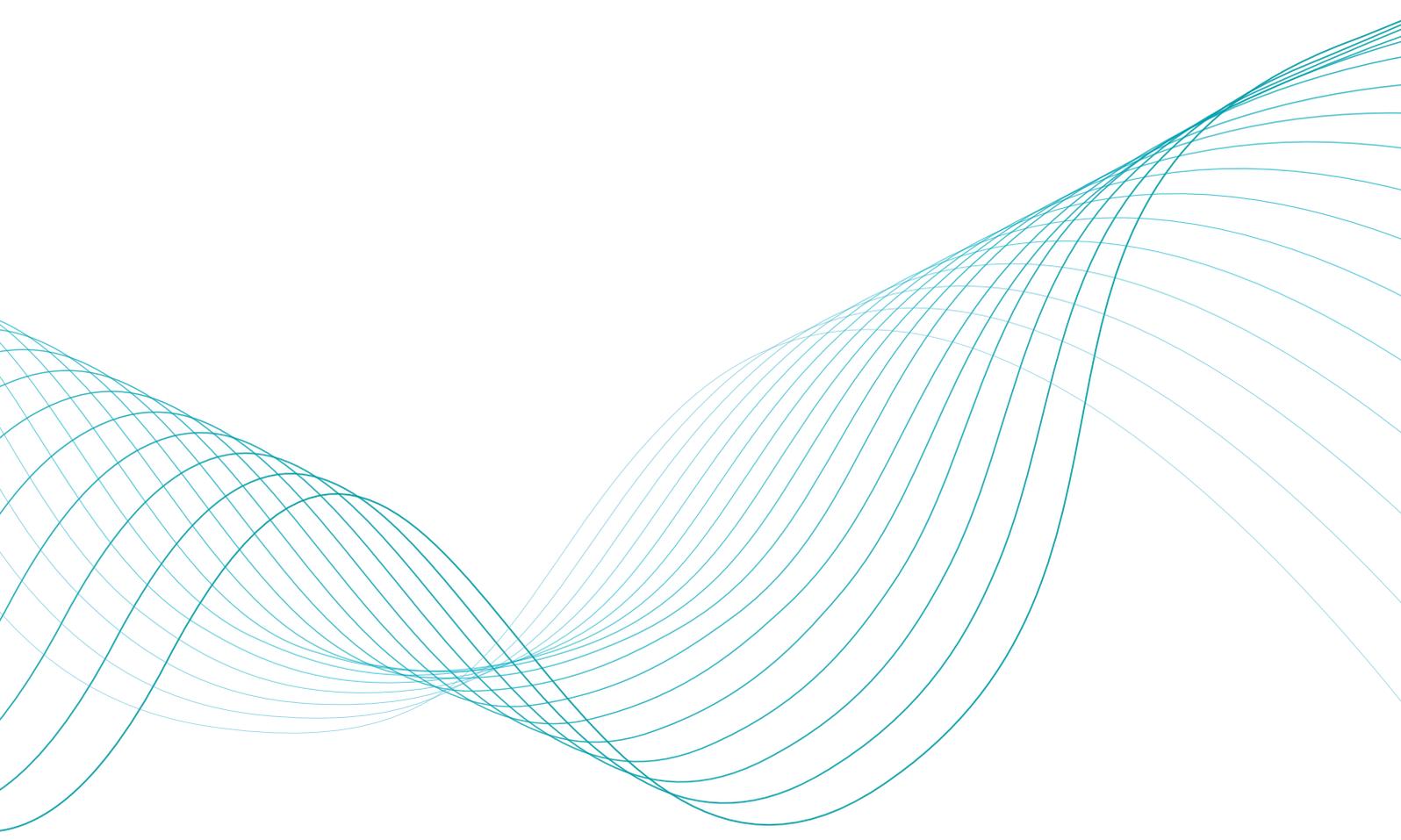


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Annual Financial Statements of Siemens AG

for the fiscal year ended September 30, 2018

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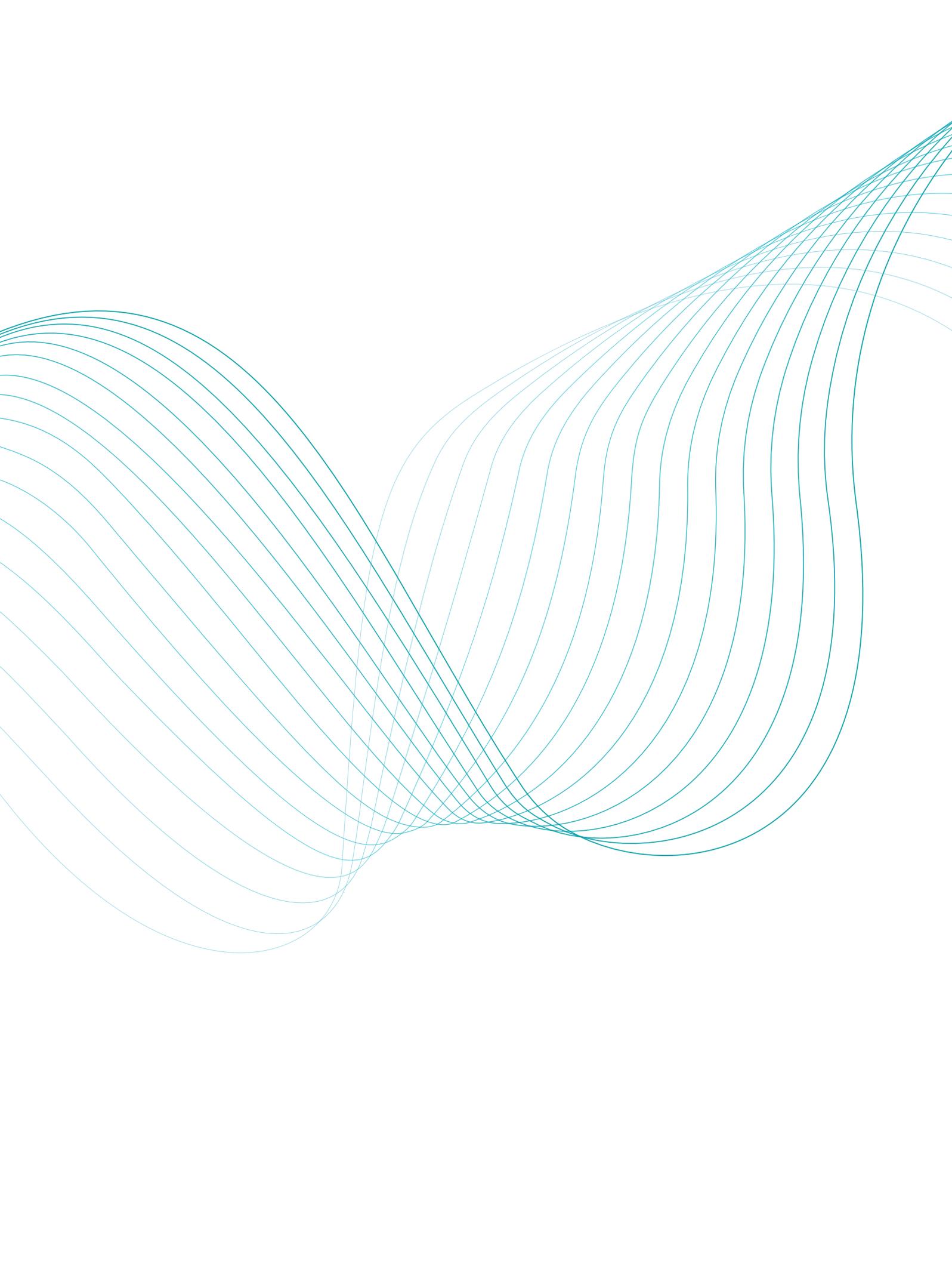


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Combined Management Report

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 2018 Annual Report of the Siemens Group.

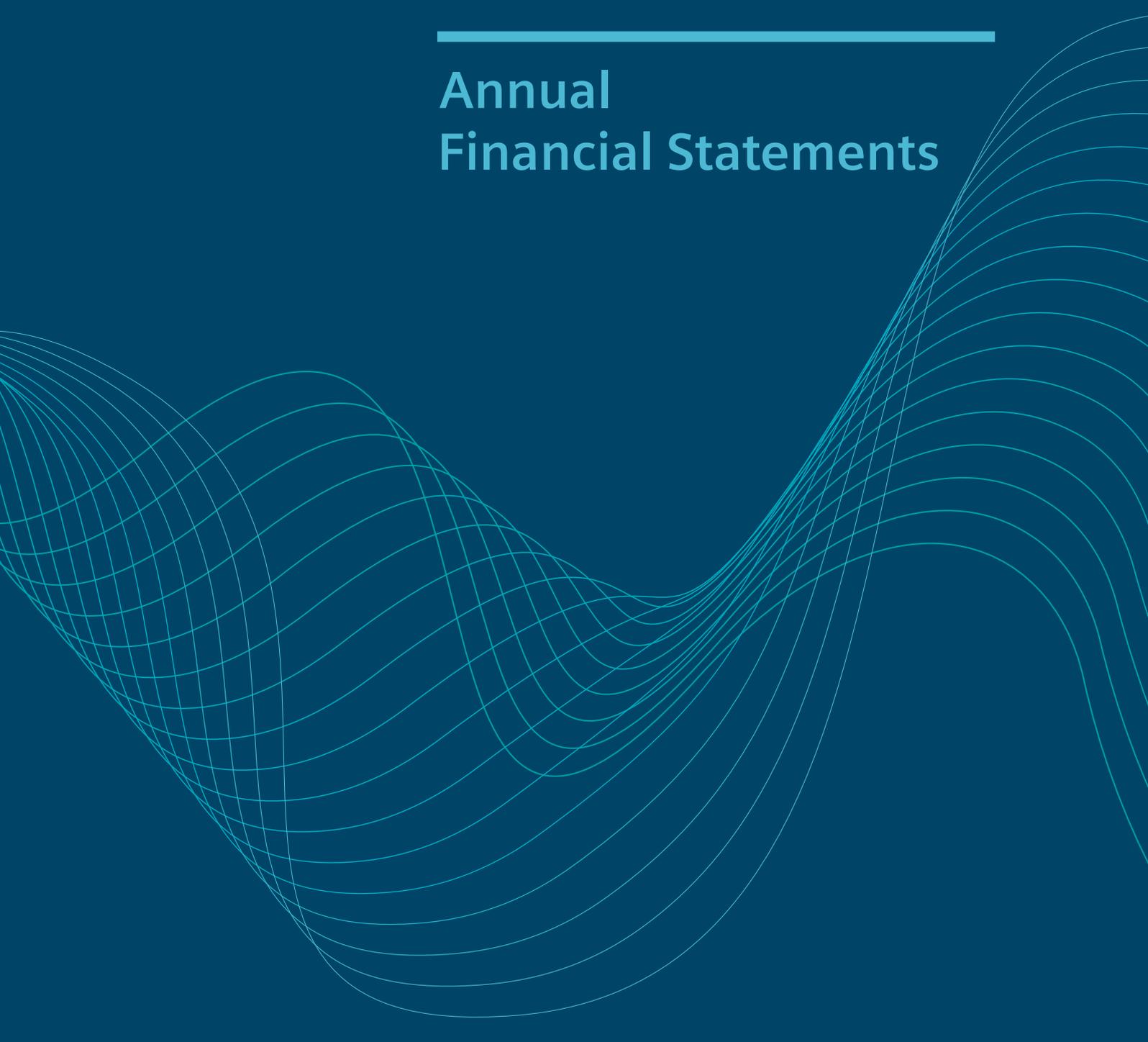
The Annual Financial Statements and the Combined Management Report of Siemens AG for the fiscal year 2018 are filed with the operator of the German Federal Gazette and published in the German Federal Gazette.

