Joint Report

of the Managing Board of
Siemens Aktiengesellschaft,
Berlin and Munich,

and of the Management of
Siemens Mobility GmbH,
Munich,

pursuant to Section 293a of the German Stock Corporation Act (AktG)
on the
Control and Profit-and-Loss Transfer Agreement
dated December 3, 2019
between

Siemens Aktiengesellschaft,
Berlin and Munich,
and
Siemens Mobility GmbH,
Munich

1. Introduction

On December 3, 2019, Siemens Aktiengesellschaft, with registered offices in Berlin and Munich, registered with the register of companies at the District Court of Charlottenburg under registration number HRB 12300 B and with the register of companies at the District Court of Munich under registration number HRB 6684 (hereinafter referred to as ″Siemens AG″), and Siemens Mobility GmbH, with registered office in Munich, registered with the register of companies at the District Court of Munich under registration number HRB 237219 (hereinafter referred to as ″Subsidiary″), entered into a Control and Profit-and-Loss Transfer Agreement (hereinafter referred to as ″Agreement″) pursuant to which the Subsidiary subordinates its management to Siemens AG and undertakes to transfer its entire profits to Siemens AG, while Siemens AG undertakes to compensate losses incurred by the Subsidiary.

The Managing Board of Siemens AG and the Management of the Subsidiary are submitting the following Joint Report pursuant to Section 293a of the German Stock Corporation Act (AktG).

2. Contracting Parties to the Agreement

The contracting parties to the Agreement are Siemens AG and Siemens Mobility GmbH.

2.1 Siemens AG

Siemens AG is an exchange-listed German stock corporation (*Aktiengesellschaft*) and the parent company of the Siemens Group. The Siemens Group is a globally operating technology company and had approximately 385,000 employees worldwide as of September 30, 2019, on the basis of continuing and discontinued operations.

The members of the Managing Board of Siemens AG are: Joe Kaeser (President and Chief Executive Officer), Dr. Roland Busch, Lisa Davis, Klaus Helmrich, Janina Kugel, Cedrik Neike, Michael Sen, and Prof. Dr. Ralf P. Thomas.

Siemens AG is legally represented by two members of the Managing Board, or by one member of the Managing Board jointly with a ″Prokurist″ (holder of a special statutory authority, referred to as ″Prokura″, granted in accordance with Section 48 of the German Commercial Code (HGB)). Otherwise Siemens AG shall be represented by ″Prokurists″ or other duly authorized signatories to the extent authorized by the Managing Board.

The members of the Supervisory Board of Siemens AG are: Jim Hagemann Snabe (Chairman), Birgit Steinborn (First Deputy Chairwoman), Werner Wenning (Second Deputy Chairman), Dr. Werner Brandt, Michael Diekmann, Dr. Andrea Fehrmann, Bettina Haller, Robert Kensbock, Harald Kern, Jürgen Kerner, Dr. Nicola Leibinger-Kammüller, Benoît Potier, Hagen Reimer, Dr. Norbert Reithofer, Dame Nemat Shafik, Dr. Nathalie von Siemens, Michael Sigmund, Dorothea Simon, Matthias Zachert and Gunnar Zukunft.

The fiscal year of Siemens AG runs from October 1 to September 30 of the following year.

As a resident German corporation, Siemens AG is fully subject to corporation tax (KSt) and municipal trade tax (GewSt) in Germany.

2.2 Siemens Mobility GmbH

The Subsidiary is registered with the Register of companies at the District Court of Munich under registration number HRB 237219 under the name ″Siemens Mobility GmbH″ with subscribed capital of €50,000,000. The capital contributions for the shares have been paid in full. Siemens AG is the sole shareholder.

The fiscal year of the Subsidiary runs from October 1 to September 30 of the following year.

The Managing Directors of the Subsidiary are Sabrina Soussan, Michael Peter and Karl Blaim. The Subsidiary shall be represented by two Managing Directors or by one Managing Director jointly with a ″Prokurist″ (holder of a special statutory authority, referred to as ″Prokura″, granted in accordance with Section 48 of the German Commercial Code (HGB)). Otherwise the Subsidiary shall be represented by ″Prokurists″ or other duly authorized signatories to the extent authorized by the Managing Directors.

