

SKU (STOCK KEEPING UNIT) A unique identification for end product that can be ordered from a supplier. At the adidas Group a specific article in a specific size and color is considered to be an SKU.

SOURCING Process of managing external suppliers in order to commercialize, produce and deliver final products to customers.

SPORT FUSION Footwear and apparel products mixing performance-oriented features and casual styles.

SPORTING GOODS CHANNEL Sports retail store, offering a very broad product range, which usually covers apparel, footwear and hardware in a wide range of sports categories. Compared to sport specialty shops, stores are bigger with approx. 40,000 to 50,000 square feet.

SPORT SPECIALTY Retail shop, specializing in sports products only and offering a very deep product range (often in a limited number of sports categories) rather than a broad one. The size of these shops is typically about 2,500 to 10,000 square feet.

STAKEHOLDERS All parties that have a direct or indirect interest in a company's performance and results. For the adidas Group, this includes credit providers, shareholders, consumers, retailers, distributors, licensees, supply chain business partners, employees, international sports bodies, non-governmental organizations, the media, etc.

SUPPLY CHAIN Refers to the system and organization from product sourcing through to end customer delivery.

SWAPS A derivative in which two counterparties agree to exchange one stream of cash flows against another stream.

SYNERGIES Additional savings or revenue growth when one combined enterprise is created from two or more separate parts.

TAX RATE Indicates the tax rate paid by a company. Calculated by dividing taxes actually paid by income before taxes.

TECHFIT™ POWERWEB Technology in adidas compression apparel which improves joint alignment and muscle balance, the link between key muscle groups to maximize power generation. Through strategically placed TPU (thermoplastic urethane) POWERBANDs, key body parts are linked together, further enhancing posture and athletic performance.

THE PUMP™ Custom-fit footwear technology. The foot is surrounded with an adjustable, form-fitting air chamber. Inflating the chamber by pumping the Pump Ball causes it to form to the shape of the foot.

THIRD TIER SUPPLIER Also tier-three supplier. Supplier who provides the adidas Group's second tier suppliers with raw material products (e.g. polymers, compounds) used in materials and components. [▷ see also Second Tier Supplier](#)

TOP-DOWN, BOTTOM-UP Specific concept for information and knowledge processing. Information and empowerment of management decisions is delegated from top to bottom in a first step. After going into more detail on the bottom level, the final information/decision is transported back to the top.

TORSION® SYSTEM Footwear technology comprising a lightweight arch support in the sole, allowing the fore- and rearfoot to move independently for better surface adaptation and stability.

UEFA EURO 2008™ European Football Championship, which will take place in Austria and Switzerland from June 7 to 29, 2008.

VOC (VOLATILE ORGANIC COMPOUNDS) Solvents that can cause breathing and health problems. VOCs are by-products of the shoe manufacturing process. Due to health concerns, the adidas Group has set a clear goal to steadily reduce the usage of these compounds in the production process.

WEIGHTED AVERAGE COST OF CAPITAL (WACC) Calculation of the cost of capital according to the debt/equity structure, utilizing a weighted average cost of capital (WACC) formula. The cost of equity is typically computed utilizing a risk-free rate, market risk premium and a beta factor. The cost of debt is calculated through the risk-free rate, credit spread and average tax rate.

[▷ see also Beta Factor and Market Risk Premium](#)

WORLD CLASS BUYER PROGRAM Program launched in 2006, which aims to maximize purchasing leverage across our brands. It comprises, for example, the consolidation of volumes across our first and second tier suppliers as well as the adoption of best costing practices.

WORKING CAPITAL A company's short-term disposable capital used to finance the day-to-day operations. [▷ see also Operating Working Capital](#)
Working capital = total current assets – total current liabilities.

WORKING CAPITAL TURNOVER Shows how often a working capital item was used in and replaced by the generation of sales in the period under review. The ratio shows how long working capital is tied up and thus is an indicator of the volume of capital needed to generate sales. The higher the ratio, the more positive it is deemed to be.
Working capital turnover = net sales/working capital.

WTO (WORLD TRADE ORGANIZATION) International organization founded to supervise and liberalize international trade, located in Geneva, Switzerland.