The Annual Financial Statements of Siemens AG as well as the Annual Report of the Siemens Group for the fiscal year 2018 are also available for download on the Internet at:

 WWW.SIEMENS.COM/FINANCIAL-REPORTS

A.

Annual
Financial Statements

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A.1 Income Statement

(in millions of €)	Note	2018	Fiscal year 2017
Revenue	1	28,185	26,888
Cost of sales		(21,074)	(19,979)
Gross profit		7,111	6,909
Research and development expenses		(2,788)	(2,619)
Selling expenses		(2,566)	(2,613)
General administrative expenses		(1,201)	(1,013)
Other operating income	2	295	383
Other operating expenses	2	(294)	(413)
Income from operations		557	633
Income (loss) from investments, net	3	5,381	3,798
Interest income	4	333	319
<i>thereof negative interest from financial investments</i>		(16)	(8)
Interest expenses	4	(70)	51
<i>thereof positive interest from borrowings</i>		147	141
Other financial income (expenses), net	5	(1,003)	(340)
Income from business activity		5,199	4,462
Income taxes	6	(653)	(385)
Net income		4,547	4,076
Appropriation of net income	27		
Net income		4,547	4,076
Profit carried forward		134	146
Allocation to other retained earnings		(1,451)	(1,077)
Unappropriated net income		3,230	3,145

A.2 Balance Sheet

(in millions of €)	Note	September 30, 2018	2017
Assets			
Non-current assets			
	10		
Intangible assets		425	523
Property, plant and equipment		1,469	1,825
Financial assets		55,747	44,802
		57,641	47,150
Current assets			
Inventories	11	8,244	13,521
Advance payments received		(8,244)	(13,521)
		-	-
Receivables and other assets	12		
Trade receivables		2,051	1,809
Receivables from affiliated companies		15,071	15,966
Other receivables and other assets		1,114	2,109
		18,236	19,884
Securities		677	85
Cash and cash equivalents		2,500	799
		21,413	20,769
Prepaid expenses		163	87
Deferred tax assets	13	2,064	2,174
Active difference resulting from offsetting	14	62	60
Total assets		81,344	70,239
Shareholders' equity and liabilities			
Shareholders' equity			
	15		
Subscribed capital ¹		2,550	2,550
Treasury shares		(120)	(103)
Issued capital		2,430	2,447
Capital reserve		8,086	7,964
Other retained earnings		8,303	7,568
Unappropriated net income		3,230	3,145
		22,049	21,123
Special reserve with an equity portion		671	681
Provisions			
Provision for pensions and similar commitments	16	11,885	11,761
Other provisions	17	6,011	7,417
		17,896	19,178
Liabilities			
	18		
Liabilities to banks		53	81
Advance payments received on orders		1,504	750
Trade payables		1,688	1,902
Liabilities to affiliated companies		35,384	24,116
Other liabilities		1,791	2,047
		40,420	28,896
Deferred income		308	361
Total shareholders' equity and liabilities		81,344	70,239

¹ Conditional Capital as of September 30, 2018 and 2017 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).

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, impairment is particularly assumed to be other than temporary, if the stock exchange price is below its acquisition costs, either 20% continuously over a period of six months or 10% on a monthly average over the past twelve months. Loans bearing no interest or bearing interest below market conditions are discounted to present value.

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).

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 personnel restructuring measures determined in fiscal 2018 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.

Carve-out of the mobility business: The mobility business of Siemens AG was transferred to Siemens Mobility GmbH, Germany, on August 1, 2018, within the intended combination of the mobility business with Alstom SA, France, by means of singular succession. The carve-out primarily results in an increase in shares in affiliated companies, and a decrease in property, plant and equipment, inventories, provisions for pensions, and other provisions.

A.3.3 Notes to the Income Statement

NOTE 1 Revenue

Revenue also includes proceeds from leasing and granting licenses.

Revenue by lines of business (in millions of €)	Fiscal year 2018
Power and Gas	6,390
Energy Management	4,399
Building Technologies	1,404
Mobility	4,514
Digital Factory	6,922
Process Industries and Drives	3,984
Siemens Real Estate	895
Infrastructure and support services less internal revenue	1,378 (1,701)
Revenue	28,185

Revenue by region (in millions of €)	Fiscal year 2018
Europe, C.I.S., Africa, Middle East	21,753
Americas	2,006
Asia, Australia	4,425
Revenue	28,185

NOTE 2 Other operating income and expenses

Other operating income included, among others, earnings from the release of provisions. Income from the release of the special reserve with an equity portion amounted to €10 million.

Other operating expenses included, among others, expenses related to portfolio measures.

NOTE 3 Income (loss) from investments, net

(in millions of €)	Fiscal year	
	2018	2017
Income from investments	3,147	2,039
<i>thereof from affiliated companies</i>	3,081	1,967
Income from profit transfer agreements with affiliated companies	2,490	3,369
Expenses from loss transfers from affiliated companies	(24)	(5)
Impairments on investments	(313)	(1,665)
Reversals of impairments on investments	5	28
Gains from the disposal of investments	77	41
Losses from the disposal of investments	-	(9)
Income (loss) from investments, net	5,381	3,798

Income from investments included in particular profit distributions from Siemens Ltd., China, amounting to €2,207 million.

Income from profit transfer agreements included mainly profit transfers from Siemens Beteiligungen Inland GmbH, Germany, amounting to €1,415 million, and from Siemens Healthcare GmbH, Germany, amounting to €778 million. A controlling and profit and loss transfer agreement concluded with Siemens Healthcare GmbH was terminated effective March 31, 2018.

Impairments on investments included in particular an impairment of a joint venture amounting to €199 million.

NOTE 4 Interest income and interest expenses

Interest income from affiliated companies amounted to €302 (2017: €276) million. Interest expenses from affiliated companies amounted to €44 (2017: income of €83) million. Interest income from loans of non-current financial assets amounted to €73 (2017: €80) million.

NOTE 5 Other financial income (expenses), net

(in millions of €)	Fiscal year	
	2018	2017
Interest component of changes in the pension provisions that are not offset against designated plan assets	(940)	(813)
Financial income (expenses), (net) relating to the pension and personnel-related provisions that are offset against designated plan assets	(39)	2
Other financial income	302	788
Other financial expenses	(309)	(296)
Impairments and reversal of impairments of loans and securities of non-current and current assets	(17)	(21)
Other financial income (expenses), net	(1,003)	(340)

Financial income (expenses), net related to the pension and personnel-related provisions that are offset against designated plan assets represents a net amount which includes offset income totaling €18 (2017: €36) million and expenses totaling €57 (2017: 34) million.

Other financial income primarily included earnings from the release of provisions for risks from derivative financial instruments totaling €101 (2017: €466) million, as well as earnings totaling €189 (2017: €34) million from the realization of monetary items denominated in foreign currencies.

Other financial expenses included mainly expenses resulting from the realization of monetary items denominated in foreign currencies totaling €230 (2017: €107) million. In addition, the position included expenses from compounding of provisions, of which €66 (2017: €85) million resulted from the compounding of other provisions, and income of €1 (2017: expenses of €3) million resulted from the discounting of tax provisions.

Of the impairments and reversal of impairments of loans and securities of non-current and current assets, €16 (2017: €26) million related to affiliated companies.

NOTE 6 Income taxes

(in millions of €)	Fiscal year	
	2018	2017
Income tax expenses	(543)	(304)
Deferred taxes	(109)	(81)
Income taxes	(653)	(385)

Higher income tax expenses are based in part on the increase of foreign withholding taxes. In addition, income taxes included deferred tax expenses and deferred tax benefits resulting from the origination and reversal of temporary differences.

NOTE 7 Other taxes

Other taxes of €25 (2017: €32) 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 €7 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 €215 (2017: €43) million and of €1,103 (2017: €1,291) 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				Sep 30, 2018
	Oct 01, 2017	Additions	Reclassifications	Retirements/disposals	
Intangible assets					
Concessions and industrial property rights	1,179	41	–	(167)	1,053
Goodwill	239	1	–	(91)	149
	1,418	42	–	(257)	1,202
Property, plant and equipment					
Land, land rights and buildings, including buildings on third-party land	928	26	19	(295)	677
Technical equipment and machinery	2,955	99	42	(642)	2,455
Other equipment, plant and office equipment	1,874	210	15	(488)	1,611
Equipment leased to others	157	27	–	(32)	152
Advanced payments made and construction in progress	132	97	(76)	(28)	125
	6,046	460	–	(1,485)	5,021
Financial assets					
Shares in affiliated companies	35,258	18,658	21	(6,876)	47,061
Shares in investments	2,286	55	(21)	(161)	2,160
Loans	2,875	924	–	(626)	3,172
Securities	7,513	94	–	(1,160)	6,446
	47,931	19,732	–	(8,823)	58,840
	55,395	20,234	–	(10,565)	65,063

The additions and disposals in Shares in affiliated companies were primarily related to the preparation of the public listing of Siemens Healthineers:

1. A capital increase at Siemens Healthineers Holding III B.V., Netherlands, resulted in an addition of €3,513 million.
2. The contribution of the carrying amount of the investment in Siemens Healthineers Holding III B.V., Netherlands, into Siemens Beteiligungsverwaltung GmbH & Co. OHG, Germany, resulted in a disposal of €3,513 million.
3. All shares in Siemens Medical Solutions USA, Inc., U.S., in Siemens Healthineers Holding III B.V., Netherlands, and in Siemens Medical Solutions Diagnostics Holding I B.V., Netherlands, were contributed to Siemens Beteiligungsverwaltung GmbH & Co. OHG, Germany. Related to these transactions, Siemens AG recorded additions of €5,401 million.

