

**OUTLOOK** 2008 is poised to be another strong year for the adidas Group. Based on our current product pipeline and planned marketing initiatives, we expect strong top- and bottom-line results despite some negative macro-economic signals in important markets such as the USA. This year's two global sporting events, the UEFA EURO 2008™ and the Beijing 2008 Olympic Games, are expected to support development of the adidas segment in 2008. Further progress on the Reebok revitalization process will be another area of particular focus. Compared to the prior year, Group revenue and cost synergies resulting from the Reebok integration will increase. Consequently, we expect to grow currency-neutral sales at a high-single-digit rate for the adidas Group, driven by growth at all our brands. In addition, we project increases in both our gross and operating margins, which will be between 47.5 and 48% and at least 9.5%, respectively. Further, we forecast net income attributable to shareholders to grow by at least 15%.

**MAJOR SPORTING EVENTS TO IMPACT 2008 RESULTS** Our Group's operating activities will be positively influenced by this year's major sporting events: the UEFA EURO 2008™ and the Beijing 2008 Olympic Games.

As Official Sponsor of the UEFA EURO 2008™, adidas will benefit from this event in terms of positive brand visibility but also in terms of additional sales of adidas football products. As a result, we forecast brand adidas sales in the important football category to increase strongly to a new record level of over € 1.2 billion in 2008. The operating margin of the adidas brand, however, is not expected to be positively impacted by this event as the related top-line growth is projected to be offset by a modest marketing working budget increase.

The Olympic Games will be the most important sports event ever in China, one of the fastest-growing markets for sporting goods in the world. adidas is the Official Sportswear Partner for the Beijing 2008 Olympic Games and the outfitter of 16 National Olympic Committees. As a result, adidas will be the most visible brand during this event, outfitting all technical officials and more than 100,000 volunteers. Further, we anticipate a positive impact on brand Reebok. In China, Reebok will benefit from the partnership with Yao Ming, China's most prominent athlete. As a result, we expect our involvement in the Beijing 2008 Olympic Games to have a positive long-term impact on the image and sales development of both adidas and Reebok. Supported by this event, we expect the adidas Group to become the market leader in China in 2008. However, we expect no significant sales increase related to the Olympic Games in 2008, as we have only limited opportunities to commercialize products for highly specialized Olympic disciplines. Additionally, event-related marketing costs will lead to a minor marketing working budget increase at both brands.

#### **INCREASING REVENUE AND COST SYNERGIES IN 2008**

We have ambitious revenue and cost synergy targets related to the Reebok integration in 2008. adidas Group revenue synergies will grow to around € 250 million in 2008 (2007: around € 100 million) and are expected to positively impact the sales development of both the adidas and Reebok segments. The majority of revenue synergies will be related to accelerating sales growth in Europe's emerging markets and Asia where Reebok has bought out distributor and joint venture partners. We also expect adidas to continue to benefit from increasing revenue synergies. These relate to the further expansion of adidas' exclusive relationship with the NBA – particularly in Asia – as well as to the utilization of the Sports Licensed division for other licensed products in North America such as college sports. One-time costs associated with achieving these synergies are estimated to be between € 15 million and € 25 million in 2008 (2007: around € 25 million).

We expect cost synergies related to the Reebok integration to be around € 175 million in 2008 (2007: around € 90 million). This increase will positively impact both cost of sales and operating expense development. We will continue to achieve cost of sales synergies through supply chain optimization. Cost synergies within the Group's operating expenses will be realized through various initiatives such as joint media buying, office consolidation in Europe and Asia, harmonizing and consolidating our IT systems, eliminating duplicative corporate functions as well as sharing finance and administrative services across the Group. One-time costs associated with achieving these cost synergy targets are expected to remain on a level of around € 70 million in 2008 (2007: around € 70 million). As a result, net cost synergies are expected to rise to around € 105 million in 2008 (2007: around € 20 million).