

**Meeting between Federal Reserve Board staff and Siemens Corporation representatives  
Margin and Capital Requirements for Covered Swap Entities [R-1415]**

June 7, 2011

Siemens representatives:

Gerald A. Halpin, III, President, Siemens Capital Co., LLC  
Mark Esherick, Director, Government Affairs, Siemens Corp.  
Jonathan P. Falk, General Counsel, Siemens Capital Co., LLC  
Sheryl V. Cohen, American Continental Group

Board staff:

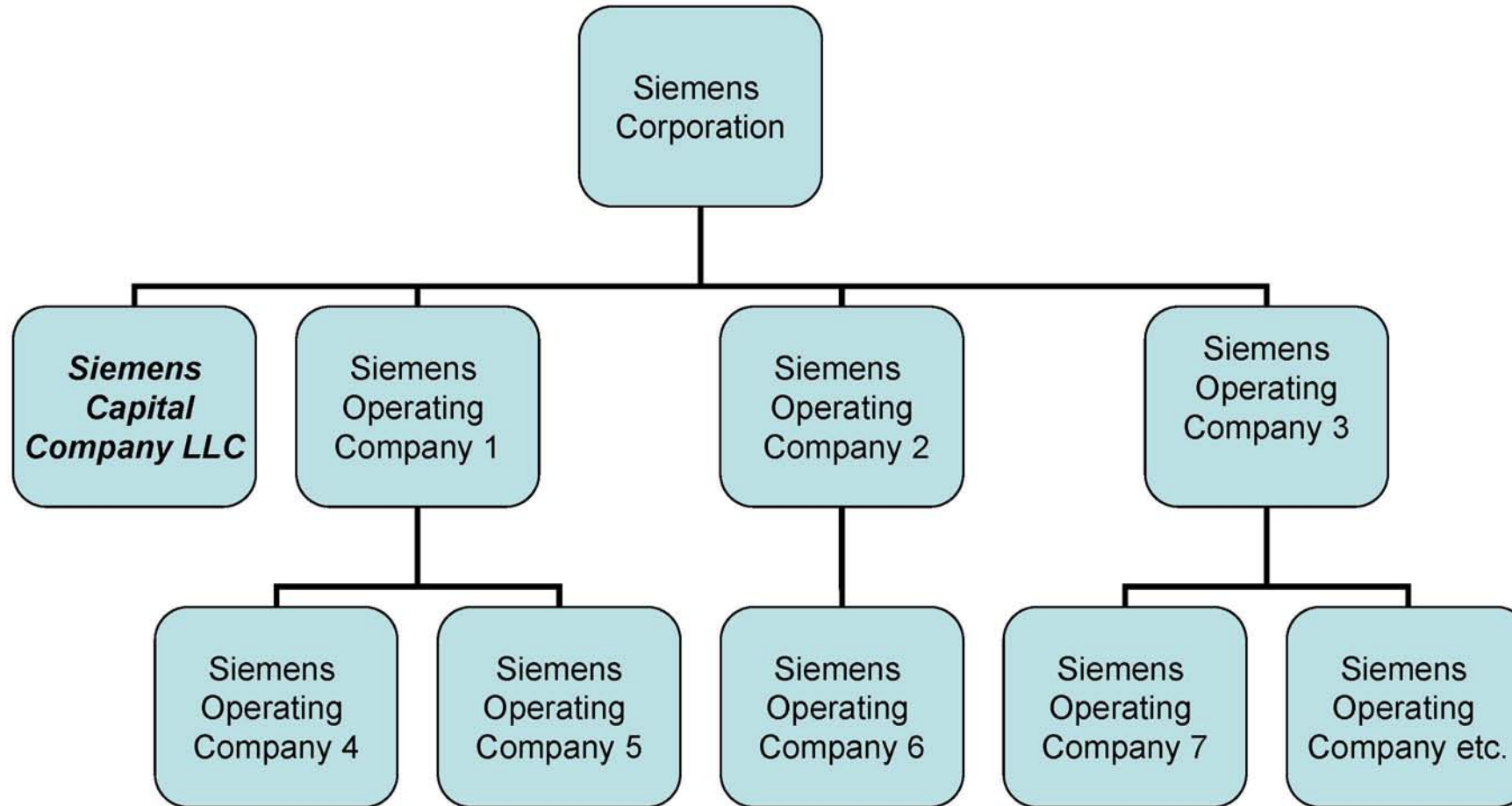
Michael Gibson  
Stephanie Martin  
Sean Campbell  
David Lynch

Siemens representatives met with Board staff to discuss issues related to the proposed rule of the Board and other prudential regulators on margin and capital requirements for covered swap entities under Title VII of the Dodd-Frank Act. Siemens representatives expanded on points raised in their comment letter on proposed rule, dated June 1, 2011.