4. A contribution of all shares in Siemens Healthcare GmbH, Germany, including the pension assets, into Siemens Healthineers AG, Germany, resulted in an addition of €2,503 million, and resulted in a disposal of €1,729 million regarding the shares in Siemens Healthcare GmbH, Germany, and resulted in a disposal of securities due to the transfer of pension assets into Siemens Healthineers AG, Germany, of €650 million.

Related to the intended combination of the mobility business with Alstom SA, France, additions were recorded in Shares in affiliated companies due to contributions in cash and kind from Siemens AG into Siemens Mobility GmbH, Germany (addition of €1,550 million) and due to a capital increase at Siemens Mobility Holding B.V., Netherlands (addition of €1,140 million).

	Oct 01, 2017	Depreciation/ amortization	Write-ups	Additions	Accumulated depreciation/amortization		Carrying amount	
					Retirements/ disposals	Sep 30, 2018	Sep 30, 2018	Sep 30, 2017
	(681)	(73)	–	(3)	123	(634)	419	498
	(214)	(7)	–	–	79	(143)	6	25
	(895)	(80)	–	(4)	202	(777)	425	523
	(523)	(16)	–	–	154	(385)	292	404
	(2,219)	(142)	–	(1)	473	(1,887)	567	736
	(1,379)	(224)	–	–	416	(1,187)	425	495
	(100)	(10)	–	–	18	(92)	60	57
	–	–	–	–	–	–	125	132
	(4,221)	(391)	1	(1)	1,061	(3,551)	1,469	1,825
	(2,495)	(108)	5	–	344	(2,253)	44,808	32,763
	(606)	(206)	–	–	1	(811)	1,349	1,679
	(6)	(1)	–	–	–	(7)	3,165	2,868
	(22)	–	–	–	–	(22)	6,425	7,491
	(3,129)	(314)	5	–	345	(3,093)	55,747	44,802
	(8,245)	(785)	6	(5)	1,608	(7,421)	57,641	47,150

Other additions in Shares in affiliated companies resulted from a contribution of shares in Mentor Graphics (Holdings) Unlimited Company, Ireland, into Kyros 53 GmbH, Germany (addition of €1,885 million) as well as from a purchase of additional shares in Atecs Mannesmann GmbH, Germany, from Siemens Beteiligungen Inland GmbH, Germany (addition of €1,422 million).

Changes in Loans included additions totaling €494 million and disposals totaling €117 million concerning Siemens Bank GmbH, Germany.

Loans included loans to affiliated companies amounting to €2,828 (2017: €2,657) million, loans to investments amounting to €126 (2017: €47) million, and other loans amounting to €211 (2017: €164) million.

Securities presented within non-current assets included shares in investment funds.

Total impairments within non-current assets were €337 (2017: €1,671) million.

NOTE 11 Inventories

(in millions of €)	Sep 30,	
	2018	2017
Raw materials and supplies	834	835
Work in progress	889	1,403
Finished products and goods	439	695
Cost of unbilled contracts	5,751	9,522
Advance payments made	332	1,066
Inventories	8,244	13,521

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, 2018	thereof	Sep 30, 2017	thereof
		maturities more than one year		maturities more than one year
Trade receivables	2,051	71	1,809	35
Receivables from affiliated companies	15,071	4,865	15,966	2,411
Other receivables and other assets	1,114	180	2,109	184
<i>thereof from long-term investees</i>	105	95	75	61
<i>thereof other assets</i>	1,009	86	2,034	123
Receivables and other assets	18,236	5,116	19,884	2,630

Receivables from affiliated companies resulted primarily from intragroup-financing activities and included trade receivables totaling €79 (2017: €75) million.

NOTE 13 Deferred tax assets

The total deferred tax assets resulted mainly from Pension provisions, pension-related assets and Other provisions. For the measurement of deferred tax assets a tax rate of 31.44% was applied. Deviating from this, a tax rate of 15.83% was applied for temporary differences of assets, liabilities and prepaid/deferred items of partnerships.

NOTE 14 Active difference resulting from offsetting

(in millions of €)	Sep 30, 2018
Fair value of designated plan assets	1,189
Settlement amount for offset pension provisions	(829)
Settlement amount for offset personnel-related provisions	(299)
Active difference resulting from offsetting	62
Acquisition cost of designated plan assets	1,069

NOTE 15 Shareholders' equity

(in millions of €)	Oct 01, 2017	Share buybacks	Fulfillment of exercised warrants	Issuance of treasury shares under share-based payments and employee share programs	Dividend 2017	Net income	Sep 30, 2018
Subscribed capital	2,550	–	–	–	–	–	2,550
Treasury shares	(103)	(40)	–	23	–	–	(120)
Issued capital	2,447	(40)	–	23	–	–	2,430
Capital reserve	7,964	–	–	122	–	–	8,086
Other retained earnings	7,568	(1,429)	4	709	–	1,451	8,303
Unappropriated net income	3,145	–	–	–	(3,011)	3,096	3,230
Shareholders' equity	21,123	(1,468)	4	854	(3,011)	4,547	22,049

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.

AUTHORIZED CAPITAL (NOT ISSUED)

As of September 30, 2018, the total unissued authorized capital of Siemens AG consisted of a nominal amount of €618.6 million that may be issued in installments with varying terms by issuance of up to 206.2 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 28, 2014, the Managing Board is authorized to increase, with the approval of the Supervisory Board, the capital stock until January 27, 2019 by up to €528.6 million through the issuance of up to 176.2 million registered shares against cash contributions and/or contributions in kind (Authorized

Capital 2014). 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.

SUBSCRIPTION RIGHTS OF ISSUED BONDS WITH WARRANT UNITS

In February 2012, Siemens issued bonds with warrant units with a volume of US\$3 billion in two tranches. Since the spin-off of OSRAM Licht AG in July 2013, the warrants issued in 2012 entitle the purchase of Siemens and OSRAM shares; a large portion of these warrants ("old warrants") was exchanged by Siemens in September 2015 by replacing the 2012 warrants with new bonds with attached warrants that relate exclusively to Siemens shares.

The tranche with the shorter maturity, totaling US\$1.5 billion, was paid back on maturity in August 2017. As of September 30, 2018, bonds with warrants totaling US\$1.5 billion were outstanding with 5,979 of an original total of 6,000 warrants, which become due or may be finally exercised in August 2019. As of September 30, 2018, rights relating to a total of approximately 11.5 million Siemens shares resulted from the old and new warrants of the 2019 tranche that were exercisable since issuance.

Several adjustments were made according to the terms and conditions of the warrants, most recently effective February 21, 2018. As of September 30, 2018, a holder of a warrant would have been entitled to receive the following when exercising of the rights attached to the warrants at an exercise price of €97.0551 per share, for a payment of €187,842.81: the remaining 5,233 new warrants would have entitled to a total of 1,935.4236 Siemens shares; one of the 746 old warrants would have entitled to 1,843.7734 Siemens shares and 141.8556 Osram shares. Based on the Xetra closing price of OSRAM shares as of September 28, 2018, this would have represented an arithmetical exercise price of €99.24 per Siemens share. The number of shares entitled to be received per warrant is subject to adjustment provisions on dilution protection according to the warrant terms and can continue to vary during the term of the option rights, contingent on the adjustment applied. Inter-alia adjustments depending on the amount of the dividend paid are intended in addition to adjustments in line with standard market practice for certain capital measures. The conditions of the warrants permit Siemens to service exercised warrants also from its treasury shares and repurchase the warrants. The bonds with attached warrants were issued, in each case, excluding a subscription right of shareholders.

TREASURY SHARES

The following table presents the development of treasury shares held:

(in number of shares)	Fiscal year 2018
Treasury shares, beginning of fiscal year	34,481,120
Share buyback	13,248,262
Fulfillment of exercised warrants	(38,992)
Issuance under share-based payments and employee share programs	(7,738,931)
Treasury shares, end of fiscal year	39,951,459

Siemens AG held 39,951,459 treasury shares, equaling a nominal amount of €120 million and 4.7% of the capital stock, respectively.

On November 12, 2015, Siemens decided to conduct a share buyback with a volume of up to €3 billion in a period ending November 15, 2018, at the latest. The share buyback was 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 2018, Siemens AG repurchased a total of 13,248,262 treasury shares under this share buyback program. This represents a nominal amount of €40 million or 1.6% of capital stock. In this period, €1,468 million (excluding incidental transaction charges) were spent for this purpose; this represents a weighted average stock price of €110.83 per share. The purchase was made in the reporting period on 210 Xetra trading days and was carried out by a bank that had been commissioned by Siemens AG; the shares were repurchased exclusively on the electronic trading platform of the Frankfurt Stock Exchange (Xetra). The average volume on these trading days was about 63,087 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 2018, Siemens AG issued in total 7,738,931 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 €23 million and 0.9% of the capital stock. The Company received in total €273 million for 2,781,465 shares, issued against payment. Siemens AG received this amount for unrestricted use. 2,688,981 shares were sold as investment shares in connection with the share matching program to participants in the plan. 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 1,589,286 shares related to the monthly investment plan at a weighted average share price of €113.05 per share; 414,111 shares related to the share matching plan at a weighted average share price of €109.28 per share and 685,584 shares related to the 2018 base share program at a weighted average share price of €54.64 per share (after consideration of a 50% subsidy by the company). The other shares issued during the reporting period can be attributed to the servicing of stock awards primarily granted in the year 2013 totaling 655,389 shares, 758,547 matching shares under the share matching program for the year 2015, 3,420,274 shares related to Siemens profit sharing, and to the issuance of 123,256 jubilee shares. In addition, beneficiaries of the stock awards primarily granted in the year 2014 that had the option of cash settlement were offered the opportunity to reinvest their arithmetical net payment in Siemens shares at the lowest daily price of the transfer date. In connection with this opportunity, beneficiaries purchased 92,484 shares at an average weighted share price of €115.65 per share.

