

# SIEMENS

This edition of our Bylaws for the Audit Committee, prepared for the convenience of English-speaking readers, is a translation of the German original.

## Bylaws

for the Audit Committee  
of the Supervisory Board  
of Siemens Aktiengesellschaft

Version dated November 26, 2003

## **§ 1 Composition**

1. The Audit Committee comprises the Chairman of the Supervisory Board, two of the Supervisory Board's shareholder representatives and two of the Supervisory Board's employee representatives.
2. The members of the Audit Committee shall elect a Chairman from among their number.

## **§ 2 Duties**

The Audit Committee shall perform all of the duties assigned to it by a decision of the Supervisory Board or by these Bylaws. In particular, it shall oversee:

- a) the correctness of the company's financial statements,
- b) the independence and qualifications of the independent auditors,
- c) the performance of the internal financial audit and of the independent auditors,
- d) the company's compliance with all relevant statutory and regulatory requirements.

## **§ 3 Annual and consolidated financial statements**

1. The Audit Committee shall conduct a preliminary review of the documents related to the annual financial statements of Siemens AG and the consolidated financial statements of Siemens worldwide (see Annex). In addition, it shall discuss the annual financial statements of Siemens AG, the consolidated financial statements of Siemens worldwide and management's discussion and analysis of these statements with the Managing Board and the independent auditors. It shall also review the report of the independent auditors.
2. The Audit Committee shall prepare the Supervisory Board decisions whether to approve the annual financial statements of Siemens AG and the consolidated financial statements of Siemens worldwide as well as the proposal for the appropriation of net income.
3. It shall discuss any material changes to the auditing and accounting methods.

## **§ 4**

### **Quarterly financial statements**

The Audit Committee shall discuss the quarterly financial statements with the Managing Board and the independent auditors as well as the report on the examination of these statements.

## **§ 5**

### **Other duties**

1. The Audit Committee shall discuss the principles of risk assessment and management with the Managing Board and concern itself with the company's risk monitoring system.
2. The Audit Committee shall conduct an evaluation of the efficiency of the internal financial audit. It shall review the areas of activity and focal points of the financial audit as well as of the adequacy of the material and human resources available to the Financial Audit Department. The Audit Committee shall decide on the audit plan and audit focal points of the company's financial audit and shall discuss the financial audit report with the President of the Managing Board and the Chief Financial Officer in the presence of the head of the Financial Audit Department.
3. The Audit Committee shall discuss the appropriateness and efficiency of the internal control system with the Managing Board and review the independent auditors' report on this subject as well as the evaluation by the Managing Board.
4. The Audit Committee shall discuss the press releases accompanying the annual and quarterly financial statements with the Managing Board.

## **§ 6**

### **Independent auditors**

1. The Audit Committee shall prepare the Supervisory Board recommendation to the Shareholders' Meeting on the election of the independent auditors.
2. After consultation with the President of the Managing Board and the Chief Financial Officer, the Audit Committee shall award the contract for the audit of the annual and consolidated financial statements to the independent auditors elected by the Shareholders' Meeting. It shall thereby determine, in particular, the focal points of the audit and the fee paid to the independent auditors.
3. The Audit Committee shall monitor the independence, qualifications, rotation und efficiency of the independent auditors. For this purpose, it shall – before awarding the audit contract pursuant to Section 6, paragraph 1 above – obtain a declaration from the designated independent auditors regarding the existence and nature of any professional, financial or other relationships between the

auditing company, its governing bodies or the heads of the independent audit, on the one hand, and Siemens, the members of its Supervisory Board or the members of its Managing Board, on the other, which could call into question the independence of the auditors. The declaration shall state the extent to which the auditing company has provided Siemens with other services – in particular, services in the consulting field – in the fiscal year just completed or has a contractual obligation to provide such services in the forthcoming fiscal year. The declaration shall include a statement of the costs of the audit and the costs of any non-audit-related services for the fiscal year just completed. An agreement shall be made with the independent auditors whereby the Chairman of the Audit Committee shall be immediately informed of any grounds for disqualification or any bias which may arise during the course of the audit.

4. Contracts for non-audit-related services awarded to the independent auditors or to companies which are connected with them on a legal, business or personal basis shall require the prior approval of the Audit Committee. The Audit Committee can establish guidelines to govern the details of the procedure to be followed in this matter.
5. The Audit Committee shall establish guidelines for the employment by the company of current or previous employees of the independent auditors.