Siemens representatives discussed the company's corporate structure (illustrated on the attached slides), whereby separately-incorporated business entities hedge their commercial risks through a common treasury affiliate. Siemens was concerned that, if the treasury affiliate is deemed to be a financial end user, the proposed rule would create an anomalous result, in that it would require higher margin requirements than if the non-financial end user business entities had entered into swaps individually to hedge the same risks.

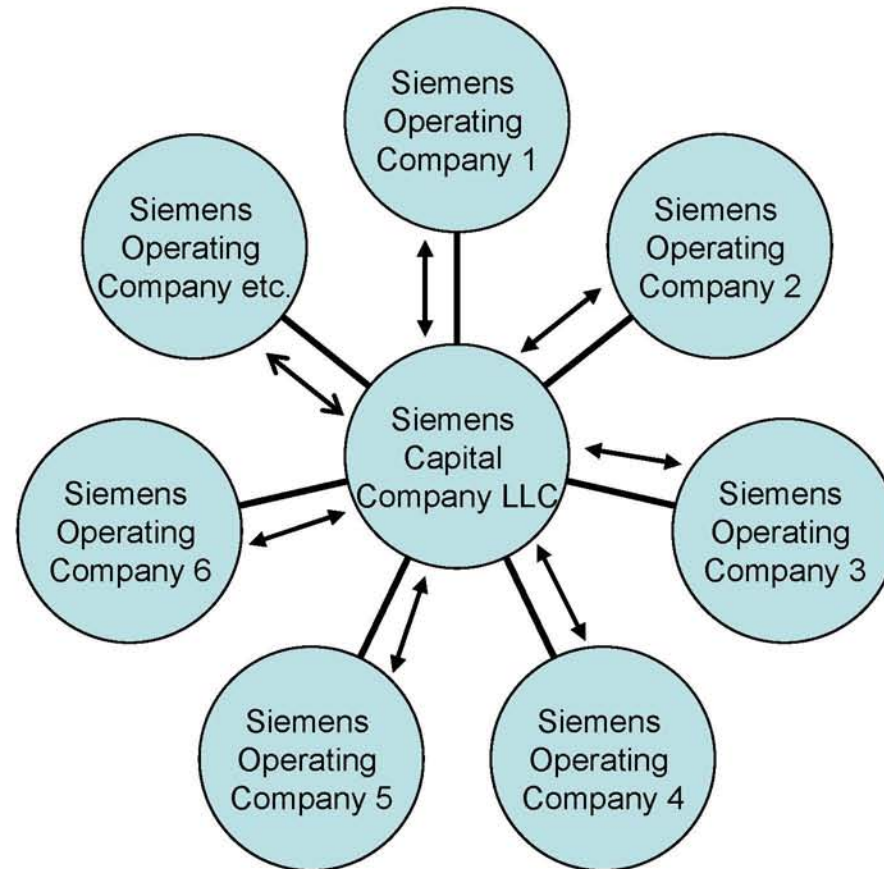
Attachment

# Example of Structure



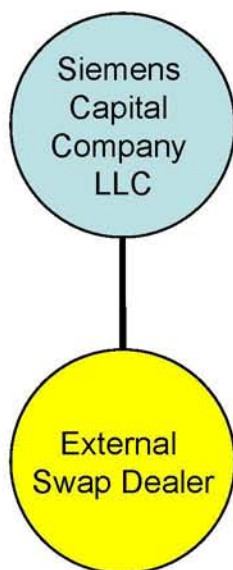
Siemens Capital Company LLC is a subsidiary of the US parent, and is an affiliate of all other Siemens US companies (each of which would be commercial end users).

# SCC as Treasury unit



Cash from each affiliate is “zero balanced” to SCC at the end of each day. Positive balances are swept to SCC as “deposits” by affiliates, negative balances are filled by SCC as “loans” to affiliates. The net commercial interest rate and foreign exchange risk of Siemens in the US is held and managed by SCC.

# SCC as End User for Siemens US



Having aggregated the net commercial interest rate and foreign exchange risk of all US operations, SCC hedges such risk with an external counterparty.