38,992 treasury shares were used for servicing exercised options, equivalent to a nominal amount of €0.1 million or 0.0% of capital

stock. For the Siemens shares issued, the company recorded proceeds of €4 million, which corresponds to an average selling price of €98.81 per Siemens share.

INFORMATION ON AMOUNTS SUBJECT TO DIVIDEND PAYOUT RESTRICTIONS

(in millions of €)	Fiscal year 2018
Amount representing the difference of the recognition of provisions and similar commitments based on average interest rates covering ten and seven years, respectively	1,411
Amounts from the capitalization of deferred taxes	2,064
Amounts from the capitalization of assets at fair value	22

Amounts subject to payout restrictions face other retained earnings in the amount of €8,303 million. Therefore, the unappropriated net income of €3,230 million is available for distribution.

DISCLOSURES ON SHAREHOLDINGS OF SIEMENS AG

As of September 30, 2018, 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 August 8, 2018, that its percentage of voting rights (held either directly or indirectly) in Siemens AG amounted to 5.82% (49,486,454 voting rights) on August 3, 2018.

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 contributions made by the Company and returns earned on such contributions, 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 legally segregated trust assets. A portion of these trust assets also covers the pension obligations of other domestic subsidiaries. Therefore, the assets do not meet the criteria to be offset against the pension obligation and are presented as financial assets of Siemens AG.

The actuarial valuation of the settlement amount of €12,713 million as of September 30, 2018 was based, among others, on a discount rate of 3.34% and on a rate of pension progression of 1.50%, except for the BSAV plan with 1.0% per year. The mortality rates relate to Siemens specific mortality tables (Richttafeln) with a mortality rate based on Heubeck Richttafeln RT 2005 G.

NOTE 17 Other provisions

Other provisions included miscellaneous provisions of €5,286 (2017: €6,430) million and tax provisions of €725 (2017: €987) million.

The main amounts in other provisions were contributed by personnel-related provisions of €1,873 million, the provision for decontamination obligation of €638 million and provisions for warranties of €614 million.

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), 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 remedi-

ation 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, 2018	thereof maturities			Sep 30, 2017	thereof maturities		
		up to 1 year	1 year up to 5 years	more than 5 years		up to 1 year	1 year up to 5 years	more than 5 years
Liabilities to banks	53	53	–	–	81	81	–	–
Advance payments received	1,504	1,504	–	–	750	750	–	–
Trade payables	1,688	1,687	1	–	1,902	1,900	2	–
Liabilities to affiliated companies	35,384	30,995	4,389	–	24,116	21,861	2,255	–
Other liabilities	1,791	1,699	92	–	2,047	1,897	104	46
<i>thereof to long-term investees</i>	2	2	–	–	25	25	–	–
<i>thereof miscellaneous liabilities</i>	1,788	1,696	92	–	2,022	1,872	104	46
<i>therein from taxes</i>	76	76	–	–	81	81	–	–
<i>therein for social security</i>	209	209	–	–	223	223	–	–
Liabilities	40,420	35,938	4,482	–	28,896	26,488	2,361	46

Liabilities to affiliated companies resulted primarily from intra-group-financing activities.

A.3.5 Other disclosures

NOTE 19 Material expenses

(in millions of €)	Fiscal year	
	2018	2017
Expenses for raw materials, supplies and purchased merchandise	(9,407)	(10,736)
Costs of purchased services	(4,808)	(4,333)
Material expenses	(14,215)	(15,069)

NOTE 20 Personnel expenses

(in millions of €)	Fiscal year	
	2018	2017
Wages and salaries	(7,804)	(7,915)
Social security contributions and expenses for other employee benefits	(1,112)	(1,157)
Expenses for pensions	(546)	(414)
Personnel expenses	(9,462)	(9,486)

Personnel expenses did not include the expense 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
	2018
Production	51,000
Sales	15,700
Research and development	9,500
Administration and general functions	11,600
Employees	87,800

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 2018
	Awards
Non-vested, beginning of fiscal year	3,306,727
Granted	915,113
Forfeited	(78,550)
Settled	(20,366)
Change from equity settlement to cash settlement for stock awards granted in 2013	(611,210)
Organizational changes	(276,657)
Non-vested, end of fiscal year	3,235,057

The pro rata intrinsic value of all stock awards issued to beneficiaries of Siemens AG amounted to €278 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 2018
Outstanding, beginning of fiscal year	1,161,247
Granted	444,049
Vested and fulfilled	(452,371)
Forfeited	(57,309)
Settled	(20,330)
Organizational changes	(155,661)
Outstanding, end of fiscal year	919,625

The pro rata intrinsic value of all matching shares issued to beneficiaries of Siemens AG amounted to €61 million.

NOTE 22 Shares in investment funds

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

(in millions of €)	Carrying amount	Market value	Sep 30, 2018 Deviation from carrying amount
Mixed funds	6,968	6,933	(35)
Bond-based funds	387	387	-
Share-based funds	50	50	-
Money market funds	82	82	-
Shares in investment assets according to investment objects	7,486	7,451	(35)

Generally, shares in investments assets are disclosed as 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. In addition, for a portion of the

SIEMENS PROFIT SHARING

In fiscal 2018, €100 million were contributed to the Group wide Profit Sharing Pool. Through the distribution of the accumulated amount of €400 million in the pool, 1,213,554 shares with a value totaling €129 million were issued to entitled employees of Siemens AG.

investment funds presented above, the market value was slightly below the carrying amount due to the strategic investment approach pursued by the Company. Impairments were not recorded since the reduction in value was not permanent.

NOTE 23 Guarantees and other commitments

(in millions of €)	2018	Sep 30, 2017
Obligations from guarantees	1,865	637
Warranty obligations	89,014	83,707
<i>thereof relating to financing of affiliated companies</i>	38,770	38,921
<i>thereof relating to performance guarantees on behalf of affiliated companies</i>	43,981	37,258
<i>thereof Others</i>	6,264	7,529
Obligations from granting collateral on behalf of third parties	–	48
Guarantees and other commitments	90,879	84,393

Warranty obligations included obligations of Siemens AG to affiliated companies amounting to €411 (2017: €265) million. The increase related primarily to the carve-out of the mobility business into Siemens Mobility GmbH.

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.

Guarantees and other commitments also include obligations of Siemens Financial Services GmbH, Munich, for which Siemens AG has assumed a counter-liability.

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 €260 million. Object of these contracts were mainly real estate and other non-current assets.

Obligations under lease and rental arrangements amounted to €842 million, of which €323 million resulted from transactions with affiliated companies. Financial payment obligations under leasing and rental arrangements due within the next year amount to €270 million.

NOTE 25 Other financial obligations

Obligations for equity and debt contribution payments amounted to €1,178 million, of which €886 million related to affiliated companies and €170 million related to investments.

Approximately €2.3 billion were still outstanding as of September 30, 2018, from an existing outsourcing agreement that had a total amount of approximately €8.7 billion and a maturity of several years.

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, 2018	
	Notional amount	Fair values
Currency hedging contracts		
Foreign currency forward contracts	58,542	147
Currency options	105	–
Interest rate hedging contracts		
Interest rate swaps	16,459	117
Interest rate options	2,611	8
Interest rate futures	329	3
Caps and floors	2,406	13
Combined interest and currency hedging contracts	5,233	350
Other hedging contracts	458	–
Existing derivative financial instruments	86,143	638

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, each Siemens unit is responsible for recording, assessing and monitoring its foreign currency transaction exposure. The net foreign currency position of each unit 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 derivative financial instruments which are included in this valuation unit have maturity terms until the year 2042. 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.

	Sep 30, 2018
(in millions of €)	
Foreign currency risk from balance sheet items	1,202
<i>thereof assets</i>	15,984
<i>thereof liabilities</i>	(14,782)
Foreign currency risk from firm commitments and forecast transactions	974
Net foreign currency position (before hedging)	2,176
Foreign currency exchange contracts	(2,204)
<i>thereof with external contract partners</i>	(1,278)
<i>thereof with affiliated companies</i>	(926)
Net foreign currency position (after hedging)	(28)

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 banks to hedge interest rate swaps transacted with its affiliated companies against interest rate risk. As of September 30, 2018, the interest rate swaps transacted with affiliated companies included in this macro valuation unit have a notional amount of €3,675 million and fair values of €(245) million and have maximum maturity terms until the year 2028. At the balance sheet date, these underlying transactions were matched by external interest rate derivatives with fair values of €121 million, and maximum maturity terms until the year 2030. As of September 30, 2018, the negative surplus for the macro valuation unit, recorded in provisions, amounted to €124 million.

To hedge certain finance receivables 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, 2018, the notional amount of the recognized finance receivables, which have a maximum maturity until the year 2045, amounted to €12,784 million. As of September 30, 2018, the cumulative market value changes of these finance receivables of €65 million were matched by offsetting interest rate derivatives with cumulative fair value changes of €31 million and maximum maturity terms until the year 2056. For the portion of finance receivables, which exceeded the interest rate derivatives, no interest-based valuation was conducted. As of September 30, 2018, no surplus of interest rate derivatives existed for this macro valuation unit.

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:

	Sep 30, 2018		
(in millions of €)	Other assets	Other provisions	Other liabilities
Currency hedging contracts			
Currency options	1		(1)
Interest rate hedging contracts			
Interest rate swaps		(211)	
Interest rate options	31		(28)
Caps and floors	16		(33)
Derivative financial instruments requiring recognition	47	(211)	(62)

NOTE 27 Proposal for the appropriation of net income

The Supervisory Board and the Managing Board propose that the unappropriated net income of Siemens AG for the fiscal year ended September 30, 2018, amounting to €3,230 million be appropriated as follows: Distribution of a dividend of €3.80 on each share of no par value entitled to the dividend 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 €21.9 million. The fair value of stock-based compensation amounted to €9.8 million for 100,511 Stock Awards. The Company granted contributions under the BSAV to members of the Managing Board totaling €5.4 million.

Therefore the compensation and benefits attributable to members of the Managing Board amounted to €37.1 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 €39.9 million according to Section 285 para. 1 number 9b of the German Commercial Code.

