

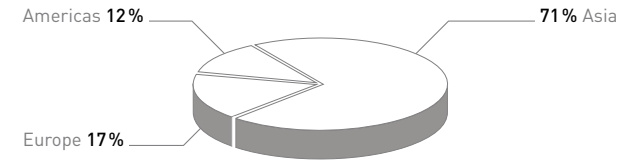
**GLOBAL OPERATIONS** The adidas Group's Global Operations function coordinates the development, commercialization, manufacturing and distribution of the majority of our products and leads the Group's efforts in supply chain improvement. Our products are almost entirely manufactured by independent suppliers, primarily located in Asia. Global Operations continually strives to increase cost efficiency throughout our supply chain, to ensure consistently high product quality and to further improve our delivery performance. With the integration of Reebok, we have already generated significant cost savings by leveraging our increased buying power, consolidating logistics and warehousing and sharing best practices across our supply chain.

**VAST MAJORITY OF PRODUCTION OUTSOURCED** To minimize production costs, we outsource over 95 % of production to independent third-party manufacturers, primarily located in Asia. These suppliers possess excellent expertise in cost-efficient mass production of footwear, apparel and accessories. We provide them with detailed specifications for production and delivery. However, our Group also operates own production and assembly sites in Germany (1), Sweden (1), Finland (1), the USA (4), Canada (5), China (1) and Japan (1). In order to ensure the high quality consumers expect from our products, we enforce strict control and inspection procedures at our suppliers and in our own factories. In addition, we promote adherence to social and environmental standards throughout our supply chain. [▶ see Sustainability, p. 065](#)

**OVER 350 INDEPENDENT MANUFACTURING PARTNERS** In 2007, Global Operations worked with 377 independent manufacturing partners. This represents a 31 % decline from the 2006 number of 547 due to a planned consolidation in the supply base and Reebok's apparel build-up program. This number excludes local sourcing partners of Group subsidiaries, sourcing agents, subcontractors, second tier suppliers and factories of our licensees. Of our independent manufacturing partners, 71 % were located in Asia, 17 % were located in Europe and 12 % in the Americas. 28 % of all suppliers were located in China.

Our Global Operations function manages product development, commercialization and distribution and also supervises sourcing of the adidas, Reebok and adidas Golf brands. Due to different sourcing requirements in their respective fields of business, Rockport, Reebok-CCM Hockey, the Sports Licensed Division and TaylorMade are not serviced through Global Operations but instead utilize own purchasing organizations. In order to quickly seize short-term opportunities in their local market or react to trade regulations, Group subsidiaries may also source from local suppliers outside the realm of Global Operations. Local purchases, however, account only for a minor portion of the Group's total sourcing volume.

#### SUPPLIERS BY REGION <sup>1)</sup>



<sup>1)</sup> Figures include adidas, Reebok and adidas Golf suppliers, but exclude local sourcing partners, sourcing agents, subcontractors, second tier suppliers and licensee factories.