Under the agreement dated February 21, 2018, Siemens AG contributed ″Mobility″, its legally dependent unit under fiscal law including the business activities Rail Systems, Railway Gears and Components and the respective service activities (hereinafter referred to as ″Unit″), consisting of all the assets and obligations attributable to the Unit, to the Subsidiary. This contribution was made at the carrying amounts in the commercial accounts and with economic effect as of August 1, 2018.

In connection with this contribution the subscribed capital was increased to a total of €50,000,000 which was registered with the register of companies on August 9, 2018.

The object of the Subsidiary is the research and development, production, sales and distribution as well as operation and maintenance of products, systems, installations and solutions within the mobility sector, in particular with regard to electrification, automation and digitalization, as well as rendering the related services.

Siemens Mobility GmbH was founded in November 2017 under the name ″Blitz 17-575 GmbH" with a subscribed capital of €25.000 and renamed to Siemens Mobility GmbH thereafter. The company started its operating activities only when taking over the Unit.

The financial statements in accordance with the German Commercial Code (HGB) as of September 30, 2019, the first full fiscal year after taking over the Unit, show total assets of €5,226 Million and revenues of €4,329 Million. The annual net income amounts to €49 Million.

In principal it can be expected that Siemens Mobility GmbH will grow in line with market growth and will generate solid profits as well as cash flows out of the operating business. In fiscal year 2019/2020, revenues of Siemens Mobility GmbH in a range of four to five billion Euro are expected. On a short term basis, there may be volatility in revenue and profit because of deferred revenue recognition according to accounting principles in the German Commercial Code (HGB). Starting fiscal year 2019/2020, a license fee for the trademark "SIEMENS" will affect the profitability.

All in all, from today's perspective, the current net assets, financial position and results of operations and those anticipated on the basis of current assessments do not indicate that the Subsidiary might claim an entitlement to the assumption of losses in the fiscal years 2019/2020 to 2021/2022 against Siemens AG.

The Subsidiary is integrated in the financing structure of the Siemens Group, in particular through participation in the cash management system, including cash pooling, of Siemens AG. The Subsidiary also participates in exchange rate and commodity price hedging of the Siemens Group and utilizes guarantees or other security of the Siemens Group.

The Subsidiary had 13.038 employees as of September 30, 2019. The Subsidiary has a Supervisory Board that is composed in accordance with the German Co-determination Act (MitbestG) of eight shareholder representatives and eight employee representatives. Members of the supervisory board are:
Dr. Roland Busch (Chairman), Bettina Haller (Deputy Chairwoman), Alia Al Refai, Thorsten Groeger, Nina Günther, Silke Holzschuh-Reick, Torsten Kaminski, Dr. Horst Kayser, Anatoli Klassen, Martina Maier, Dr. Christian Pfeiffer, Matthias Rebellius, Sabine Reichel, Heinz Spörk, Dr. Jürgen Wagner and Klaus-Dieter Weber.

3. Legal and economic reasons for concluding the Agreement; Implications of the Agreement

The objective of the Agreement is to create a fiscal unity (*Organschaft*) for purposes of German corporation tax and municipal trade tax between Siemens AG and the Subsidiary as of fiscal year 2019/2020 and to strengthen the Subsidiary's organizational integration in Siemens AG required for an existing fiscal unity (*Organschaft*) for purposes of value-added tax.

Under this fiscal unity (*Organschaft*) regime, profits and losses of the Subsidiary as the fiscal subsidiary company (*Organgesellschaft*) are directly attributed for tax purposes to Siemens AG as the fiscal parent company (*Organträgerin*). Consequently, positive and negative results at the level of Siemens AG can be netted for tax purposes. Depending on the taxable earnings situation of the companies forming part of the fiscal unity (*Organschaft*), this may result in tax advantages. Without this Agreement, such netting of results for tax purposes would not be possible.

In addition, as part of the fiscal unity (*Organschaft*) profits are transferred to Siemens AG without an additional tax burden. Without a fiscal unity (*Organschaft*), profits generated by the Subsidiary could at best be distributed to Siemens AG by way of a distribution of profits; in this event, Siemens AG would be subject to German corporation tax and municipal trade tax under current tax laws with respect to 5 percent of the profit distribution.

