

## A.1 Report of the Supervisory Board

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Dear shareholders,

Overall, fiscal 2011 was a very successful year for Siemens AG. In the first half-year, the Company profited from an economic recovery that was stronger than expected. In the summer, however, economic uncertainties began to increase due to the debt and financial crisis.

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In fiscal 2011, the Supervisory Board performed the duties assigned to it by law, the Siemens Articles of Association and the Bylaws for the Supervisory Board. We regularly advised the Managing Board on the management of the Company and monitored the Managing Board's activities. We were directly involved in all major decisions regarding the Company. In written and oral reports, the Managing Board regularly provided us with timely and comprehensive information on Company planning and business operations as well as on the strategic development and current state of the Company. Deviations from business plans were explained to us in detail. The Managing Board coordinated with us the Company's strategic orientation. On the basis of reports submitted by the Managing Board, we considered in detail all business transactions of major significance to the Company. The proposals made by the Managing Board were approved after detailed examination and consultation. We held a total of six regular meetings and two extraordinary meetings.

In my capacity as Chairman of the Supervisory Board, I was in regular contact with the Managing Board between Supervisory Board meetings and was kept up-to-date on current developments in the Company's business situation and on key business transactions. At separate strategy meetings, I discussed with the Managing Board the perspectives and future orientation of the Company's individual businesses.

#### Work in the Supervisory Board committees

To ensure the efficiency of its work, the Supervisory Board has a total of six standing committees to prepare the proposals for the Supervisory Board as well as the issues to be dealt with at the Board's plenary meetings. Where legally permissible, the Supervisory Board's decision-making powers are also delegated to these committees. The chairmen of the committees report to the Supervisory Board on the committees' work at the subsequent Board meetings. The composition of the individual Supervisory Board committees and the number of committee meetings and decisions are shown on pages 268-269 of Part II of this Annual Report.

The **Chairman's Committee** met seven times in fiscal 2011. It also voted on two proposals using a notional, or written, voting process. Between meetings, I discussed topics of particular importance to the Company with the members of the Chairman's Committee. The Committee dealt with corporate-governance-related matters, including the Declaration of Conformity with the German Corporate Governance Code, with the preparation of decisions concerning Managing Board compensation, with the assumption by Managing Board members of positions in other companies and with a variety of personnel-related topics.

The **Mediation Committee** was not required to meet in fiscal 2011. The **Finance and Investment Committee** met four times. The focuses of its meetings included the further development of the Company's medium-term strategy, the establishment of the Infrastructure & Cities Sector and the approval of Company investment projects. The Committee also voted on six proposals using the notational voting process.

The **Audit Committee** met eight times. In the presence of the independent auditors, the President and Chief Executive Officer, the Chief Financial Officer and the General Counsel, the Committee discussed the financial statements and the combined management's discussion and analysis for Siemens AG and Siemens worldwide, the proposal for the appropriation of net income and the Annual Report on Form 20-F for the U.S. Securities and Exchange Commission (SEC). In addition, the Audit Committee made a recommendation to the Supervisory Board regarding the Supervisory Board's proposal to the Annual Shareholders' Meeting concerning the election of the independent auditors. The Audit Committee also gave in-depth consideration to the appointment of the independent auditors for fiscal 2011, to monitoring the auditors' independence and qualifications as well as the additional services they perform, to determining their fee and to the audit reviews of the Company's quarterly reports and the half-year financial report. In addition, the Audit Committee dealt with the Company's financial reporting process and risk management system and with the effectiveness, resources and findings of the internal audit as well as with reports concerning potential and pending legal disputes. The Audit Committee also focused on Company compliance with the provisions of Section 404 of the Sarbanes-Oxley Act (SOA) and on the internal audit of the effectiveness of anti-corruption measures. In addition, separate meetings were held with the independent auditors.

The **Compliance Committee** met four times in fiscal 2011. At its meetings, which were generally attended by Dr. Theodor Waigel in his capacity as Monitor, the Committee discussed primarily the quarterly reports submitted by the Chief Compliance Officer and / or the Chief Counsel Compliance.

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

Regular topics of discussion at the Supervisory Board's plenary meetings were revenue, profit and employment development at Siemens AG, at the Sectors and at Siemens worldwide as well as the Company's financial position and its major investment and divestment projects. The Managing Board reported to us regularly and comprehensively on Company planning and on the Company's strategic development, business operations and current situation.

At our meeting on November 10, 2010, we discussed the key financial figures for fiscal 2010 and approved the budget for 2011. We also determined the compensation of Managing Board members for fiscal 2010 on the basis of their achievement of performance-related targets. The appropriateness of this compensation was confirmed by an independent compensation consultant.

At our meeting on December 1, 2010, we primarily discussed the financial statements and the combined management's discussion and analysis for Siemens AG and Siemens worldwide as of September 30, 2010 as well as the agenda for the Annual Shareholders' Meeting on January 25, 2011. We also discussed the Annual Report for 2010 – in particular, the "Corporate Governance report" included therein – and established the targets for Managing Board compensation in fiscal 2011.

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At an extraordinary meeting on December 14, 2010, we discussed the future of Siemens IT Solutions and Services and approved the transfer of this business to Atos S.A. (AtoS).

At our meeting on January 24, 2011, the Managing Board reported on the Company's business and financial position following the conclusion of the first quarter. At this meeting, we also approved increasing the stake in Siemens Limited (India) to 75%.

