

Glossary

A	Accumulated benefit obligation (ABO)	A measure to determine a company's pension-related "additional minimum liability." The ABO is based on the same computational methodologies as the projected benefit obligation (PBO), except for compensation levels. The ABO applies to past and current compensation levels. It does not incorporate compensation increases.
	American depository receipts (ADRs)	Negotiable share certificates issued by major U.S. banks, related to non-American shares deposited with them. ADRs are generally issued in a ratio of 1:1.
	Asset management	The process of managing corporate assets in order to enhance operational efficiency while minimizing costs and associated risks.
B	Benchmarking	A technique used to compare the products, services, processes and financials within an organization, in relation to "best of practice" in other similar organizations.
	Business portfolio	The aggregate total of business areas in which Siemens is active.
C	Captive finance unit	A financial services unit organized as a business within an industrial enterprise that offers financial solutions primarily to customers of the operating units of that enterprise.
	Cash conversion rate	Measures the proportion of profit that is converted into free cash flow.
	Cash flow	The net cash inflow or outflow for a specific time period.
	Cash management	The management of cash and cash equivalents within an organization to optimize financial activities.
	Commercial paper	Short-term loan issued in the open market by companies with strong credit ratings. Maturities typically range from 2 to 270 days.
	Consolidated financial statements	Financial statements that bring together all assets, liabilities, net worth, results of operations and cash flows of two or more affiliated companies, as though the business were in fact a single economic entity.
	Corporate Treasury	A corporate function responsible for ensuring the availability of company-wide financing and cash management, including consulting services involving issues of corporate finance, interest rates and currencies, liquidity management and all other questions related to the financial management of operations.
	Cost of capital	The rate that a company must pay for its capital.
D	Debt-to-equity ratio	Total long-term debt divided by total shareholders' equity.
	Deferred taxes	Assets and liabilities arising from the different treatment of transactions for financial and tax reporting purposes.
	Derivative	A financial instrument that derives its value from the price or expected price of an underlying asset (e.g. a security, currency or bond).
	Discontinued operations	A separate unit of an enterprise (clearly distinguishable from the rest of the entity) that has been disposed of or is classified as held for sale, if the unit's operations and cash flows are eliminated from the ongoing operations and the ongoing operations will not have any significant continuing involvement in the unit.
E	Equity method	Valuation method used to account for interests in companies in which the investor has the ability to exercise significant influence over the investee's operating and financial policies (associated companies).
	EVA	Abbreviation for "economic value added." EVA equals net operating profit after taxes (NOPAT) less a charge for capital employed in the business (cost of capital).
	Expected long-term rate of return on pension plan assets	The average rate of earnings expected on plan assets.
F	Free cash flow	A measure of operative cash generation. It represents net cash provided by (used in) operating activities less cash used for additions to intangible assets and property, plant and equipment.
	Financing and Real Estate	The worldwide leasing, lending, financing and real estate activities of Siemens Financial Services (SFS) and Siemens Real Estate (SRE).

	Fully diluted	Earnings per share are fully diluted when they reflect the effects of an assumed conversion or the exercise of all potentially dilutive securities or stock options.
	Functional costs	Functional costs include cost of sales, R&D expenses, marketing and selling expenses, and general administration expenses.
	Funded status of pension plan	The difference between a pension plan's projected benefit obligation (PBO) and the fair market value of assets designated to the pension plan (plan assets) as of a specific date.
G	GASC	Short for "German Accounting Standards Committee." An independent registered association to develop, among other things, accounting standards for application in the area of consolidated financial reporting.
	German GAAP	Short for "Generally Accepted Accounting Principles in Germany." The accounting concepts, measurements, techniques and standards of presentation used in financial statements in Germany pursuant to the German Commercial Code (HGB).
	Goodwill	The excess of cost of an acquired entity over the amounts assigned to assets acquired and liabilities assumed.
	Group profit	Measure of Group profitability, defined as earnings before financing interest, certain pension costs and income taxes.
H	Hedging	A strategy used to minimize exposure to changes in prices, interest rates or exchange rates by means of derivative financial instruments (options, swaps, forward contracts, etc.).
	Hybrid bond	A hybrid bond is a bond that due to its subordination bears the character of both debt and equity.
I	IFRS	Short for "International Financial Reporting Standards," previously "International Accounting Standards" (IAS). According to IAS Regulation of the European Union, publicly traded European Union companies are required to prepare their consolidated financial statements in accordance with IFRS beginning January 2005 and/or January 2007 at the latest.
J	Joint venture	A form of business partnership between two or more companies to engage in a commercial enterprise with mutual sharing of profits and losses.
M	Medium-term note program	Flexible financing framework providing for the issuance of notes in rotation in the context of a program unrestricted in time (constant issue). The notes may be issued in several tranches, with terms and conditions and time of issue being determined in accordance with then current goals and prevailing market conditions.
	Moody's Investors Service	Independent rating agency that assesses securities investment and credit risk.
N	Net capital employed	Net capital employed is the asset measure used to assess the capital intensity of Operations. Its definition corresponds with the Group profit measure.
	Net cash from operating and investing activities	Total of cash provided by (used in) operating and investing activities as determined in the Statements of Cash Flow.
	Net periodic pension cost	The amount of pension costs recorded in the Statements of Income. Net periodic pension cost components include service cost, interest cost, expected return on plan assets, amortization of unrecognized prior service cost (if any), gains or losses recognized and amortized after exceeding a certain corridor (if any), amortization of unrecognized initial net obligation and/or initial net asset.
O	Operations	One component of Siemens' reporting structure. Operations comprises the operating Groups, certain operating activities not associated with these Groups and centrally managed items, but excludes Financing and Real Estate and Corporate Treasury.
P	Projected benefit obligation (PBO)	A measure to determine pension liabilities. The PBO is the actuarial present value as of a specific date of employees' vested and non-vested pension benefits incorporating compensation increases, attributable to employee services performed as of that date.