The conclusion of the Agreement does not involve any changes in the participation quotas held in the contracting parties.

From the perspective of Siemens AG shareholders, the Agreement will not have any special consequences apart from Siemens AG's commitment to assume the Subsidiary's losses, in particular because there will be no compensation payment and financial settlement with outside shareholders.

Under the Agreement, the Subsidiary shall subordinate the management of its company to Siemens AG. Siemens AG shall thereafter have the right to give instructions to the Management of the Subsidiary on how the Subsidiary is to be managed. The Management of the Subsidiary shall be obliged to obey the instructions. As a result, the Subsidiary's organizational integration in Siemens AG required for fiscal unity (*Organschaft*) between Siemens AG and the Subsidiary for purposes of value-added tax will be strengthened.

Owing to the inclusion of the Subsidiary in the fiscal unity (*Organschaft*) with Siemens AG for purposes of value-added tax, domestic services and goods provided between the Subsidiary and Siemens AG and other fiscal subsidiary companies of Siemens AG are non-taxable internal revenues on which no value-added tax is owed. The entrepreneur within the meaning of the Value-Added Tax Act (UStG) is Siemens AG as the fiscal parent company. The value-added tax for the fiscal unity (*Organschaft*) is owed by Siemens AG and the latter is entitled to value-added tax refunds. Compensation based on the causation principle is paid *inter partes* between Siemens AG and the Subsidiary.

In particular, the fiscal unity (*Organschaft*) for purposes of value-added tax simplifies administration. Moreover, any non-deductible input taxes can be avoided if deduction of input tax for received goods and services between the companies were to be denied without the existence of the fiscal unity (*Organschaft*).

4. Alternatives to concluding the Agreement

There is no economically rational alternative to concluding the Agreement.

Pursuant to Section 14 (1) of the German Corporation Tax Act (KStG) in combination with Section 17 (1) sentence 1 of the German Corporation Tax Act (KStG), the conclusion of this Agreement is a mandatory prerequisite for the fiscal unity (*Organschaft*) for purposes of German corporation tax and municipal trade tax between the Subsidiary as the fiscal subsidiary company (*Organgesellschaft*) and Siemens AG as the fiscal parent company (*Organträ-*

gerin). Therefore, the resulting tax advantages (cf. paragraph 3 above) can only be obtained by means of the Agreement.

In particular, a transformation of the Subsidiary into a partnership (*Personengesellschaft*) by change of legal form (*formwechselnde Umwandlung*) does not lead to a comparable result for tax purposes, as the Subsidiary's earnings would be subject to German municipal trade tax at the partnership level, whereas in the case of a fiscal unity (*Organschaft*) they are taxable at the level of the fiscal parent company (*Organträgerin*) and can there be offset against the fiscal parent company's positive or negative income.

In contrast, a mere control agreement in accordance with Section 291 (1) sentence 1 of the German Stock Corporation Act (AktG) will not serve as an equivalent alternative because a fiscal unity (*Organschaft*) for purposes of corporation tax and municipal trade tax cannot be created with the Subsidiary if the Subsidiary is under no obligation to transfer profits.

A merger of the Subsidiary with and into Siemens AG is also not a preferable option because the Subsidiary would then lose its legal independence, which would run counter to the objective of legal independence of the Mobility business.

5. Explanation of the Agreement

The Agreement is a control and profit-and-loss transfer agreement and thus an enterprise agreement pursuant to Section 291 (1) sentence 1 of the German Stock Corporation Act (AktG). It requires the approval of the Annual Shareholders' Meeting of Siemens AG and the Shareholders' Meeting (*Gesellschafterversammlung*) of the Subsidiary and must be registered in the register of companies at the registered office of the Subsidiary. The Agreement is to be submitted for approval to the Annual Shareholders' Meeting of Siemens AG on February 5, 2020 and is expected to be submitted for approval to the Shareholders' Meeting of the Subsidiary in December 2019.

The following is to explain the individual provisions of the Agreement:

Control (Article 1)

Under the Agreement, the Subsidiary shall subordinate management of its company to Siemens AG. Siemens AG shall accordingly have the right to give instructions to the Management of the Subsidiary on how the Subsidiary is to be managed (including its entire commercial sphere within the meaning of the Value-Added Tax Act (UStG)). The Management of the Subsidiary shall be obliged to obey the instructions. Notwithstanding the right to give instructions, the Subsidiary’s Managing Directors are still responsible for managing and representing the Subsidiary.

