



Glossary of financial and legal terms

Accounts payable

An account reflecting a balance owed to creditor.

Articles of Incorporation (also referred to as *Articles of Association*)

A governing document – similar to articles of incorporation – that sets forth the basic terms of a corporation's existence, including the number and classes of shares and the purposes and duration of the corporation

American Depository Receipts (ADRs)

A receipt issued by an American bank as a substitute for stock shares in a foreign-based corporation. It represents the ownership in the shares of a foreign company trading on US financial markets. ADRs enable US investors to buy shares in foreign companies without undertaking cross-border transactions. Companies that offer ADRs maintain a stock listing in their domestic market in their domestic currency, while the ADRs are held in U.S. dollars and listed on a U.S. stock exchange.

Balance sheet

A statement of an entity's current financial position, disclosing the value of the entity's assets, liabilities and owners' equity on a given date.

Bearer shares

Shares the ownership of which can be transferred by hand without the need for registration of the change of ownership.

Capital Expenditure (CAPEX or capex)

An outlay of funds to acquire or improve a fixed asset.

Common shares

A class of shares entitling the holder to vote on corporate matters, to receive dividends after other claims and dividends have been paid (especially to preferred shareholders) and to share in assets upon liquidation.

Current assets

An Asset, such as cash, an accounts receivable, inventory, a marketable security and a note, that are readily convertible into cash, exchanged or expensed in the normal course of business

Current liabilities

A business liability that will be paid or otherwise discharged with current assets or by creating other current liabilities within the next financial year.

Debt

Money, goods or services that one party is obligated to pay to another in accordance with an expressed or implied agreement. Debt may or may not be secured. General name for bonds, notes, mortgages and other forms of paper evidencing amounts owed and payable on specified dates or on demand.

Dividend

Distribution of earnings to shareholders and paid in the form of money, stock or, rarely, company products or property. The amount is determined by the Corporate Executive Board ("CEB"), with the approval of the Supervisory Board, and is paid when declared.

Fixed assets

Tangible property used in the operations of a business, but not expected to be consumed or converted into cash in the ordinary course of events. Fixed assets are normally represented on the balance sheet at their net depreciated value.

Gross margin (gross profit)

Net sales less the cost of goods sold.

Liabilities

Financial, pecuniary or legal obligations, leading to a transfer of assets or services at a specified or determinable date; with no or little discretion of the company to avoid the transfer; while the event causing the obligation has already occurred.

Operating income (or loss)

The difference between the revenues of a business and the related costs and expenses, excluding income derived from sources other than a company's regular activities and before income deductions.

Preferred stock

Class of capital stock that entitles the holder thereof to receive dividends at a specified rate and that has preference over common stock in the payment of dividends and the liquidation of assets.

Proxy vote

A vote exercised by one person on behalf of another.

Registered Shares

Shares whose owner is registered in the issuer's books.

SEC (U.S. Securities and Exchange Commission)

American federal agency created by the Securities Exchange Act of 1934 to administer the securities business on a national scale.

Share

Unit of equity ownership in a corporation. This ownership is represented by a stock certificate, which names the company and the shareowner. The number of shares a corporation is authorized to issue is detailed in its articles of incorporation, also articles of association.

Stock

The capital or principal fund raised by a corporation through subscribers' contributions or the sale of shares. Also a proportional part of a corporation's capital represented by the number of equal units (or shares) owned, and granting the holder the right to participate in the company's general management and to share in its net profits or earnings.

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