Ltd., China, Beijing/China	832	3,375	100 ⁶
Siemens Medium Voltage Switching Technologies (Wuxi) Ltd., Wuxi/China	44	55	85 ⁶
Siemens Mobility Equipment (China) Co., Ltd, Shanghai Pilot Free Trade Zone/China	17	76	100 ⁶
Siemens Mobility Technologies (Beijing) Co., Ltd, Beijing/China	27	60	100 ⁶
Siemens Numerical Control Ltd., Nanjing, Nanjing/China	18	42	80 ⁶
Siemens Shanghai Medical Equipment Ltd., Shanghai/China	79	106	100 ⁶
Siemens Shenzhen Magnetic Resonance Ltd., Shenzhen/China	77	114	100 ⁶
Siemens Standard Motors Ltd., Yizheng/China	38	66	100 ⁶
Siemens Switchgear Ltd., Shanghai, Shanghai/China	21	42	55 ⁶
Trench High Voltage Products Ltd., Shenyang, Shenyang/China	25	47	65 ⁶
Zhenjiang Siemens Busbar Trunking Systems Co. Ltd., Yangzhong/China	21	31	50 ⁶
Siemens Limited, Hong Kong/Hong Kong	18	26	100
Bangalore International Airport Ltd., Bangalore/India	0	0	20 ⁸
Dresser-Rand India Private Limited, Navi Mumbai/India	14	127	100
Mentor Graphics (India) Private Limited, New Delhi/India	6	81	100 ⁸
Siemens Financial Services Private Limited, Mumbai/India	3	70	100
Siemens Gamesa Renewable Power Private Limited, Chennai/India	(51)	1,470	100 ⁸
Siemens Healthcare Private Limited, Mumbai/India	30	(30)	100 ⁸
Siemens Ltd., Mumbai/India	126	1,241	75
P.T. Jawa Power, Jakarta/Indonesia	201	1,047	50 ⁶
Siemens Healthcare Diagnostics K.K., Tokyo/Japan	1	219	100
Siemens Healthcare K.K., Tokyo/Japan	36	227	100
Siemens K.K., Tokyo/Japan	12	195	100
Siemens Healthineers Ltd., Seoul/Korea, Republic of	12	77	100
Siemens Ltd. Seoul, Seoul/Korea, Republic of	13	116	100
Dresser-Rand Asia Pacific Sdn. Bhd., Kuala Lumpur/Malaysia	0	14	100
Siemens Malaysia Sdn. Bhd., Petaling Jaya/Malaysia	25	60	100
Siemens Pte. Ltd., Singapore/Singapore	17	309	100
Siemens Limited, Taipei/Taiwan, Province of China	9	45	100
Siemens Limited, Bangkok/Thailand	26	57	99
Siemens Ltd., Ho Chi Minh City/Viet Nam	14	7	100

¹ The values correspond to the annual financial statements after a possible profit transfer, for subsidiaries according to the IFRS closing.

² Siemens AG is a shareholder with unlimited liability of this company.

³ A consolidated affiliated company of Siemens AG is a shareholder with unlimited liability of this company.

⁴ Values from fiscal year July 01, 2017 – June 30, 2018.

⁵ Values from fiscal year October 01, 2017 – September 30, 2018.

⁶ Values from fiscal year January 01, 2018 – December 31, 2018.

⁷ Values from fiscal year February 01, 2018 – January 31, 2019.

⁸ Values from fiscal year April 01, 2018 – March 31, 2019.

⁹ Values from fiscal year July 01, 2018 – June 30, 2019.

N/A = No financial data available.

Additional Information

Pages 35–44



B.1 Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the Annual Financial Statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company, and the management report for Siemens Aktiengesellschaft, which has been combined with the

Group management report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the material opportunities and risks associated with the expected development of the Company.