## **§ 7**

### **Cooperation with the independent auditors**

The Audit Committee shall arrange for the independent auditors to provide it with information regarding:

- a) all findings made and issues arising in the course of the audit which are relevant to the duties of the Supervisory Board;
- b) facts ascertained in the course of the audit which indicate an inaccuracy in the Declaration of Conformity with the German Corporate Governance Code submitted by the Managing and Supervisory Boards;
- c) all critical accounting items and alternative methods of accounting for transactions which have been discussed with the Managing Board, and significant written communications between the independent auditors and the Managing Board;
- d) controversies which have arisen between the independent auditors and the Managing Board in the course of the audit.

## **§ 8 Complaints**

1. The Audit Committee shall be responsible for reporting and processing complaints by company employees regarding accounting procedures, internal controls, the audit and other accounting-related matters. Complaints may be submitted anonymously. Employees submitting complaints shall suffer no negative consequences as a result of their action. The Audit Committee shall specify the details of the complaints procedure in a separate set of guidelines.
2. The Audit Committee shall establish the procedure for the reporting and processing of complaints from lawyers.

## **§ 9 Meetings and voting procedures**

1. The Audit Committee meets at least four times each fiscal year at the invitation of its Chairman. Meetings of the Audit Committee shall be convened, with at least two weeks notice, by the Chairman or, if he or she is unable to do so, by a representative, whom the Chairman has designated sufficiently in advance.
2. The provisions of the Bylaws of the Supervisory Board regarding the convening, form and recording of meetings and decisions and regarding quorums and voting procedures shall apply analogously to the proceedings of the Audit Committee. At least three Audit Committee members must vote on a resolution in order for it to be adopted.

## **§ 10 Attendance at meetings**

1. The President of the Managing Board, the Chief Financial Officer and the independent auditors shall attend meetings of the Audit Committee unless the Chairman of the Audit Committee determines otherwise in a particular case.
2. The Chairman may invite other individuals to attend meetings of the Audit Committee. The head of the Financial Audit Department may participate in meetings at the invitation of the Committee Chairman.
3. The Chairman of the Committee can determine that meetings of the Audit Committee take place without Managing Board members in attendance. The Audit Committee shall meet at least once every fiscal year in the absence of the Managing Board.

**§ 11**  
**Internal procedures**

1. Each member of the Audit Committee is entitled to examine all business-related documents and books, all business information stored on data carriers and all assets and liabilities of the company.
2. The Audit Committee is entitled to obtain all information relevant to its activities from the independent auditors, from the Managing Board and from the executive employees of the company who report directly to the Managing Board.
3. To perform its duties, the Audit Committee can call in auditors, legal specialists and other internal and external consultants, if it so desires. The Chairman of the Committee may permit these and other respondents to attend Committee meetings. The costs shall be borne by the company.
4. The Audit Committee shall regularly review the efficiency of its operations. This efficiency review may be included in the efficiency review referred to in Section 1, paragraph 8 of the Bylaws for the Supervisory Board. The Audit Committee shall regularly review its Bylaws and, when necessary, recommend appropriate changes to the Supervisory Board.
5. The Bylaws for the Audit Committee shall be published.

**§ 12**  
**Reporting and explanations**

1. The Chairman of the Audit Committee shall provide the Supervisory Board with regular reports regarding the activities of the Audit Committee.
2. The issuance and receipt of any additional documents or explanations required to implement the decisions of the Audit Committee shall be handled by the Chairman of the Audit Committee, or if he or she is unable to do so, by the Chairman of the Supervisory Board or by a Deputy Chairman.

**§ 13**  
**Confidentiality**

The members of the Audit Committee and all other individuals who have taken part in meetings of the Audit Committee may not disclose the information contained in the reports they receive, the contents of discussions or confidential information regarding the company – in particular, business secrets – which have become known to them through their activities in connection with the Audit Committee.

## **Annex to Section 3, paragraph 1**

1. Annual report
  - a) annual financial statements of Siemens AG, management's discussion and analysis
  - b) consolidated financial statements of Siemens worldwide, management's discussion and analysis, including additions pursuant to § 292a of the German Commercial Code
  - c) Report to the SEC (on Form 20-F)
  - d) Certification by the President of the Managing Board and the Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act and with respect to the SEC report on Form 20-F
2. Quarterly financial statements and quarterly reports to the stock exchanges and/or to the SEC