

▷ **11 GOODWILL** Goodwill primarily relates to the Group's acquisitions of the Reebok business as well as the previous acquisition of subsidiaries in the United States, Australia/New Zealand, Netherlands/Belgium and Italy.

#### GOODWILL

€ in millions

	Dec. 31 2007	Dec. 31 2006
Goodwill, gross	1,436	1,516
Less: impairment	—	—
<b>Goodwill, net</b>	<b>1,436</b>	<b>1,516</b>

The majority of goodwill which primarily relates to the acquisition of the Reebok business in 2006 is denominated in US dollars. A negative currency translation effect of € 80 million and € 88 million was recorded for the years ending December 31, 2007 and 2006, respectively.

From January 1, 2005, goodwill is tested annually for impairment. There was no impairment expense for the years ending December 31, 2007 and 2006. The Group determines whether goodwill impairment is necessary at least on an annual basis. This requires an estimation of the fair value less costs to sell of the cash-generating units to which the goodwill is allocated. Estimating the fair value less costs to sell requires the Group to make an estimate of the expected future cash flows from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows.

Future changes in expected cash flows and discount rates may lead to impairments of the accounted goodwill in the future.

For details ▷ see [Statement of Movements of Tangible and Intangible Assets and Financial Assets \(Attachment I to these Notes\)](#)

▷ **12 TRADEMARKS AND OTHER INTANGIBLE ASSETS** Trademarks and other intangible assets consist of the following:

#### TRADEMARKS AND OTHER INTANGIBLE ASSETS

€ in millions

	Dec. 31 2007	Dec. 31 2006
Trademarks, gross	1,291	1,454
Less: accumulated amortization	—	—
<b>Trademarks, net</b>	<b>1,291</b>	<b>1,454</b>
Software, patents and concessions, gross	441	447
Less: accumulated amortization	247	224
<b>Other intangible assets, net</b>	<b>194</b>	<b>223</b>
<b>Trademarks and other intangible assets, net</b>	<b>1,485</b>	<b>1,677</b>

Intangible asset amortization expenses were € 64 million and € 69 million for the years ending December 31, 2007 and 2006, respectively. ▷ see also [Note 24](#)

At December 31, 2007, trademarks related to the Reebok acquisition with indefinite useful lives amounted to € 1.285 billion (December 31, 2006: € 1.436 billion). They were estimated to be indefinite due to the high degree of brand recognition as well as their long standing heritage. The trademarks are allocated to the cash-generating unit Reebok.

The Group determines whether trademarks with indefinite useful life are impaired at least on an annual basis. This requires an estimation of the fair value less costs to sell of the cash-generating units to which the trademark is allocated. Estimating the fair value less costs to sell requires the Group to make an estimate of the expected future brand-specific sales and appropriate arm's length royalty rates from the cash-generating unit and also to choose a suitable discount rate in order to calculate the present value of those cash flows. There was no impairment expense for the years ending December 31, 2007 and 2006.

Future changes in expected cash flows and discount rates may lead to impairments of the accounted trademarks in the future.

For details ▷ see [Statement of Movements of Tangible and Intangible Assets and Financial Assets \(Attachment I to these Notes\)](#)