Munich, December 3, 2019

Siemens Aktiengesellschaft
The Managing Board



Joe Kaeser



Dr. Roland Busch



Lisa Davis



Klaus Helmrich



Janina Kugel



Cedrik Neike



Michael Sen



Prof. Dr. Ralf P. Thomas

B.2 Independent Auditor's Report

To Siemens Aktiengesellschaft, Berlin and Munich

Report on the audit of the annual financial statements and of the management report

OPINIONS

We have audited the annual financial statements of Siemens Aktiengesellschaft, Berlin and Munich, which comprise the income statement for the fiscal year from October 1, 2018 to September 30, 2019, the balance sheet as of September 30, 2019 and the notes to the financial statements, including the recognition and measurement policies presented therein. In addition, we have audited the management report of Siemens Aktiengesellschaft, which is combined with the group management report, for the fiscal year from October 1, 2018 to September 30, 2019. In accordance with the German legal requirements we have not audited the content of chapter [A.9.3 CORPORATE GOVERNANCE STATEMENT](#) of the Combined Management Report, including chapter [C.4.2](#) of the Annual Report 2019 referred to in chapter [A.9.3](#).

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying annual financial statements comply, in all material respects, with the requirements of German commercial law applicable to business corporations and give a true and fair view of the assets, liabilities and financial position of the Company as of September 30, 2019 and of its financial performance for the fiscal year from October 1, 2018 to September 30, 2019 in compliance with German legally required accounting principles, and
- the accompanying management report as a whole provides an appropriate view of the Company's position. In all material respects, this management report is consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our opinion on the management report does not cover the content of the Corporate Governance Statement referred to above.

Pursuant to Sec. 322 (3) Sentence 1 HGB ["Handelsgesetzbuch": German Commercial Code], we declare that our audit has not led to any reservations relating to the legal compliance of the annual financial statements and of the management report.

BASIS FOR THE OPINIONS

We conducted our audit of the annual financial statements and of the management report in accordance with Sec. 317 HGB and the EU Audit Regulation (No 537/2014, referred to subsequently

as "EU Audit Regulation") and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). In conducting the audit of the annual financial statements we also complied with International Standards on Auditing (ISA). Our responsibilities under those requirements, principles and standards are further described in the "Auditor's responsibilities for the audit of the annual financial statements and of the management report" section of our auditor's report. We are independent of the Company in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Art. 10 (2) f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Art. 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions on the annual financial statements and on the management report.

KEY AUDIT MATTERS IN THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the annual financial statements for the fiscal year from October 1, 2018 to September 30, 2019. These matters were addressed in the context of our audit of the annual financial statements as a whole, and in forming our opinion thereon; we do not provide a separate opinion on these matters.

Below, we describe what we consider to be the key audit matters:

Accounting for construction contracts

Reasons why the matter was determined to be a key audit matter:

The Company conducts a significant portion of its business under construction contracts, particularly in the business field Gas and Power. Revenue from long-term construction contracts is recognized in accordance with the completed contract method when all primary and significant secondary obligations have been fulfilled. We consider the accounting for construction contracts and especially the resulting revenue recognition to be an area posing a significant risk of material misstatement and accordingly a key audit matter as the recognition of revenue from individual projects in the appropriate period has a material impact on the presentation of the Company's financial performance. The valuation of inventories at net realizable value as well as the recognition and measurement of provisions for onerous contracts require management to exercise judgment and make estimates and assumptions. This relates especially to the scope of deliveries and services required, remaining costs to completion, as well as contract risks including technical, political, regulatory and legal risks.

Auditor's response: As part of our audit, we obtained an understanding of the Company's internally established methods, processes and control mechanisms for project management in the bid and execution phase of construction contracts. In this regard, we assessed the design and operating effectiveness of the accounting-related internal controls in the project business by obtaining an understanding of business transactions specific to construction contracts, from the initiation of the transaction through presentation in the annual financial statements. We also tested internal controls on management level including project reviews and controls addressing the timely assessment of changes in cost estimates and the timely and complete recognition of such changes in the project cost estimate.

As part of our substantive audit procedures, we evaluated management's estimates and assumptions based on a risk-based selection of a sample of contracts. Our sample particularly included projects that are subject to significant risks, such as projects with significant secondary obligations, projects with complex technical requirements or with a large portion of materials and services to be provided by suppliers, subcontractors or consortium partners, cross-border projects, and projects with changes in cost estimates, delays and/or low or negative margins. In order to evaluate whether revenues were recognized in the appropriate period for the selected projects, we analyzed billable revenues and corresponding cost of sales to be recognized in the income statement in the reporting period, and examined the accounting for the associated items in the balance sheet. To identify anomalies in the development of margins throughout the projects' execution, we also applied data analysis procedures. Our audit procedures included, among others, review of the contracts and their terms and conditions including termination rights, penalties for delay and breach of contract as well as liquidated damages. To identify particularities throughout the projects' execution, we further performed inquiries of project management (both commercial and technical project managers) with respect to the development of the projects and to management's assessments on probabilities that contract risks will materialize. In designing our audit procedures, we also considered results from project audits conducted by the internal audit function. Furthermore, we obtained evidence from third parties for selected projects (e.g., project acceptance documentation, contractual terms and conditions, and lawyers' confirmations regarding alleged breaches of contract and asserted claims) and inspected plant and project locations.