Siemens recognized pension provisions totaling €94.0 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 €5.4 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, 2018, 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 2018, 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, 2018)	Group company positions (as of September 30, 2018)
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 Positions outside Germany: › NXP Semiconductors B.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 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	July 31, 2019	Positions outside Germany: › Penske Automotive Group, Inc., USA	Positions outside Germany: › Siemens Corp., USA (Chairwoman and CEO) › Siemens Gamesa Renewable Energy, S.A., Spain
Klaus Helmrich	May 24, 1958	April 1, 2011	March 31, 2021	German positions: › Deutsche Messe AG, Hanover › 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) › Siemens Proprietary Ltd., South Africa (Chairman) › Siemens Schweiz AG, Switzerland (Chairman)
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, 2020		Positions outside Germany: › Siemens Ltd., China (Chairman) › Siemens Ltd., India › Siemens Ltd. Seoul, South Korea (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 Corp., USA (Deputy Chairman) › 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 (*). Seven of the ten shareholder representatives were elected at the Annual Shareholders' Meeting on January 31, 2018. The Supervisory Board's employee representatives were elected on October 5, 2017, in accordance with the

provisions of the German Codetermination Act. Their election took effect at the end of the ordinary Annual Shareholders' Meeting on January 31, 2018. The terms of office of the Supervisory Board members will end, as a rule, at the conclusion of the ordinary Annual Shareholders' Meeting in 2023. The terms of offices of Dr. Nicola Leibinger-Kammüller, Jim Hagemann Snabe and Werner Wenning will end at the conclusion of the ordinary Annual Shareholders' Meeting in 2021.

In fiscal 2018, the Supervisory Board comprised the following members:

Name	Occupation	Date of birth	Member since	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, 2018)
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	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	
Werner Wenning Second Deputy Chairman	Chairman of the Supervisory Board of Bayer AG	October 21, 1946	January 23, 2013	German positions: <ul style="list-style-type: none"> ➤ Bayer AG, Leverkusen (Chairman) ➤ Henkel AG & Co. KGaA, Düsseldorf¹ ➤ Henkel Management AG, Düsseldorf
Olaf Bolduan* (until January 31, 2018)	Former Chairman of the Works Council of Siemens Dynamowerk, Berlin	July 24, 1952	July 11, 2014	
Werner Brandt, Dr. rer. pol. (since January 31, 2018)	Chairman of the Supervisory Board of RWE AG and ProSiebenSat.1 Media SE	January 3, 1954	January 31, 2018	German positions: <ul style="list-style-type: none"> ➤ ProSiebenSat.1 Media SE, Munich (Chairman) ➤ RWE AG, Essen (Chairman)
Gerhard Cromme, Dr. iur. former Chairman (until January 31, 2018)	Supervisory Board Member	February 25, 1943	January 23, 2003	Positions outside Germany: ² <ul style="list-style-type: none"> ➤ AUTO1 N.V., Netherlands (Chairman) ➤ ODDO BHF SCA, France (Co-Chairman)
Michael Diekmann	Chairman of the Supervisory Board of Allianz SE	December 23, 1954	January 24, 2008	German positions: <ul style="list-style-type: none"> ➤ Allianz SE, Munich (Chairman) ➤ BASF SE, Ludwigshafen am Rhein (Deputy Chairman) ➤ Fresenius Management SE, Bad Homburg ➤ Fresenius SE & Co. KGaA, Bad Homburg (Deputy Chairman)
Andrea Fehrmann, Dr. phil.* (since January 31, 2018)	Trade Union Secretary, IG Metall Regional Office for Bavaria	June 21, 1970	January 31, 2018	
Hans Michael Gaul, Dr. iur. (until January 31, 2018)	Supervisory Board Member	March 2, 1942	January 24, 2008	German positions: ² <ul style="list-style-type: none"> ➤ HSBC Trinkaus & Burkhardt AG, Düsseldorf
Reinhard Hahn*	Trade Union Secretary of the Managing Board of IG Metall	June 24, 1956	January 27, 2015	German positions: <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	

¹ Shareholders' Committee.

² As of January 31, 2018.

³ Group company position.

Name	Occupation	Date of birth	Member since	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, 2018)
Robert Kensbock*	Deputy Chairman of the Central Works Council of Siemens AG	March 13, 1971	January 23, 2013	
Harald Kern*	Chairman of the Siemens Europe Committee	March 16, 1960	January 24, 2008	
Jürgen Kerner*	Treasurer and full-time member of the Executive Committee of IG Metall	January 22, 1969	January 25, 2012	German positions: <ul style="list-style-type: none"> ➤ Airbus Operations GmbH, Hamburg ➤ Flender GmbH, Bocholt ➤ MAN Energy Solutions SE, Augsburg ➤ MAN SE, Munich (Deputy Chairman) ➤ Premium Aerotec GmbH, Augsburg (Deputy Chairman)
Nicola Leibinger-Kammüller, Dr. phil.	Managing Partner and CEO of TRUMPF GmbH + Co. KG	December 15, 1959	January 24, 2008	German positions: <ul style="list-style-type: none"> ➤ Axel Springer SE, Berlin Positions outside Germany: <ul style="list-style-type: none"> ➤ TRUMPF Schweiz AG, Switzerland³
Gérard Mestrallet (until January 31, 2018)	Honorary Chairman of ENGIE S.A.	April 1, 1949	January 23, 2013	Positions outside Germany: ² <ul style="list-style-type: none"> ➤ ENGIE S.A., France (Chairman) ➤ Société Générale S.A., France ➤ Suez S.A., France (Chairman)
Benoît Potier (since January 31, 2018)	Chairman and Chief Executive Officer of Air Liquide S.A.	September 3, 1957	January 31, 2018	Positions outside Germany: <ul style="list-style-type: none"> ➤ Air Liquide International S.A., France (Chairman and Chief Executive Officer)³ ➤ Air Liquide International Corporation (ALIC), USA (Chairman)³ ➤ American Air Liquide Holdings, Inc., USA³ ➤ Danone S.A., France
Norbert Reithofer, Dr.-Ing. Dr.-Ing. E.h.	Chairman of the Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft	May 29, 1956	January 27, 2015	German positions: <ul style="list-style-type: none"> ➤ Bayerische Motoren Werke Aktiengesellschaft, Munich (Chairman) ➤ Henkel AG & Co. KGaA, Düsseldorf¹
Güler Sabancı (until January 31, 2018)	Chairwoman and Executive Member of Hacı Ömer Sabancı Holding A.Ş.	August 14, 1955	January 23, 2013	
Dame Nemat Talaat Shafik (since January 31, 2018)	Director of the London School of Economics	August 13, 1962	January 31, 2018	
Nathalie von Siemens, Dr. phil.	Managing Director and Spokesperson of Siemens Stiftung	July 14, 1971	January 27, 2015	German positions: <ul style="list-style-type: none"> ➤ Messer Group GmbH, Sulzbach ➤ Siemens Healthcare GmbH, Munich ➤ Siemens Healthineers AG, Munich
Michael Sigmund*	Chairman of the Committee of Spokespersons of the Siemens Group; Chairman of the Central Committee of Spokespersons of Siemens AG	September 13, 1957	March 1, 2014	
Dorothea Simon*	Chairwoman of the Central Works Council of Siemens Healthcare GmbH	August 3, 1969	October 1, 2017	German positions: <ul style="list-style-type: none"> ➤ Siemens Healthcare GmbH, Munich
Sibylle Wanke* (until January 31, 2018)	General Counsel, Managing Board of IG Metall	March 3, 1964	April 1, 2009	German positions: ² <ul style="list-style-type: none"> ➤ Daimler AG, Stuttgart
Matthias Zachert (since January 31, 2018)	Chairman of the Board of Management of LANXESS AG	November 8, 1967	January 31, 2018	Positions outside Germany: <ul style="list-style-type: none"> ➤ ARLANXEO Holding B.V., Netherlands (Chairman of the Shareholders' Committee)^{1,3}
Gunnar Zukunft* (since January 31, 2018)	Deputy Chairman of the Central Works Council of Siemens Industry Software GmbH	June 21, 1965	January 31, 2018	German positions: <ul style="list-style-type: none"> ➤ Siemens Industry Software GmbH, Cologne (Deputy Chairman)

¹ Shareholders' Committee.

² As of January 31, 2018.

³ 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, 2018	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
Germany (45 companies)			
Atecs Mannesmann GmbH, Erlangen	9	6,083	100
BSAV Kapitalbeteiligungen und Vermögensverwaltungs Management GmbH, Grünwald	11	214	100 ⁸
evosoft GmbH, Nuremberg	0	6	100
Flender GmbH, Bocholt	(22)	316	100
Flender Industriegetriebe GmbH, Penig	1	59	100
HaCon Ingenieurgesellschaft mbH, Hanover	(10)	170	100
HSP Hochspannungsgeräte GmbH, Troisdorf	0	2	100
Kyros 53 GmbH, Munich	443	2,798	100
Kyros Beteiligungsverwaltung GmbH, Grünwald	48	519	100 ⁸
Maschinenfabrik Reinhausen GmbH, Regensburg	121	377	26 ⁸
Mentor Graphics Development (Deutschland) GmbH, Villingen-Schwenningen	(5)	48	100
next47 GmbH, Munich	(2)	(6)	100
next47 Services GmbH, Munich	(3)	5	100
OWP Butendiek GmbH & Co. KG, Bremen	105	379	23 ⁸
Project Ventures Butendiek Holding GmbH, Erlangen	18	95	100
RISICOM Rückversicherung AG, Grünwald	0	201	100
Siemens Bank GmbH, Munich	(24)	1,087	100
Siemens Beteiligungen Inland GmbH, Munich	136	14,555	100
Siemens Beteiligungen USA GmbH, Berlin	(3)	8,304	100
Siemens Beteiligungsverwaltung GmbH & Co. OHG, Grünwald	466	17,514	100 ³
Siemens Campus Erlangen Grundstücks-GmbH & Co. KG, Grünwald	18	45	100
Siemens Finance & Leasing GmbH, Munich	0	116	100
Siemens Financial Services GmbH, Munich	4	2,038	100
Siemens Gamesa Renewable Energy GmbH & Co. KG, Hamburg	(37)	104	100
Siemens Healthcare Diagnostics GmbH, Eschborn	7	206	100
Siemens Healthcare Diagnostics Holding GmbH, Eschborn	44	1,089	100
Siemens Healthcare Diagnostics Products GmbH, Marburg	34	786	100
Siemens Healthcare GmbH, Munich	(399)	1,216	100
Siemens Healthineers AG, Munich	338	15,125	85
Siemens Healthineers Beteiligungen GmbH & Co. KG, Kemnath	(3)	12,898	100
Siemens Immobilien GmbH & Co. KG, Grünwald	38	298	100
Siemens Industry Software GmbH, Cologne	0	304	100
Siemens Medical Solutions Health Services GmbH, Grünwald	6	34	100
Siemens Mobility GmbH, Munich	23	1,719	100
Siemens Mobility Real Estate GmbH & Co. KG, Grünwald	10	117	100
Siemens Nixdorf Informationssysteme GmbH, Grünwald	0	31	100

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

² Acquisition or foundation, no financial statements available.