R	R&D	Abbreviation for “research and development.”
	Rating	Standardized evaluation of issuers’ credit standing and debt instruments, carried out by specialized agencies (such as Standard & Poor’s or Moody’s Investors Service).
	Return on capital employed (ROCE)	A measure for the efficiency and profitability of a company’s investments. It is an indicator of how well a company is utilizing capital to generate profits.
	Risk management	Systematic process to identify, assess and monitor various financial risk factors and to select and implement measures to handle those risk factors.
S	SEC	Short for “Securities and Exchange Commission.” The primary federal agency in the U.S. responsible for regulating the financial reporting practices of most publicly owned corporations in connection with the buying and selling of stocks and bonds.
	Standard & Poor’s	Independent rating agency that provides evaluation of securities investment and credit risk.
	Stock options	Form of employee incentive and compensation. The employee is given an option to purchase a company’s shares if certain targets are met under specified conditions.
U	U.S. GAAP	Short for “United States Generally Accepted Accounting Principles.” The accounting concepts, measurements, techniques and standards of presentation applicable to financial statements in the U.S.
V	Volatility	The degree of fluctuation for a given price or rate, such as a stock price or currency exchange rate.

Index

A	157	Accounting estimates
	176, 226	Acquisitions and dispositions
	332	Annual Shareholders' Meeting
	53, 124	Automation and Drives (A&D)
B	150	Balance sheets
C	35	Cash conversion rate
	145	Cash flows
	177	Code of Conduct
	88	Code of Ethics
	269	Common stock
	92, 194	Compensation Report
	202	Consolidated Balance sheets
	206	Consolidated Changes in Equity
	200	Consolidated Financial Statements
	204	Consolidated Statements of Cash Flow
	200	Consolidated Statements of Income
	277	Contingencies
	84	Corporate Governance Guidelines
	80	Corporate Governance Report
	42, 44, 161, 198	Corporate Responsibility
	D	150, 249
87		Declaration of Conformity with the German Corporate Governance Code
221, 289		Derivative financial instruments
141, 149		Dividend
E	217, 307	Earnings per share
	24	Employees
	17, 36	Energy
	138	EVA performance
	187	Explanatory report
F	210	Financial reporting
	30	Fit ₄ 2010
	324	Five-year summary
	294, 297	Foreign currency exchange and interest rate risks

G	326	Glossary
	218, 242	Goodwill
	48	Group Presidents
	151	Guarantees and other commitments
H	17, 36	Healthcare
	221, 290	Hedging activities
I	323	Independent Auditors' Report
	54, 125	Industrial Solutions and Services (I&S)
	17, 36	Industry
	27, 65	Innovations
	218, 245	Intangible assets
	232	Interest income
	210	International Financial Reporting Standards (IFRS)
	219, 241	Inventories
	26, 84	Investor relations
K	324, Back cover	Key figures
L	162, 179, 279	Legal proceedings
	14	Letter to our Shareholders
	141	Liquidity and capital resources
M	108	Management's discussion and analysis
	12, 320	Managing Board
	321	Managing Board committees
	69, 131	Medical Solutions (Med)
N	250	Notes and bonds
	206	Notes to Consolidated Financial Statements
O	57, 127	OSRAM
	194	Outlook
P	29	Patents
	152, 253	Pension plans
	307	Personnel costs
	62, 129	Power Generation (PG)
	63, 130	Power Transmission and Distribution (PTD)
	218, 246	Property, plant and equipment

R	143	Ratings	
	315	Related party transactions	
	6	Report of the Supervisory Board	
	28, 114, 197, 217	Research and development	
	35, 109	Return on capital employed (ROCE)	
	157	Revenue recognition	
	173, 180	Risk management	
S	124, 208, 308	Segment information	
	269	Shareholders' equity	
	56, 126	Siemens Building Technologies (SBT)	
	332	Siemens Financial Calendar	
	72, 135	Siemens Financial Services (SFS)	
	71	Siemens Home and Office Communication Devices (SHC)	
	70, 132	Siemens IT Solutions and Services (SIS)	
	73, 135	Siemens Real Estate (SRE)	
	78	Siemens VDO Automotive (SV)	
	322	Statement of the Managing Board	
	222	Stock-based compensation	
	133	Strategic Equity Investments (SEI)	
	157, 317	Subsequent events	
	212	Summary of significant accounting policies	
	318	Supervisory Board	
	319, 81	Supervisory Board committees	
	T	219, 234	Taxes
		24	Training
		55, 128	Transportation Systems (TS)