Due to the large contract volume and risk profile, in particular with respect to the developments of the power generation markets, our audit procedures especially focused on large contracts for the turnkey construction of power plants and high-voltage-direct-current solutions.

Our audit procedures did not lead to any reservations relating to the accounting for construction contracts.

Reference to related disclosures: With regard to the recognition and measurement policies applied in accounting for construction contracts, refer to chapter → **A.3.2 ACCOUNTING AND MEASUREMENT PRINCIPLES** and → **A.3.3 NOTES TO THE INCOME STATEMENT, NOTE 1 REVENUE** in the notes to the financial statements. With respect to the accounting for risks from construction contracts, refer to chapter → **A.3.4 NOTES TO THE BALANCE SHEET, NOTE 11 INVENTORIES** in the notes to the financial statements.

Other provisions

Reasons why the matter was determined to be a key audit

matter: We considered the accounting for other provisions, especially for legal disputes, regulatory proceedings and governmental investigations (legal proceedings) as well as for decontamination to be a key audit matter. These matters are subject to inherent uncertainties and require estimates that could have a significant impact on the recognition and measurement of the respective provision and, accordingly, on assets, liabilities and financial performance. Legal proceedings are subject to uncertainties because they frequently involve complex legal issues and accordingly, considerable management judgment, in particular when determining whether and in what amount a provision is required to account for the risks. The uncertainties and estimates with respect to provisions for decontamination pertain especially to the estimated costs of decommissioning and final waste storage and the estimated time frame over which cash outflows are expected.

Auditor's response: During our audit of the financial reporting of legal proceedings, we examined the processes implemented by Siemens for identifying, assessing and accounting for legal and regulatory proceedings. To determine what potentially significant pending legal proceedings or claims asserted are known and to assess management's estimates of the expected cash outflows, our audit procedures included inquiring of management and other persons within the Company entrusted with these matters, obtaining written statements from in-house legal counsels with respect to the assessment of estimated cash outflows and their probability, obtaining confirmations from external legal advisors and evaluating internal statements concerning the accounting treatment in the annual financial statements. Furthermore, we examined legal consulting expense accounts for any indications of legal matters not yet considered.

We further considered alleged or substantiated non-compliance with legal provisions, official regulations and internal company policies (compliance violations) by inspecting internal and external statements on specific matters, obtaining written statements from external legal advisors, and by inquiring of the compliance organization. In this regard, among other procedures, we evaluated the conduct and results of internal investigations by inspecting internal reports and the measures taken to remediate identified weaknesses, and assessed whether any risks have to be accounted for in the annual financial statements.

Based on the aforementioned uncertainties, our audit procedures with respect to the provisions for decontamination focused on the remediation and environmental protection liabilities in connection with the decommissioning of the facilities in Hanau, Germany (Hanau facilities), as well as for the nuclear research and service center in Karlstein, Germany (Karlstein facilities). Our audit procedures included, among others, assessing the estimated costs for the construction, operation and decommissioning of the final storage facility, the appropriateness as audit evidence of an independent expert's report commissioned by management with regard to the estimated price inflation, evaluating the valuation methods used by drawing on the expertise of our valuation specialists, and assessing the significant estimates resulting from the long-term nature of the related obligations. Through inquiries of persons entrusted with the matter and inspections of internal and external documents, we evaluated management's assessment whether, as of September 30, 2019, Siemens continues to be subject to the German Atomic Energy Act ("Atomgesetz"), whereby radioactive waste resulting from decommissioning the nuclear facility must be reprocessed without causing damage and be delivered to a government-approved final storage facility.

Furthermore, we evaluated the disclosures on provisions for decontamination in the notes to the financial statements.