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

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¹¹ N/A = No financial data available.

September 30, 2018	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
Siemens Postal, Parcel & Airport Logistics GmbH, Constance	(7)	52	100
Siemens Project Ventures GmbH, Erlangen	17	387	100
Siemens Real Estate GmbH & Co. KG, Kemnath	16	121	100
Siemens Treasury GmbH, Munich	1	1	100
SILLIT Grundstücks-Verwaltungsgesellschaft mbH, Munich	6	20	100
SIM 2. Grundstücks-GmbH & Co. KG, Grünwald	23	170	100
Valeo Siemens eAutomotive GmbH, Erlangen	0	168	50 ⁸
Veja Mate Offshore Project GmbH, Oststeinbek	81	95	31 ⁸
Voith Hydro Holding GmbH & Co. KG, Heidenheim	31	113	35 ⁵

Europe, Commonwealth of Independent States (C.I.S.), Africa, Middle East (without Germany) (134 companies)

ETM professional control GmbH, Eisenstadt/Austria	13	18	100
KDAG Beteiligungen GmbH, Vienna/Austria	0	8	100
Siemens Aktiengesellschaft Österreich, Vienna/Austria	165	1,723	100
Siemens Healthcare Diagnostics GmbH, Vienna/Austria	(6)	105	100
Siemens Konzernbeteiligungen GmbH, Vienna/Austria	323	2,211	100
Siemens Metals Technologies Vermögensverwaltungs GmbH, Vienna/Austria	4	141	100
Siemens Healthcare SA/NV, Beersel/Belgium	2	87	100
Siemens Industry Software NV, Leuven/Belgium	5	432	100
Siemens S.A./N.V., Beersel/Belgium	41	160	100
Koncar-Energetski Transformatori, d.o.o., Zagreb/Croatia	14	81	51
OEZ s.r.o., Letohrad/Czech Republic	7	49	100
Siemens, s.r.o., Prague/Czech Republic	27	50	100
Siemens A/S, Ballerup/Denmark	18	153	100
Siemens Gamesa Renewable Energy A/S, Brande/Denmark	235	516	100
Siemens Technologies S.A.E., Cairo/Egypt	9	32	90
Siemens Osakehtiö, Espoo/Finland	7	54	100
ATOS SE, Bezons/France	665	5,226	12 ⁸
D-R Holdings (France) SAS, Le Havre/France	50	88	100
Dresser-Rand SAS, Le Havre/France	(8)	131	100
Siemens France Holding SAS, Saint-Denis/France	159	522	100
Siemens Healthcare SAS, Saint-Denis/France	(34)	220	100
Siemens Industry Software SAS, Châtillon/France	(1)	52	100
Siemens Mobility SAS, Châtillon/France	8	120	100
Siemens SAS, Saint-Denis/France	63	252	100
Siemens A.E., Elektrotechnische Projekte und Erzeugnisse, Athens/Greece	2	101	100
Siemens Healthcare Industrial and Commercial Société Anonyme, Athens/Greece	0	56	100
Siemens Zrt., Budapest/Hungary	9	15	100
Mentor Graphics (Holdings) Unlimited Company, Shannon, County Clare/Ireland	11	2,039	100 ⁴
Mentor Graphics (Ireland) Limited, Shannon, County Clare/Ireland	(62)	1,921	100
Siemens Gamesa Renewable Energy Limited, Dublin/Ireland	6	3	100
Siemens Limited, Dublin/Ireland	1	13	100

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¹⁰ Values from fiscal year April 01, 2017 – March 31, 2018.

¹¹ N/A = No financial data available.

September 30, 2018	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
Mentor Graphics Development Services (Israel) Ltd., Rehovot/Israel	4	63	100
Siemens Concentrated Solar Power Ltd., Rosh HaAyin/Israel	(3)	(494)	100
Siemens Industry Software Ltd., Airport City/Israel	11	48	100
Siemens Israel Ltd., Rosh HaAyin/Israel	(46)	24	100
Siemens Product Lifecycle Management Software 2 (IL) Ltd., Airport City/Israel	0	3	100
UGS Israeli Holdings (Israel) Ltd., Airport City/Israel	(3)	(4)	100
Medical Systems S.p.A., Genoa/Italy	4	105	45 ⁸
Siemens Healthcare S.r.l., Milan/Italy	13	239	100
Siemens S.p.A., Milan/Italy	34	310	100
D-R Luxembourg Holding 1, SARL, Luxembourg/Luxembourg	0	478	100
D-R Luxembourg Holding 2, SARL, Luxembourg/Luxembourg	0	0	100
D-R Luxembourg Holding 3, SARL, Luxembourg/Luxembourg	0	1,151	100
D-R Luxembourg International SARL, Luxembourg/Luxembourg	(1)	(196)	100
Dresser-Rand Holding (Delaware) LLC, SARL, Luxembourg/Luxembourg	47	161	100
FAST TRACK DIAGNOSTICS LUXEMBOURG S.à r.l., Esch-sur-Alzette/Luxembourg	0	76	100
D-R International Holdings (Netherlands) B.V., Spijkenisse/Netherlands	(2)	290	100
Dresser-Rand B.V., Spijkenisse/Netherlands	(1)	86	100
Dresser-Rand Services B.V., Spijkenisse/Netherlands	0	40	100
Mentor Graphics (Netherlands) B.V., Eindhoven/Netherlands	14	248	100
Siemens Diagnostics Holding II B.V., The Hague/Netherlands	19	1,330	100
Siemens D-R Holding II B.V., The Hague/Netherlands	32	1,444	100
Siemens D-R Holding III B.V., The Hague/Netherlands	0	114	100
Siemens Gas Turbine Technologies Holding B.V., The Hague/Netherlands	25	81	65
Siemens Healthcare Nederland B.V., The Hague/Netherlands	1	117	100
Siemens Healthineers Holding III B.V., The Hague/Netherlands	83	2,502	100
Siemens Heat Transfer Technology B.V., Zoeterwoude/Netherlands	1	58	100
Siemens Industry Software Holding I B.V., The Hague/Netherlands	0	77	100
Siemens Industry Software Holding II B.V., The Hague/Netherlands	0	94	100
Siemens International Holding B.V., The Hague/Netherlands	1,373	10,863	100
Siemens Medical Solutions Diagnostics Holding I B.V., The Hague/Netherlands	(11)	2,817	100
Siemens Mobility Holding B.V., The Hague/Netherlands	1	870	100
Siemens Nederland N.V., The Hague/Netherlands	36	1,175	100
TASS International Holding B.V., Helmond/Netherlands	1	52	100
Ural Locomotives Holding Besloten Vennootschap, The Hague/Netherlands	0	0	50 ⁸
Siemens Ltd., Lagos/Nigeria	15	27	100
Dresser-Rand AS, Kongsberg/Norway	(19)	58	100
Siemens AS, Oslo/Norway	(3)	31	100
Siemens Sp. z o.o., Warsaw/Poland	4	48	100
SIEMENS HEALTHCARE, UNIPESOAL, LDA, Amadora/Portugal	0	90	100
Siemens S.A., Amadora/Portugal	15	129	100
Siemens W.L.L., Doha/Qatar	38	74	40
OOO Legion II, Moscow/Russian Federation	2	70	100
OOO Siemens, Moscow/Russian Federation	68	41	100

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¹⁰ Values from fiscal year April 01, 2017 – March 31, 2018.

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September 30, 2018	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
OOO Siemens Elektroprivod, St. Petersburg/Russian Federation	3	24	100
OOO Siemens Gas Turbine Technologies, Leningrad region/Russian Federation	2	54	100
OOO Siemens Transformers, Voronezh/Russian Federation	3	17	100
Siemens Finance and Leasing LLC, Vladivostok/Russian Federation	31	55	100
Siemens Mobility d.o.o. Cerovac, Kragujevac/Serbia	1	54	100
Siemens s.r.o., Bratislava/Slovakia	1	73	100
Siemens Proprietary Limited, Midrand/South Africa	9	50	70
Adwen Offshore, S.L., Zamudio/Spain	(13)	1,085	100
Dresser-Rand Holdings Spain S.L.U., Vitoria-Gasteiz/Spain	12	187	100
Fábrica Electrotécnica Josa, S.A., Tres Cantos/Spain	2	40	100
Gamesa Electric, S.A. Unipersonal, Zamudio/Spain	8	80	100
Gamesa Energy Transmission, S.A. Unipersonal, Zamudio/Spain	3	95	100
Guascor Explotaciones Energéticas, S.A., Vitoria-Gasteiz/Spain	(12)	22	100
SIEMENS ENGINES SA, Zumaia/Spain	0	53	100
Siemens Gamesa Renewable Energy 9REN, S.L., Madrid/Spain	(5)	10	100
Siemens Gamesa Renewable Energy Eolica, S.L., Sarriguren/Spain	44	1,517	100
Siemens Gamesa Renewable Energy Innovation & Technology, S.L., Sarriguren/Spain	(142)	872	100
Siemens Gamesa Renewable Energy S.A., Zamudio/Spain	95	2,010	59
Siemens Gamesa Renewable Energy Wind Farms, S.A., Zamudio/Spain	2	1,919	100
SIEMENS HEALTHCARE, S.L.U., Getafe/Spain	30	257	100
Siemens Holding S.L., Madrid/Spain	61	543	100
SIEMENS MOBILITY, S.L.U., Tres Cantos/Spain	18	59	100
Siemens Rail Automation S.A.U., Madrid/Spain	38	586	100
Siemens S.A., Madrid/Spain	13	311	100
Windar Renovables, S.L., Avilés/Spain	8	91	32 ⁸
Siemens AB, Solna/Sweden	5	185	100
Siemens Financial Services AB, Stockholm/Sweden	4	170	100
Siemens Industrial Turbomachinery AB, Finspång/Sweden	90	445	100
Dresser Rand Sales Company GmbH, Zurich/Switzerland	(2)	153	100
Polarion AG, Zurich/Switzerland	5	86	100
Siemens Healthcare AG, Zurich/Switzerland	(3)	120	100
Siemens Schweiz AG, Zurich/Switzerland	36	995	100
Siemens Sanayi ve Ticaret Anonim Sirketi, Istanbul/Turkey	57	109	100
Siemens LLC, Abu Dhabi/United Arab Emirates	25	37	49
Electrium Sales Limited, Frimley, Surrey/United Kingdom	2	115	100
Ethos Energy Group Limited, Aberdeen/United Kingdom	27	378	49 ⁸
GyM Renewables Limited, Frimley, Surrey/United Kingdom	10	200	100
GyM Renewables ONE Limited, Frimley, Surrey/United Kingdom	4	250	100
Industrial Turbine Company (UK) Limited, Frimley, Surrey/United Kingdom	45	367	100
next47 Fund 2018, L.P., London/United Kingdom	0	88	100
Primetals Technologies, Limited, London/United Kingdom	(12)	502	49 ⁶
Project Ventures Rail Investments I Limited, Frimley, Surrey/United Kingdom	2	2	100
RWG (Repair & Overhauls) Limited, Aberdeen/United Kingdom	17	100	50 ⁸