At an extraordinary meeting on March 28, 2011, we considered the further development of the Company's organization. We approved the preparation of a public listing for the OSRAM Division as well as the establishment of the Infrastructure & Cities Sector and the resulting changes in the assignment of Managing Board responsibilities and in the Bylaws for the Managing Board. We also approved Wolfgang Dehen's resignation from the Managing Board as of March 31, 2011, prior to the expiration of his appointment. In addition, we appointed Roland Busch, Klaus Helmrich and Michael Süß to the Managing Board, effective April 1, 2011. Roland Busch was appointed CEO of the Infrastructure & Cities Sector; Michael Süß was appointed CEO of the Energy Sector; and Klaus Helmrich was appointed Head of the Corporate Technology Department.

At our meeting on May 3, 2011, the Managing Board reported on the Company's business and financial position following the conclusion of the second quarter of fiscal 2011. At this meeting, we also discussed the setup of the new Infrastructure & Cities Sector, the Company's sustainability concept and topics related to employee diversity. In addition, we approved the adjustment of one aspect of the system of Managing Board compensation.

At our meeting on July 27, 2011, we discussed the Company's business and financial position following the conclusion of the third quarter. We approved a regulation regarding the age limit stipulated in the sample employment contract for Managing Board members and governing the extension of Managing Board appointments. We also approved a five-year extension of the appointment of Peter Löscher as a full member of the Managing Board and as President and Chief Executive Officer and a five-year extension of the appointments of Siegfried Russwurm and Peter Y. Solmssen as full members of the Managing Board, effective April 1, 2012. At this meeting, we also discussed the decision of the arbitral tribunal in the proceedings between Areva S.A. and Siemens as well as the economic development of the Company's Equity Investments segment. Finally, we commissioned an independent external compensation consultant to review the appropriateness of Managing Board compensation for fiscal 2011.

At our meeting on September 21, 2011, the Managing Board provided us with an overview of the current state of the Company. The Industry Sector also reported on the situation in its business. In addition, we discussed the Company's business activities in the emerging countries and employee diversity at the Company and received a report on supply chain management at Siemens. Finally, we reviewed the efficiency of the Supervisory Board's work.

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## Corporate Governance Code

The Supervisory Board concerned itself with the provisions of the German Corporate Governance Code. Information on corporate governance at the Company and a detailed report on the level and structure of the compensation paid to the members of the Supervisory and Managing Boards is provided on pages 25 - 30 and 36 - 49 of Part II of this Annual Report. At their meetings on September 14 and 21, 2011, the Managing and Supervisory Boards approved the issuance of a Declaration of Conformity pursuant to Section 161 of the German Stock Corporation Act (Aktiengesetz), stating that the Company has complied with all the recommendations of the German Corporate Governance Code since the issuance of the Declaration of Conformity of December 7, 2010, that it now complies with those recommendations and that it will continue to comply with them in the future, with the sole exception that the current compensation rules for the Supervisory Board do not stipulate a performance-related compensation component. This Declaration of Conformity has been made available to shareholders on the Company's website.

## Detailed discussion of the financial statements

Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft audited the Annual Financial Statements of Siemens AG, the Consolidated Financial Statements of Siemens worldwide and the combined management's discussion and analysis for Siemens AG and Siemens worldwide for the fiscal year ended September 30, 2011 in accordance with the requirements of the German Commercial Code (HGB) and approved them without reservation. The Annual Financial Statements of Siemens AG and the combined management's discussion and analysis for Siemens AG and Siemens worldwide were prepared in accordance with the requirements of German commercial law. The Consolidated Financial Statements of Siemens worldwide were prepared in accordance with the International Financial Reporting Standards (IFRS) as these are to be applied in the European Union (EU) and with the requirements of German commercial law pursuant to Section 315a, paragraph 1 of the HGB. The audit conducted by the independent auditors complied with the generally accepted German standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW) and with the International Standards on Auditing (ISA). The above-mentioned documents as well as the Managing Board's proposal for the appropriation of net income were submitted to us by the Managing Board in a timely manner. The Audit Committee discussed these documents in detail at its meetings on November 8 and 29, 2011.

The audit reports prepared by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft were distributed to all members of the Supervisory Board and comprehensively reviewed at our meeting on November 30, 2011 in the presence of the independent auditors, who reported on the main findings of their audit. The independent auditors also reported that there were no major weaknesses in the Company's internal audit or risk management systems. At this meeting, the Managing Board explained the financial statements of Siemens AG and Siemens worldwide as well as the Company's risk management system. The independent auditors also discussed the scope, focal points and costs of the audit.

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We concur with the results of the audit. Following the definitive findings of the examination by the Audit Committee and our own examination, we have no objections. In view of our approval, the financial statements prepared by the Managing Board are accepted as submitted. We endorse the Managing Board's proposal that the net income available for distribution be used to pay out a dividend of €3.00 per share entitled to a dividend and that the amount of net income attributable to shares of stock not entitled to receive a dividend for fiscal 2011 be carried forward.

#### **Changes in the composition of the Supervisory and Managing Boards**

Effective March 31, 2011, Wolfgang Dehen resigned from the Managing Board, with Supervisory Board approval. The Supervisory Board appointed Roland Busch, Klaus Helmrich and Michael Süß full members of the Managing Board, effective April 1, 2011. Roland Busch was appointed CEO of the Infrastructure & Cities Sector; Michael Süß was appointed CEO of the Energy Sector; and Klaus Helmrich was appointed Head of the Corporate Technology Department.

The Supervisory Board would like to thank the members of the Managing Board as well as the employees and employee representatives of all Siemens companies for their work. Together, they helped make fiscal 2011 another very successful year for Siemens.

For the Supervisory Board



Dr. Gerhard Cromme  
Chairman  
Berlin and Munich, November 30, 2011