

CORPORATE OPPORTUNITIES OVERVIEW

External and Industry Opportunities

Favorable macroeconomic and fiscal developments
 Sports participation on the rise
 Increasing demand for functional apparel
 Fast-growing women's segment
 Ongoing fusion of sport and lifestyle
 Emerging markets as long-term growth drivers
 Growing popularity of "green" products

Strategic and Operational Opportunities

Strong market positions worldwide
 Multi-brand approach
 Personalization and customization replacing mass wear
 Breaking new ground in distribution
 Taking control of distribution rights
 Cost optimization to drive profitability improvements

Financial Opportunities

Favorable financial markets changes

EXTERNAL AND INDUSTRY OPPORTUNITIES

FAVORABLE MACROECONOMIC AND FISCAL POLICY

CHANGES As a consumer goods company, consumer confidence and spending can impact our sales development. Therefore, better than initially forecasted macroeconomic developments and fiscal policy changes which support private consumption can have a positive impact on our sales and profitability. In addition, legislative changes, e. g. with regard to the taxation of corporate profits, can positively impact Group profitability.

SPORTS PARTICIPATION ON THE RISE Governments increasingly promote living an active lifestyle to fight obesity and cardiovascular disease. According to the World Health Organization, around 400 million people were considered obese in 2005. Another 1.6 billion more were estimated to be overweight. These numbers are projected to increase to 700 million and 2.3 billion respectively by 2015. Once considered a problem only in affluent nations, obesity is also becoming an issue in countries with low per capita income. This development has serious health consequences and a dramatic effect on health care expenditures. As a result, governments and non-governmental organizations are increasing their efforts to promote a healthy lifestyle and encourage sports participation. Given our strong market position, in particular in categories considered suitable for weight loss such as training, running and swimming, we expect to benefit from this trend.

INCREASING CONSUMER DEMAND FOR FUNCTIONAL

APPAREL Consumer demand for functional apparel has increased significantly in recent years as consumers realize the benefits of functional apparel over traditional cotton sportswear. Improved moisture management, superior ease of motion, and increased comfort are all factors encouraging consumers to switch to high-performance gear. The design and development of functional apparel requires significantly more expertise, product and material research as well as production know-how compared to low-tech apparel. Therefore, only a few companies are able to supply high-end functional apparel. Our resources and our positioning as a sports performance leader enable us to constantly develop innovative products and capitalize on them. For example, adidas is strongly growing in compression apparel. Due to our attractive TECHFIT™ offering, we achieved strong growth in this category in 2007 and expect to double sales in 2008.

FAST-GROWING WOMEN'S SEGMENT The women's sports market is one of the most attractive segments in the sporting goods industry with women accounting for almost half of total spending on athletic footwear. In addition, women also make over 80% of the purchase decisions for sports apparel for men, women and children. As our Group generates the majority of its revenue in the men's segment, the women's category offers potential for further growth. adidas, Reebok and TaylorMade-adidas Golf each address the female consumer in their own distinctive way. With targeted product offerings in both performance and lifestyle, such as the adilibria, Fuse and Clima 365 collections at adidas, the Avon Pink Ribbon collection at Reebok and the Women's r7® CGB MAX at TaylorMade, all of our brands are well-positioned in the women's category. Going forward, we will extend and broaden our women's offering – emphasizing individuality, authenticity and style.

ONGOING FUSION OF SPORT AND LIFESTYLE The border between pure athletics and lifestyle continues to blur as sport becomes a more integral part in the lives of more and more consumers. People want to be fashionable when engaging in sporting activities without compromising on quality or the latest technological advances. At the same time, performance features and styles are finding their way into products meant for more leisure-oriented use. As the global sports lifestyle market is roughly three times larger than the performance market, this development opens up additional opportunities for our Group and our brands – which already enjoy strong positions in this market. adidas has an authentic sports lifestyle offering and the adidas Sport Style division is targeted to grow overproportionately until at least 2010. [see adidas Strategy, p. 046](#) Lifestyle products are also an important pillar in Reebok's brand strategy. We have augmented Reebok's Classics and music-inspired business with new celebrity partnerships to upgrade and emotionalize the brand's lifestyle offering. In 2008 and beyond, we will launch new initiatives in this category to capitalize on Reebok's lifestyle credibility.