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September 30, 2018	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
SBS Pension Funding (Scotland) Limited Partnership, Edinburgh/United Kingdom	12	534	57
Siemens Financial Services Holdings Ltd., Stoke Poges, Buckinghamshire/United Kingdom	23	192	100
Siemens Financial Services Ltd., Stoke Poges, Buckinghamshire/United Kingdom	31	314	100
Siemens Gamesa Renewable Energy Limited, Frimley, Surrey/United Kingdom	107	81	100
Siemens Healthcare Diagnostics Manufacturing Ltd, Frimley, Surrey/United Kingdom	5	174	100
Siemens Healthcare Diagnostics Products Ltd, Frimley, Surrey/United Kingdom	4	165	100
Siemens Healthcare Limited, Frimley, Surrey/United Kingdom	22	(75)	100
Siemens Holdings plc, Frimley, Surrey/United Kingdom	25	1,365	100
Siemens Industrial Turbomachinery Ltd., Frimley, Surrey/United Kingdom	20	573	100
Siemens Industry Software Computational Dynamics Limited, Frimley, Surrey/United Kingdom	8	515	100
Siemens Industry Software Limited, Frimley, Surrey/United Kingdom	6	109	100
Siemens Mobility Limited, Frimley, Surrey/United Kingdom	93	536	100
Siemens Pension Funding Limited, Frimley, Surrey/United Kingdom	(2)	486	100
Siemens plc, Frimley, Surrey/United Kingdom	105	2,418	100
Siemens Transmission & Distribution Limited, Frimley, Surrey/United Kingdom	(31)	154	100
Unincorporated Joint Venture Gwynt y Mor, Swindon, Wiltshire/United Kingdom	N/A	N/A	10 ¹¹
VA TECH (UK) Ltd., Frimley, Surrey/United Kingdom	(1)	70	100
Americas (49 companies)			
Siemens S.A., Buenos Aires/Argentina	8	18	100
GNA 1 Geração de Energia S.A., São João da Barra/Brazil	–	–	33 ²
Guascor do Brasil Ltda., São Paulo/Brazil	2	102	100
Siemens Gamesa Energia Renovável Ltda., Camaçari/Brazil	(23)	126	100
Siemens Healthcare Diagnósticos Ltda., São Paulo/Brazil	19	136	100
Siemens Ltda., São Paulo/Brazil	6	174	100
Siemens Participações Ltda., São Paulo/Brazil	(49)	14	100
EPOCAL INC., Toronto/Canada	(3)	88	100
Siemens Canada Limited, Oakville/Canada	(6)	303	100
Siemens Financial Ltd., Oakville/Canada	19	403	100
Siemens Healthcare Limited, Oakville/Canada	12	71	100
Trench Limited, Saint John/Canada	7	87	100
Siemens Healthcare Diagnostics Manufacturing Limited, Grand Cayman/Cayman Islands	8	248	100
Siemens S.A., Tenjo/Colombia	(11)	41	100
Grupo Siemens S.A. de C.V., Mexico City/Mexico	14	142	100
Siemens Servicios S.A. de C.V., Mexico City/Mexico	(5)	0	100
Siemens, S.A. de C.V., Mexico City/Mexico	0	131	100
Advanced Airfoil Components LLC, Wilmington, DE/United States	(11)	79	51
Bentley Systems, Incorporated, Wilmington, DE/United States	N/A	N/A	11 ¹¹
CEF-L Holding, LLC, Wilmington, DE/United States	(8)	247	27 ⁸
Dresser-Rand Company, Olean, NY/United States	(235)	3,840	100
Dresser-Rand Global Services, Inc., Wilmington, DE/United States	(3)	56	100
Dresser-Rand Group Inc., Wilmington, DE/United States	346	(743)	100
Dresser-Rand LLC, Wilmington, DE/United States	0	2,296	100

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September 30, 2018	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
eMeter Corporation, Wilmington, DE/United States	(4)	82	100
enLighted, Inc., Wilmington, DE/United States	(5)	63	100
Hickory Run Holdings, LLC, Wilmington, DE/United States	(5)	42	20 ⁹
Mannesmann Corporation, New York, NY/United States	0	42	100
Mentor Graphics Corporation, Wilsonville, OR/United States	1,070	763	100
Mentor Graphics Global Holdings, LLC, Wilmington, DE/United States	41	2,041	100
Panda Hummel Station Intermediate Holdings I LLC, Wilmington, DE/United States	(5)	291	32 ⁸
Panda Stonewall Intermediate Holdings I, LLC, Wilmington, DE/United States	(6)	122	37 ⁸
PETNET Solutions, Inc., Knoxville, TN/United States	11	145	100
Siemens Capital Company LLC, Wilmington, DE/United States	56	974	100
Siemens Corporation, Wilmington, DE/United States	1,708	441	100
Siemens Energy, Inc., Wilmington, DE/United States	107	5,170	100
Siemens Financial Services, Inc., Wilmington, DE/United States	224	1,431	100
Siemens Gamesa Renewable Energy Wind, LLC, Dover, DE/United States	(68)	430	100
Siemens Gamesa Renewable Energy, Inc., Wilmington, DE/United States	(25)	521	100
Siemens Government Technologies, Inc., Wilmington, DE/United States	(19)	426	100
Siemens Healthcare Diagnostics Inc., Los Angeles, CA/United States	(337)	6,714	100
Siemens Industry, Inc., Wilmington, DE/United States	490	4,537	100
Siemens Medical Solutions USA, Inc., Wilmington, DE/United States	(244)	4,923	100
Siemens Mobility, Inc, Wilmington, DE/United States	26	898	100
Siemens Product Lifecycle Management Software Inc., Wilmington, DE/United States	182	3,313	100
Siemens Public, Inc., Wilmington, DE/United States	27	1,173	100
Siemens USA Holdings, Inc., Wilmington, DE/United States	909	4,935	100
SMI Holding LLC, Wilmington, DE/United States	(3)	16	100
Wheelabrator Air Pollution Control Inc., Baltimore, MD/United States	2	142	100
Asia, Australia (45 companies)			
Exemplar Health (SCUH) Partnership, Sydney/Australia	16	130	50 ⁷
Siemens Ltd., Bayswater/Australia	49	239	100
Siemens Mobility Pty Ltd, Bayswater/Australia	1	139	100
Beijing Siemens Cerberus Electronics Ltd., Beijing/China	21	27	100
Flender Ltd., China, Tianjin/China	62	185	100
Mentor Graphics (Shanghai) Electronic Technology Co., Ltd., Shanghai/China	2	51	100
Shanghai Electric Power Generation Equipment Co., Ltd., Shanghai/China	31	518	40 ⁸
Siemens Electrical Apparatus Ltd., Suzhou, Suzhou/China	48	96	100
Siemens Electrical Drives (Shanghai) Ltd., Shanghai/China	16	25	100
Siemens Electrical Drives Ltd., Tianjin/China	71	101	85
Siemens Factory Automation Engineering Ltd., Beijing/China	32	34	100
Siemens Finance and Leasing Ltd., Beijing/China	10	83	100
Siemens Financial Services Ltd., Beijing/China	81	446	100
Siemens Healthcare Ltd., Shanghai/China	103	117	100
Siemens Industrial Automation Products Ltd., Chengdu, Chengdu/China	61	99	100
Siemens Industry Software (Shanghai) Co., Ltd., Shanghai/China	28	69	100

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

² Acquisition or foundation, no financial statements available.

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

⁴ A consolidated affiliated company of Siemens AG is a shareholder with unlimited liability of this company.

⁵ Values from fiscal year October 01, 2016 – September 30, 2017.

⁶ Values from fiscal year April 01, 2016 – March 31, 2017.

⁷ Values from fiscal year July 01, 2016 – June 30, 2017.

⁸ Values from fiscal year January 01, 2017 – December 31, 2017.

⁹ Values from fiscal year August 21, 2017 – December 31, 2017.

¹⁰ Values from fiscal year April 01, 2017 – March 31, 2018.

¹¹ N/A = No financial data available.

September 30, 2018	Net income in millions of € ¹	Equity in millions of € ¹	Equity interest in %
Siemens International Trading Ltd., Shanghai, Shanghai/China	31	67	100
Siemens Ltd., China, Beijing/China	435	4,488	100
Siemens Medium Voltage Switching Technologies (Wuxi) Ltd., Wuxi/China	28	39	85
Siemens Mobility Equipment (China) Co., Ltd, Shanghai Pilot Free Trade Zone/China	0	60	100
Siemens Mobility Technologies (Beijing) Co., Ltd, Beijing/China	0	31	100
Siemens Numerical Control Ltd., Nanjing, Nanjing/China	25	45	80
Siemens Shanghai Medical Equipment Ltd., Shanghai/China	57	92	100
Siemens Shenzhen Magnetic Resonance Ltd., Shenzhen/China	68	100	100
Siemens Standard Motors Ltd., Yizheng/China	28	54	100
Trench High Voltage Products Ltd., Shenyang, Shenyang/China	17	37	65
Zhenjiang Siemens Busbar Trunking Systems Co. Ltd., Yangzhong/China	21	33	50 ⁸
Siemens Limited, Hong Kong/Hong Kong	19	46	100
Bangalore International Airport Ltd., Bangalore/India	100	305	20 ¹⁰
Dresser-Rand India Private Limited, Navi Mumbai/India	7	110	100
Mentor Graphics (India) Private Limited, New Delhi/India	4	73	100
Siemens Financial Services Private Limited, Mumbai/India	4	59	100
Siemens Gamesa Renewable Power Private Limited, Chennai/India	(33)	1,401	100
Siemens Healthcare Private Limited, Mumbai/India	7	(54)	100
Siemens Ltd., Mumbai/India	112	1,061	75
P.T. Jawa Power, Jakarta/Indonesia	207	1,021	50 ⁸
Siemens Healthcare Diagnostics K.K., Tokyo/Japan	4	200	100
Siemens Healthcare K.K., Tokyo/Japan	44	222	100
Siemens K.K., Tokyo/Japan	0	181	100
Siemens Healthineers Ltd., Seoul/Korea, Republic of	42	73	100
Siemens Ltd. Seoul, Seoul/Korea, Republic of	30	267	100
Dresser-Rand Asia Pacific Sdn. Bhd., Kuala Lumpur/Malaysia	5	13	100
Siemens Pte. Ltd., Singapore/Singapore	0	306	100
Siemens Limited, Taipei/Taiwan, Province of China	11	96	100
Siemens Limited, Bangkok/Thailand	14	82	99

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

² Acquisition or foundation, no financial statements available.