Transfer of profits (Article 2)

Pursuant to Article 2.1, the Subsidiary undertakes to transfer its entire profits to Siemens AG in accordance with Section 301 of the German Stock Corporation Act (AktG). Accordingly – subject to the set-up or release of reserves – the annual net income accruing without the transfer of profits, less any loss carried forward from the previous year, an amount to be allocated to the legal reserve, and the amount blocked from distribution in accordance with Section 268 (8) of the German Commercial Code (HGB), must be transferred. In addition, Article 2.1 provides a dynamic reference to Section 301 of the German Stock Corporation Act (AktG) ("as amended from time to time"). Pursuant to Section 14 (1) sentence 1, in combination with Section 17 (1) of the German Corporation Tax Act (KStG), the transfer of profits is a mandatory prerequisite for the fiscal unity (*Organschaft*) for tax purposes between the Subsidiary and Siemens AG.

The Subsidiary is entitled, with the consent of Siemens AG, to appropriate amounts from the annual net income to other retained earnings pursuant to Section 272 (3) of the German Commercial Code (HGB) provided that this is permitted under commercial law and economically justified based on reasonable business judgment. The formation of statutory reserves is permitted. Upon request by Siemens AG, amounts appropriated to other retained earnings pursuant to Section 272 (3) of the German Commercial Code (HGB) during the term of the Agreement shall be released and used to compensate an annual net loss or be transferred as profits. The transfer of capital reserves and retained earnings existing prior to the date of the Agreement shall be excluded. To this extent, the provisions explained above are common within the framework of a control and profit-and-loss transfer agreement.

Siemens AG may demand that the Subsidiary transfer profits in advance during the year, if and to the extent this is legally permissible. If the Agreement does not end before the end of the Subsidiary's fiscal year, the entitlement to the transfer of profits shall arise at the end of the Subsidiary's fiscal year and shall be due with that date as value date. The obligation to transfer profits shall apply retroactively as of the beginning of the Subsidiary's fiscal year in which the Agreement becomes effective by registration in the register of companies at the registered office of the Subsidiary.

Assumption of losses (Article 3)

Pursuant to Article 3 of the Agreement, Siemens AG shall be obliged to assume the losses of the Subsidiary in accordance with Section 302 of the German Stock Corporation Act (AktG). It requires Siemens AG to compensate any annual net loss of the Subsidiary that is otherwise, i.e. regardless of the obligation to compensate for losses, incurred during the term of the Agreement, to the extent that such loss is not compensated by release of any amounts from the Subsidiary's other retained earnings appropriated during the term of the Agreement. In addition, Article 3.1 provides a dynamic reference to Section 302 of the German Stock Corporation Act (AktG) ("as amended from time to time"). In order for the fiscal unity (*Organschaft*) between the Subsidiary and Siemens AG to become effective, it is a mandatory prerequisite for tax purposes that Siemens AG as the fiscal parent company (*Organträgerin*) undertake to compensate any loss incurred by the Subsidiary as the fiscal subsidiary company (*Organgesellschaft*) (Section 17 of the German Corporation Tax Act (KStG)). To this extent, the provisions explained above are common within the framework of a control and profit-and-loss transfer agreement.

If the Agreement does not end before the end of the Subsidiary's fiscal year, the entitlement to the assumption of losses shall arise at the end of the Subsidiary's fiscal year and shall be due with that date as value date. The obligation to assume losses shall apply retroactively as of the beginning of the Subsidiary's fiscal year in which the Agreement becomes effective by registration in the register of companies at the registered office of the Subsidiary.

Effectiveness and term (Article 4)

Article 4.1 of the Agreement makes it clear that the Agreement becomes effective upon registration in the register of companies at the registered office of the Subsidiary.