Our audit procedures did not lead to any reservations relating to the accounting for other provisions.

Reference to related disclosures: With regard to the recognition and measurement policies applied in accounting for other provisions, refer to chapter → **A.3.2 ACCOUNTING AND MEASUREMENT PRINCIPLES** in the notes to the financial statements. With respect to the legal proceedings, regulatory proceedings and governmental investigations, refer to chapter → **A.3.5 OTHER DISCLOSURES, NOTE 25 OTHER FINANCIAL OBLIGATIONS** and with respect to the uncertainties and estimates relating to the provisions for decontamination, refer to chapter → **A.3.4 NOTES TO THE BALANCE SHEET, NOTE 17 OTHER PROVISIONS** in the notes to the financial statements.

Uncertain tax positions and recoverability of deferred tax assets

Reasons why the matter was determined to be a key audit matter: The accounting for uncertain tax positions as well as deferred taxes requires management to exercise considerable judgment and make estimates and assumptions, and was therefore a key audit matter. In particular, this affects the measurement and completeness of uncertain tax positions as well as the recoverability of deferred tax assets.

Auditor's response: With the assistance of internal tax specialists who have knowledge of tax law, we examined the processes installed by management and obtained an understanding of internal controls for the identification, recognition and measurement of tax positions. In the course of our audit procedures relating to uncertain tax positions, we evaluated whether management's assessment of the tax implications of significant business transactions or events in fiscal year 2019, which could result in uncertain tax positions or influence the measurement of existing uncertain tax positions, was in compliance with tax law. In particular, this includes the tax implications arising from the acquisition or disposal of company shares, corporate (intragroup) restructuring activities, the intragroup transfer of trademark rights, and cross-border matters, such as determining transfer prices. In order to assess measurement and completeness, we also obtained confirmations from external tax advisors. Further, we evaluated management's assessments with respect to the prospects of success of appeal and tax court proceedings by inquiring of the employees of the Siemens tax department and by considering current tax case law.

In assessing the recoverability of deferred tax assets, we particularly analyzed management's assumptions with respect to projected future taxable income and compared them to internal business plans.

Our audit procedures did not lead to any reservations relating to the accounting for uncertain tax positions and the assessment of the recoverability of deferred tax assets.

Reference to related disclosures: With regard to the recognition and measurement policies applied in accounting for income taxes, refer to chapter → **A.3.2 ACCOUNTING AND MEASUREMENT PRINCIPLES** and chapter → **A.3.3 NOTES TO THE INCOME STATEMENT, NOTE 6 INCOME TAXES** and with respect to disclosures for deferred tax assets, refer to chapter → **A.3.4 NOTES TO THE BALANCE SHEET, NOTE 13 DEFERRED TAX ASSETS** in the notes to the financial statements.

Impairment of non-current financial assets

Reasons why the matter was determined to be a key audit matter: The impairment test of non-current financial assets was a key audit matter, as in particular shares in affiliated companies entail a significant risk of material misstatement due to the materiality of these assets as well as the judgment involved in assessing whether there is objective evidence to indicate a lower net realizable value and permanent impairment. The valuations of non-current financial assets also depend to a large extent on the assessment of future cash inflows and the discount rate applied.

Auditor's response: With regard to the lower net realizable values calculated by management and its assessment as to whether an impairment is expected to be permanent, we examined the underlying processes related to the planning of future cash flows as well as to the calculation of net realizable value. We assessed the underlying valuation models for the determination of net realizable value in terms of methodology and reperformed the calculations with the assistance of internal valuation specialists. We further obtained explanations from management regarding material value drivers of the planning and examined whether the budget planning reflects general and industry-specific market expectations.

Forecast accuracy was assessed on a sample basis using budget-to-actual comparisons of historically forecast data with the actual results. The parameters used to estimate net realizable value such as the estimated growth rates and the weighted average cost of capital rates were assessed by comparing them to publicly available market data and considering changes in significant assumptions, including future market conditions. We also performed our own sensitivity analyses to assess the impairment risk in the case of a reasonably possible change in one of the significant assumptions.

Our audit procedures did not lead to any reservations relating to assessing the impairment of non-current financial assets.