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

⁴ A consolidated affiliated company of Siemens AG is a shareholder with unlimited liability of this company.

⁵ Values from fiscal year October 01, 2016 – September 30, 2017.

⁶ Values from fiscal year April 01, 2016 – March 31, 2017.

⁷ Values from fiscal year July 01, 2016 – June 30, 2017.

⁸ Values from fiscal year January 01, 2017 – December 31, 2017.

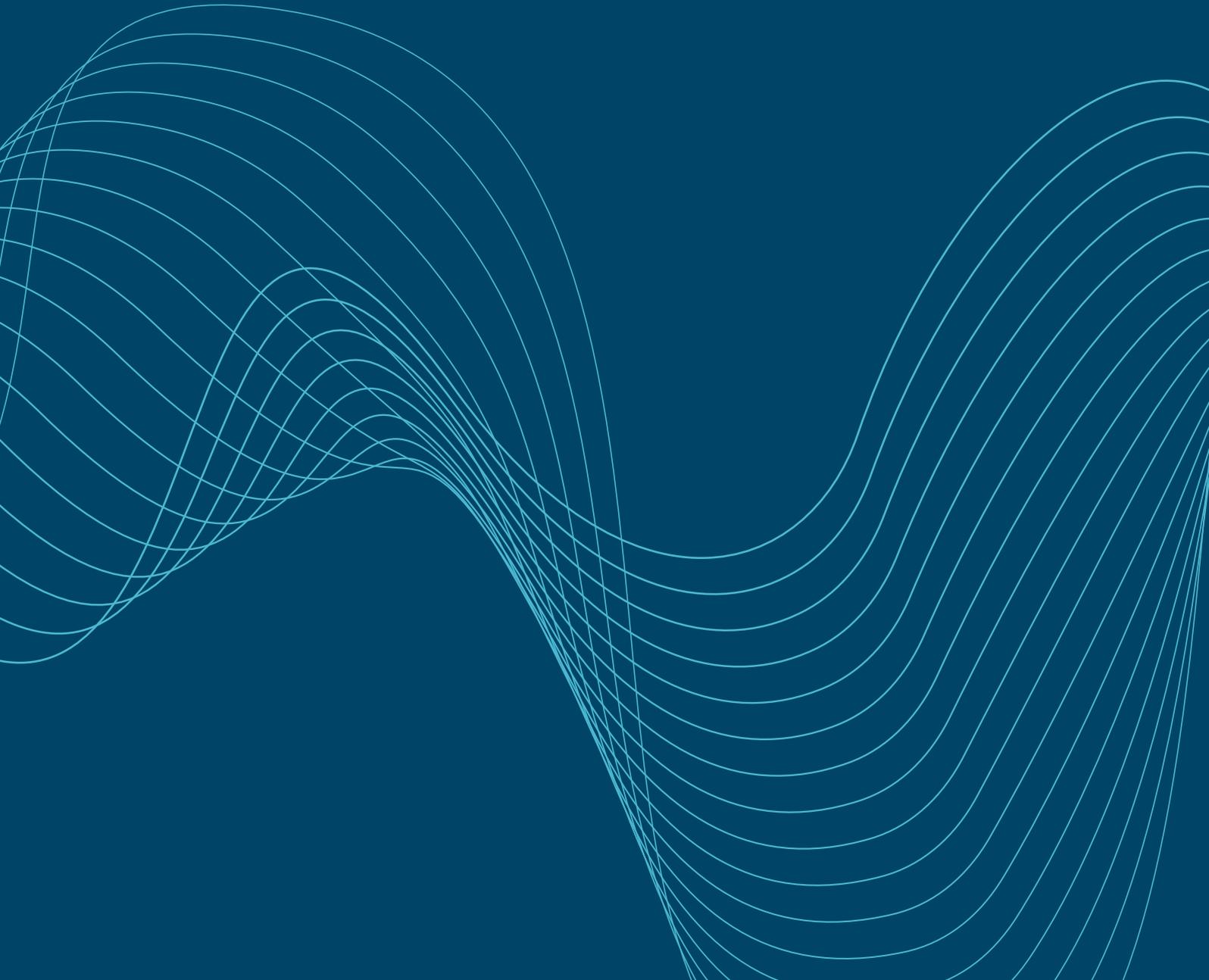
⁹ Values from fiscal year August 21, 2017 – December 31, 2017.

¹⁰ Values from fiscal year April 01, 2017 – March 31, 2018.

¹¹ N/A = No financial data available.

B.

Additional Information



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, November 26, 2018

Siemens Aktiengesellschaft
The Managing Board



Joe Kaeser



Dr. Roland Busch



Lisa Davis



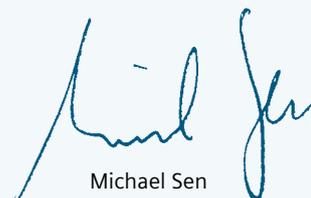
Klaus Helmrich



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 financial statements and 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, 2017 to September 30, 2018, the balance sheet as of September 30, 2018 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, 2017 to September 30, 2018. 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 2018 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, 2018 and of its financial performance for the fiscal year from October 1, 2017 to September 30, 2018 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, 2017 to September 30, 2018. 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 fields Power and Gas and Energy Management. 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 Group's internally established methods, processes and control mechanisms for project management in the bid and execution phase of construction contracts. We also assessed the design and operating effectiveness of the accounting-related internal controls by obtaining an understanding of business transactions specific to construction contracts, from the initiation of the transaction through presentation in the annual financial statements, and testing controls over these processes.

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 contracts, 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. Our audit procedures included, among others, review of the sample 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 (for example project acceptance documentation, contractual terms and conditions, and lawyers' confirmations regarding alleged breaches of contract and asserted claims) and inspected plant and project locations. To identify anomalies in revenue recognition and the related cost of sales throughout the projects' execution, we also applied data analysis procedures.

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 constructing contracts, refer to chapter → **A.3.3 NOTES TO THE INCOME STATEMENT, NOTE 1 REVENUE IN THE NOTES TO THE FINANCIAL STATEMENTS**. With respect to the accounting for provisions for onerous contracts and risks from construction contracts, refer to chapter → **A.3.4 NOTES TO THE BALANCE SHEET, NOTE 17 OTHER PROVISIONS** and → chapter **A.3.5 OTHER DISCLOSURES, NOTE 23 GUARANTEES AND OTHER COMMITMENTS** 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 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 whether 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 for 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 appropriateness as audit evidence of an independent expert's report commissioned by management, 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 that, as of September 30, 2018, Siemens continues to be not covered by the regulations for nuclear waste disposal which were partly amended in fiscal year 2017 ("Gesetz zur Neuordnung der Verantwortung in der kerntechnischen Entsorgung"), and therefore continues to adhere to the German Atomic Energy Act ("Atomgesetz"), whereby radioactive waste resulting from the decommissioning of the nuclear facilities operated by Siemens in the past must be reprocessed without causing damage and 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 POLICIES AND METHODS** 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**.

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 there-

fore 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 regulations, we examined the processes installed by management and tested 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 implications of significant business transactions or events in fiscal year 2018, which could result in uncertain tax positions or impact 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 businesses, corporate (intragroup) restructuring activities, and cross-border transactions such as determining transfer prices. We also obtained confirmations from external tax advisors to assess measurement and completeness. Further, we evaluated management's assessments with respect to the prospects of success of appeal and tax court proceedings by inquiring 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 uncertain tax positions and deferred taxes, refer to chapter → **A.3.2 ACCOUNTING POLICIES AND METHODS** 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, especially of shares in affiliated companies, constitutes 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 also depend to a large extent on the assessment of future cash inflows and the discount rate applied. Consequently, the impairment of non-current financial assets was determined to be a key audit matter.

Auditor's response: With regard to the lower net realizable values calculated and the assessment of permanent impairment by management, 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 re-performed 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.

We performed a budget-to-actual comparison of the historically forecasted data and the actual results on a sample basis to assess forecast accuracy. The parameters used to estimate net realizable value such as the estimated growth rates and the weighted average cost of capital 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 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 POLICIES AND METHODS** and with respect to write-downs and write-ups of investments, refer to chapter → **A.3.3 NOTES TO THE INCOME STATEMENT, NOTE 3 INCOME FROM INVESTMENTS, NET** in the notes to the financial statements.

Other information

The Supervisory Board is responsible for the Report of the Supervisory Board in chapter ↗ **c.3** of the Annual Report 2018. In all other respects, management is responsible for the other information.

The other information, of which we received a version prior to issuing the 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, 2018",
- the notes in chapter → **B.3** of the report "Annual Financial Statements of Siemens AG for the fiscal year ended September 30, 2018",
- the Responsibility Statement in chapter ↗ **c.1** of the Annual Report 2018,

- the Report of the Supervisory Board in chapter ↗ **c.3** of the Annual Report 2018,
- Corporate Governance in chapter ↗ **c.4** of the Annual Report 2018, and
- Notes and forward-looking statements in chapter ↗ **c.5** of the Annual Report 2018.

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 the 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 it 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 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 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 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 the 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, 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 31, 2018. We were engaged by the Supervisory Board on January 31, 2018. 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 being integrated into the audit, project-accompanying IT audits as well as audit services in connection with the implementation of new accounting standards.

Other Attestation Services include primarily audits and reviews of financial statements as well as other attestation services in connection with M&A activities, comfort letters, attestation services related to the sustainability reporting and other attestation services required under regulatory requirements, contractually agreed or requested on a voluntary basis. Permissible tax services were performed to a minor extent.

German Public Auditor responsible for the engagement

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

Munich, November 26, 2018

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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