

CONTINUOUS FLOW OF PRODUCT INNOVATION IN 2007

Developing industry-leading technologies is only one aspect of being an innovation leader. Even more important is the successful commercialization of those technological innovations. The majority of adidas Group sales in 2007 were generated with products newly introduced in the course of the year and our launch schedule for 2008 highlights a full pipeline of innovative products. [see Outlook, p. 118](#)

SUCCESSFUL PRODUCT LAUNCHES ACROSS ALL MAJOR ADIDAS CATEGORIES

Brand adidas' success in 2007 was largely based on launching evolutions of existing technologies in all major categories. Products launched in 2007 accounted for 77% of brand sales and only 6% of total sales were generated with products introduced three or more years ago. Examples of adidas running advancements included new versions of the core adiSTAR and Supernova families featuring ForMotion™ technology as well as the next generations of the Response and BOUNCE™ running shoes. The importance of these four product families is significant as over five million products were sold from these four product families together. The positive development in the training category also benefited from the launch of adidas' most innovative functional line of performance apparel to date, adidas TECHFIT™.

SIGNIFICANT PRODUCT INNOVATION AT REEBOK IN 2007

Increasing the number of product innovations Reebok develops and commercializes each year is critical to our efforts to improve Reebok's performance orientation. At brand Reebok, 61% of ordered footwear products were launched in 2007. Only 10% of ordered footwear products were related to products introduced three or more years ago. Running was a key focus with the launch of several new products in 2007 such as the Trinity KFS II, PUMP Paris Trainer and HATANA running shoes. These were all part of Reebok's Premier Running Series of premium running products where the brand sold around one million pairs of footwear in 2007.

At Reebok-CCM Hockey, products launched in 2007 accounted for 58% of sales. Only 12% of sales were generated with products introduced at least three years ago. In apparel, Reebok-CCM Hockey launched the Rbk EDGE Uniform System™ in hockey, which was designed in collaboration with NHL teams and players. This was the first new NHL league jersey in 20 years, featuring technologically advanced materials and fabrics that are more breathable, more resistant to water absorption and offer greater range of movement. As a result, all NHL teams now wear this jersey, and we sold over 700,000 units of this product in 2007. Due to the different business model for the Rockport brand with a larger focus on non-athletic styles, the impact from new styles is significantly lower. As a result, products launched in 2007 accounted for 50% of sales. Less than 20% of total sales were generated with products introduced more than three years ago.

INNOVATION CONTINUES AS KEY SUCCESS FACTOR FOR TAYLORMADE-ADIDAS GOLF

In the TaylorMade-adidas Golf segment, current products (i.e. products launched in the last 18 months, which is the typical product lifecycle in golf) represented 75% of total hardware sales. Products that had been brought to market three or more years ago accounted for only 1%. Major innovations were the r7® SuperQuad drivers and the Burner® family of metalwoods, which now represent around 45% of TaylorMade's total metalwood offering. adidas Golf successfully launched a new performance shoe, the POWERBAND, which incorporates three sophisticated adidas Golf technologies, and the TOUR360 II, a new version of the successful TOUR360. These innovative products accounted for around 40% of adidas Golf footwear sales in 2007. The Clima concept was further extended to shorts and pants in adidas Golf apparel as well as in several launches in the women's category and is now included in around 90% of adidas Golf apparel products.

MAJOR 2007 PRODUCT LAUNCHES

Products	Segment
adiSTAR ForMotion™ Control and Cushion running shoes	adidas
MEGABOUNCE running shoe	adidas
adidas TECHFIT™ POWERWEB running and training apparel	adidas
Stella McCartney "Gym/Yoga" apparel collection	adidas
adilbria and Fuse women's training apparel collections	adidas
Team Signature basketball shoe collection	adidas
Predator® PowerSwerve football boot	adidas
adiPure football boot	adidas
UEFA EURO 2008™ national team jerseys – home kit	adidas
UEFA EURO 2008™ match ball	adidas
Trinity KFS II running shoe	Reebok
PUMP Paris Trainer running shoe	Reebok
HATANA women's running shoe	Reebok
Scarlett "Hearts" Rbk footwear and apparel collection	Reebok
Freestyle footwear and apparel collection	Reebok
NFL Zero Degrees apparel collection	Reebok
Rbk EDGE Uniform System™ hockey apparel	Reebok-CCM Hockey
Footwear collection featuring adidas TORSION® system	Rockport
r7® SuperQuad driver	TaylorMade-adidas Golf
Burner® driver	TaylorMade-adidas Golf
POWERBAND adidas Golf shoe	TaylorMade-adidas Golf
TOUR360 II adidas Golf shoe	TaylorMade-adidas Golf