Reference to related disclosures: With regard to the recognition and measurement policies applied for the impairment of non-current financial assets, refer to chapter → **A.3.2 ACCOUNTING AND MEASUREMENT PRINCIPLES** in the notes to the financial statements and with respect to write-downs and write-ups of non-current financial assets, refer to chapter → **A.3.3 NOTES TO THE INCOME STATEMENT, NOTE 3 INCOME (LOSS) FROM INVESTMENTS, NET** as well as chapter → **A.3.4 NOTES TO THE BALANCE SHEET, NOTE 10 NON-CURRENT ASSETS** in the notes to the financial statements.

Transfer of Siemens-trademark rights

Reasons why the matter was determined to be a key audit matter: In our view, the transfer of the "Siemens" trademark, consisting of a portfolio of trademarks with the "Siemens" component, from Siemens AG to a subsidiary harbors a significant risk of material misstatement on account of the materiality of the shares received by Siemens AG and recognized at an amount equal to the fair value of the asset transferred as well as the resulting earnings effect. The determination of the fair value is subject to judgment, in particular in respect of the derivation of the revenue relevant to the trademark, the underlying royalty rates and the use of further measurement assumptions. Consequently, the transfer of the Siemens-trademark rights was determined to be a key audit matter.

Auditor's response: Our audit procedures included evaluating the appropriateness as audit evidence of the expert opinion commissioned by management from an independent expert. In respect of the valuation, we involved internal valuation specialists to assess whether the income approach for the valuation was chosen in line with its purpose. In addition, we obtained an understanding of the underlying planning period and the valuation method (relief from royalty method) chosen to determine the fair value of the Siemens trademark rights and reperformed the calculations.

We also considered the underlying processes in connection with the planning of future cash flows and analyzed whether the revenue and earnings contributions relevant to trademarks were derived from corporate planning. We had the material value drivers and estimated growth rates explained to us and examined whether budget planning reflects the general and industry-specific market expectations. We performed a budget-to-actual comparison of the historically forecast data and the actual results on a sample basis to assess forecast accuracy.

We analyzed the range of royalty rates that was determined against publicly accessible databases for licensing agreements and data from purchase price allocations. We also evaluated the cost-benefit analysis presented to us to take account of qualitative factors and business division-specific margins used.

We had management explain the assumptions used to determine the asset-specific cost of capital rates and compared these with publicly available market data. To be able to assess a possible risk of changes in value if one of the key assumptions were to change, we carried out our own sensitivity analyses and plausibility checks.

Furthermore, we evaluated the disclosures on the transfer of Siemens trademark rights provided in the notes to the financial statements.

Our audit procedures did not lead to any reservations relating to the accounting for the transfer of Siemens trademark rights.

Reference to related disclosures: In respect of the accounting policies used for the transfer of Siemens trademark rights, please refer to the disclosures in the notes to the financial statements in chapter → **A.3.2 ACCOUNTING AND MEASUREMENT PRINCIPLES**, chapter → **A.3.3 NOTES TO THE INCOME STATEMENT, NOTE 2 OTHER OPERATING INCOME** and to chapter → **A.3.4 NOTES TO THE BALANCE SHEET, NOTE 10 NON-CURRENT ASSETS** and chapter → **A.3.5 OTHER DISCLOSURES, NOTE 25 OTHER FINANCIAL OBLIGATIONS** in the notes to the annual financial statements.

OTHER INFORMATION

The Supervisory Board is responsible for the Report of the Supervisory Board in chapter ↗ **c.3** of the Annual Report 2019. In all other respects, management is responsible for the other information.

The other information, of which we received a version prior to issuing this auditor's report, includes:

- the Responsibility Statement according to Sec. 264 (2) Sentence 3 and Sec. 289 (1) Sentence 5 HGB in chapter → **B.1** of the report "Annual Financial Statements of Siemens AG for the fiscal year ended September 30, 2019",
- the notes in chapter → **B.3** of the report "Annual Financial Statements of Siemens AG for the fiscal year ended September 30, 2019",
- the Responsibility Statement in chapter ↗ **c.1** of the Annual Report 2019,
- the Report of the Supervisory Board in chapter ↗ **c.3** of the Annual Report 2019,
- Corporate Governance in chapter ↗ **c.4** of the Annual Report 2019, and
- Notes and forward-looking statements in chapter ↗ **c.5** of the Annual Report 2019.

