

GERMAN CO-DETERMINATION ACT German Mitbestimmungsgesetz (MitbestG). This act governs the form of co-determination of employees in corporations employing more than 2,000 employees. It stipulates, among other things, that such a corporation's Supervisory Board must be composed of an equal number of employees and shareholder representatives.

GNC (GREG NORMAN COLLECTION) Golf brand, acquired as part of the Reebok acquisition on January 31, 2006. The adidas Group announced the divestiture of the Greg Norman Collection wholesale business on November 21, 2006. Prior to that, the business was consolidated in the TaylorMade-adidas Golf segment.

GOODWILL Intangible asset that quantifies the price that a buyer of a company has paid for the reputation, know-how and market position of the acquired company. Goodwill is the excess of the amount paid over the fair value of the net assets acquired at the purchase date.

GREEN GRASS RETAILERS Golf distribution channel. Small golf specialty shops typically located at a golf course.

GROSS DOMESTIC PRODUCT (GDP) Market value of all finished goods and services produced within a country in a given period of time.
 $GDP = \text{consumption} + \text{investment} + \text{government spending} + (\text{exports} - \text{imports})$.

GROSS MARGIN Gross profit as a percentage of net sales.
 $\text{Gross margin} = (\text{gross profit} / \text{net sales}) \times 100$.

GROSS PROFIT Difference between net sales and the cost of sales.
 $\text{Gross profit} = \text{net sales} - \text{cost of sales}$.

HARDWARE/HARD GOODS Product category which comprises sports equipment that is used rather than worn by the athlete, such as bags, balls, golf clubs and hockey sticks.

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.).

➤ see also [Natural Hedges](#)

HIGH-END DEPARTMENT STORES Retail format which places emphasis on shopping experience, selling high- to mid-price products from several merchandise lines under the same roof.

IN-HOUSE BANK Internally and centrally managed cash liquidity within the adidas network of subsidiaries. Organization and implementation through the adidas Group's Treasury department.

INITIAL PUBLIC OFFERING (IPO) First placement of a corporation's common shares on an organized market.

INSTITUTIONAL INVESTOR Investors such as investment companies, mutual funds, brokerages, insurance companies, pension funds, investment banks and endowment funds. They are financially sophisticated, with a greater knowledge of investment vehicles and risks, and have the means to make large investments.

INTEREST COVERAGE Indicates the ability of a company to cover net interest expenses with income before net interest and taxes.

$\text{Interest coverage} = \text{income before interest and tax} / \text{interest}$.

INTEREST RATE CAP Option contract which places an upper limit on a floating interest rate. The writer of the cap is required to pay the holder of the cap the difference between the floating rate and the reference rate when that reference rate is exceeded. There is a premium to be paid by the buyer of such a contract as the market price for the potential pay-out.

INTERNATIONAL ACCOUNTING STANDARDS BOARD (IASB) Independent, privately-funded cooperation of professional associations dealing with matters of financial accounting and setting and promoting the IFRS (formerly IAS).

INTERNATIONAL FINANCIAL REPORTING INTERPRETATIONS COMMITTEE (IFRIC) Accounting body which rules on controversial accounting issues. Its interpretations are approved by the International Accounting Standards Board (IASB) and, once adopted, are binding on all International Financial Reporting Standards (IFRS) users.

INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS) Reporting standards (formerly called IAS) which have been adopted by the International Accounting Standards Board (IASB). The objective is to achieve uniformity and transparency in the accounting principles that are used by businesses and other organizations for financial reporting around the world.

INVESTMENTS ➤ see [Capital Expenditure](#)

JOINT VENTURES Contractual agreement joining together two or more parties for the purpose of executing a particular business undertaking.

KEY ACCOUNTS Wholesalers or retailers which are primary customers and account for a large percentage of sales.

KINETICFIT Fit system that accommodates the changes in size and shape of an athlete's foot as it moves. From impact through toe-off, the foot can change up to half of a shoe size. KineticFit construction makes use of a series of engineered stretch panels positioned in key areas of the shoe.

LICENSED APPAREL Apparel products, which are produced and marketed under a license agreement with a sports organization (e.g. FIFA, UEFA, IOC), sports league (e.g. NFL, NBA), professional team (e.g. Real Madrid, Liverpool) or university (e.g. UCLA, Notre Dame). If visible, the supplier's branding is secondary.

LIEN The right to take and hold or sell the asset of a debtor as security or payment for a debt.

LIQUIDITY RATIOS I-III Measures the extent to which a company can quickly liquidate assets to cover short-term liabilities.

Liquidity I: $\{(\text{sum of cash} + \text{short-term financial assets}) / \text{current liabilities}\} \times 100$.

Liquidity II: $\{(\text{sum of cash} + \text{short-term financial assets} + \text{accounts receivable}) / \text{current liabilities}\} \times 100$.

Liquidity III: $\{(\text{sum of cash} + \text{short-term financial assets} + \text{accounts receivable} + \text{inventories}) / \text{current liabilities}\} \times 100$.