

SALES FOR THE REEBOK SEGMENT IN 2007 WERE FLAT, AND MANY PEOPLE IN THE FINANCIAL COMMUNITY HAVE EXPRESSED CONCERN ABOUT REEBOK'S PROSPECTS IN 2008. WHAT ARE YOU DOING TO ENHANCE THE BRAND'S POSITIONING AND PERFORMANCE GOING FORWARD?

Let me start by saying that while we are pleased with the new market opportunities and scale benefits that have already come to our Group as a result of the Reebok integration, you are right that we still need to complete the repositioning of the Reebok brand – especially in its two largest markets – the USA and the UK. To do this, we clearly have to maintain our discipline and focus on Reebok. In 2007, we made major management changes at the Reebok brand. We took tough decisions to improve US distribution – even stopping supply to the brand's largest customer where excess inventories had led to a significant decline in profitability.

But the real test is still in front of us – making the Reebok brand more relevant to consumers. The brand needs simple messages that stick, and that's why its 2008 products and marketing strategies focus on two important concepts – fit and choice. Reebok is striving to be the brand that "fits me". This means creating the perfect fit with all its consumers, customers and business partners alike. Therefore, Reebok has sharpened its 2008 product offering by including 893 new fit initiatives throughout its collections. In addition, Reebok is customizing its product offering for key retail partners – which means more relevant products for consumers, and higher margins for Reebok. And through the launch of the brand's global communication campaign – "Your Move" – Reebok is set to establish itself as a supporter of individual choice and a challenger of convention.

We still have a long way to go. As we announced at our Investor Day six months ago, sales will not grow for Reebok in the USA and the UK in 2008. But I do expect the order situation in these markets to improve later this year. And sales will grow in nearly all other markets – especially Russia and China – where the brand took over distribution for the first time in 2007. As a result, we not only expect sales and profitability for the segment to increase in 2008 – but more importantly, the brand perception amongst consumers around the world should also improve.

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