Our opinions on the annual financial statements and on the management report do not cover the other information, and consequently we do not express an opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information, and, in so doing, to consider whether the other information

- is materially inconsistent with the annual financial statements, with the management report or our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THE SUPERVISORY BOARD FOR THE ANNUAL FINANCIAL STATEMENTS AND THE MANAGEMENT REPORT

Management is responsible for the preparation of the annual financial statements that comply, in all material respects, with the requirements of German commercial law applicable to business corporations, and that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles. In addition, management is responsible for such internal control as it, in accordance with German legally required accounting principles has determined necessary to enable the preparation of annual financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the annual financial statements, management is responsible for assessing the Company's ability to continue as a going concern. It also has the responsibility for disclosing, as applicable, matters related to going concern. In addition, it is responsible for financial reporting based on the going concern basis of accounting, provided no actual or legal circumstances conflict therewith.

Furthermore, management is responsible for the preparation of the management report that as a whole provides an appropriate view of the Company's position and is, in all material respects, consistent with the annual financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. In addition, management is responsible for such arrangements and measures (systems) as management has considered necessary to enable the preparation of a management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the management report.

The Supervisory Board is responsible for overseeing the Company's financial reporting process for the preparation of the annual financial statements and of the management report.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND OF THE MANAGEMENT REPORT

Our objectives are to obtain reasonable assurance about whether the annual financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the management report as a whole provides an appropriate view of the Company's position and, in all material respects, is consistent with the annual financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our opinions on the annual financial statements and on the management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Sec. 317 HGB and the EU Audit Regulation as well as in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the IDW and in supplementary compliance with ISA will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual financial statements and this management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual financial statements and of the management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit of the annual financial statements and of arrangements and measures (systems) relevant to the audit of the management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of these systems of the Company.

- Evaluate the appropriateness of accounting policies used by management and the reasonableness of estimates made by management and related disclosures.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the annual financial statements and in the management report or, if such disclosures are inadequate, to modify our respective opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual financial statements, including the disclosures, and whether the annual financial statements present the underlying transactions and events in a manner that the annual financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Company in compliance with German legally required accounting principles.
- Evaluate the consistency of the management report with the annual financial statements, its conformity with German law and the view of the Company's position it provides.
- Perform audit procedures on the prospective information presented by management in the management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by management as a basis for the prospective information, and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the annual financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

Other legal and regulatory requirements

FURTHER INFORMATION PURSUANT TO ART. 10 OF THE EU AUDIT REGULATION

We were elected as auditor by the Annual Shareholders' Meeting on January 30, 2019. We were engaged by the Supervisory Board on January 30, 2019. We have been the auditor of Siemens Aktiengesellschaft without interruption since the fiscal year from October 1, 2008 to September 30, 2009.

We declare that the opinions expressed in this auditor's report are consistent with the additional report to the Audit Committee pursuant to Art. 11 of the EU Audit Regulation (long-form audit report).

In addition to the financial statement audit, we have provided to the Company or entities controlled by it the following services that are not disclosed in the annual financial statements or in the management report:

In addition to auditing the statutory financial statements of Siemens AG, we performed the statutory audit of Siemens' consolidated financial statements, audits of financial statements of subsidiaries of Siemens AG, reviews of interim financial statements integrated in the audit, project-based IT audits as well as audit services in connection with the implementation of new accounting standards.

Audit-related services include primarily audits of financial statements as well as other attestation services in connection with M&A activities, attestation services related to the sustainability reporting, comfort letters and other attestation services required under regulatory requirements, contractually agreed or requested on a voluntary basis.

German Public Auditor responsible for the engagement

The German Public Auditor responsible for the engagement is Thomas Spannagl.

Munich, December 3, 2019

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft



Spannagl
Wirtschaftsprüfer
[German Public Auditor]



Breitsameter
Wirtschaftsprüferin
[German Public Auditor]

B.3 Further Information

Due to rounding, numbers presented throughout this and other documents may not add up precisely to the totals provided and percentages may not precisely reflect the absolute figures.

This document is an English language translation of the German document. In case of discrepancies, the German language document is the sole authoritative and universally valid version.

For technical reasons, there may be differences between the accounting records appearing in this document and those published pursuant to legal requirements.

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