The Agreement shall be concluded for an indefinite period of time. It may be terminated ordinarily upon three (3) months' notice prior to the end of the Subsidiary's fiscal year, but for the first time to the end of the Subsidiary's fiscal year that ends at least five (5) years in time after the beginning of the Subsidiary's fiscal year in which the Agreement became effective. In addition to the above notice period, Siemens AG can terminate the Agreement ordinarily at any time after the minimum term specified in the above sentence expires and with two (2) weeks' prior notice. For the fiscal unity (*Organschaft*) for tax purposes to become effective, the Agreement must be concluded pursuant to Section 14 (1) sentence 1 no. 3, in combination with Section 17 (1) of the German Corporation Tax Act (KStG) for a period of at least five (5) years and actually be implemented during its entire term.

The right of either party to terminate the Agreement for good cause without observing a notice period shall remain unaffected. Good cause shall exist in particular in the event of insolvency, merger, split-up or liquidation of Siemens AG or the Subsidiary; it shall also exist if Siemens AG disposes of or contributes shares and thus no longer directly holds all the shares in the Subsidiary, or an outside shareholder participates in the Subsidiary for the first time within the meaning of Section 307 of the German Stock Corporation Act

(AktG) as a result of Siemens AG disposing of or contributing shares. In the event that shares are disposed of or contributed, Siemens AG may also terminate the Agreement as of the date of conclusion of the promissory agreement relating to the disposal or contribution of the shares in the Subsidiary, effective the date of transfer of the shares or at an earlier date. Good cause shall also exist in case of an initial public offering ("IPO") of the Subsidiary; in such a case, the Agreement can also be terminated as of the date on which the prospectus is approved by the responsible authority, effective the date on which the IPO is completed (transfer of the shares to the investors) or at an earlier date. The above is not an exhaustive enumeration of good causes.

Notice of termination shall be given in writing.

Final provisions (Article 5)

Pursuant to Article 5.1 of the Agreement, the interpretation of individual provisions of the Agreement is subject to Section 14 and Section 17 of the German Corporation Tax Act (KStG), as amended from time to time.

Article 5.2 of the Agreement contains a common so-called severability clause to ensure that the Agreement is maintained, should individual provisions, in whole or in part, turn out to be ineffective, unenforceable or incomplete. Therefore, should any provision of the Agreement be or become ineffective or unenforceable in whole or in part or should the Agreement contain a gap, this shall not affect the validity of the remaining provisions of the Agreement. In place of the ineffective or unenforceable provision, the parties shall agree on an effective or enforceable provision which, in its economic effect, comes as close as legally possible to that of the ineffective or unenforceable provision. In the event of a gap in the Agreement, the parties shall agree on a provision that would have been intended, in light of the object and purpose of the Agreement, had they considered the point on concluding the Agreement.

Pursuant to Article 5.3 of the Agreement, if a declaration is to be made in writing or in written form under the terms of the Agreement, such a declaration shall be signed by the issuer(s) authorized to represent the declaring party, signing his/her name in his/her own hand, and transmitted to the other party as an original. This written form may not be replaced by the electronic form.

Pursuant to Article 5.4 of the Agreement, the place of performance and jurisdiction for both parties shall be Munich.

No compensation payments and no financial settlements, no requirement for an audit of the Agreement

Siemens AG is the sole and direct shareholder of the Subsidiary. There are no outside shareholders. No compensation payments or financial settlements pursuant to Section 304 and Section 305, respectively, of the German Stock Corporation Act (AktG) are to be made. Moreover, it will not be necessary to have the Agreement audited by a contract auditor pursuant to Section 293b (1) of the German Stock Corporation Act (AktG) or to prepare an audit report pursuant to Section 293e of the German Stock Corporation Act (AktG). In the absence of any compensation payment pursuant to Section 304 of the German Stock Corporation Act (AktG) and any financial settlement pursuant to Section 305 of the German Stock Corporation Act (AktG), there is also no need to carry out an evaluation of the parties to the Agreement to determine the reasonableness of any compensation payment or financial settlement.

A summary appraisal of the Agreement shows that, for the reasons presented above, it is beneficial to both Siemens AG and the Subsidiary.

Munich, December 3, 2019

Siemens Aktiengesellschaft

The Managing Board

Kaeser (President and CEO)

Dr. Busch

Davis

Helmrich

Kugel

Neike

Sen

Prof. Dr. Thomas

Munich, December 3, 2019

Siemens Mobility GmbH

The Management

Soussan

Peter

Blaim

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