o integrate and get all the opportunities ahead of us," he said. "We need to grow both brands ogether, then we can grow faster than our competitor."

Pending shareholder and U.S. and European regulatory approval of the deal, the companies estimate savings form the merger of $120 million within the first three years from marketing, istribution and operations savings, and layoffs.

The all-cash transaction will buy out Reebok's existing stock for $59 a share, a 34% premium over Reebok's closing price Tuesday of $43.95. Reebok founder and CEO Paul Fireman will sell his 17% stake.

Deal impact is widespread

Here's how other industries and consumers will feel the impact:

•**Retailing.** Experts say that by combining, Adidas and Reebok would have much more clout with major retailers.

"There's an advantage to a retailer to do business with a combined company such as Adidas-Reebok, because of the other businesses the company is in," says George Whalin, president at Retail Management Consultants. "For example, Reebok isn't just running shoes; it also owns Rockport, which are walking shoes."

Whalin notes that the deal would give Reebok greater distribution around the world and Adidas a bigger operation in North America. When companies consider a merger like this, he said, they look at big sporting goods retailers — Sports Authority, Foot Locker, Dick's — and try to determine the amount of space and prominence of displays they can get.

"Owning Reebok greatly enhances the in-store position" and leverage for combined promotions, said Whalin. "It's a big deal."

•**Pro league sponsorships.** Adidas would be buying a major player in U.S. pro sponsorships. Reebok has a deal with the NFL to exclusively design, market and sell all on-field uniforms and licensed consumer apparel.

The NHL will add the Reebok logo to its uniforms this season, and the company is working to help craft a new, sleeker NHL uniform to roll out for 2006-07. Reebok in 2001 signed a 10-year deal to outfit the NBA, WNBA and NBA Development League.

"Reebok has done a masterful job of doing sponsorships of major sports leagues to expose their brands," said Jon Hickey, head of sports and entertainment marketing at ad agency Mullen.

Reebok spokeswoman Denise Kaigler said the purchase "is not expected" to alter the deals. And NFL spokesman Brian McCarthy says that it's "premature to speculate" on whether Adidas will seek to replace the Reebok logo on licensed NFL gear. He says the league expects to sit down with the companies in the next month to discuss 2006 and beyond.

•**Ad spending.** In the USA, Nike spent $85 million on advertising last year, according to TNS Media Intelligence. Adidas spent $47 million; Reebok $26 million.

The deal may increase those totals. "We will invest in what's necessary to drive the brands forward," Hainer said. "We will be able to get more for the dollar out of marketing, because we can combine our strengths in media buying."

But others in the industry said they would not be surprised by some cuts overall as top executives seek to show cost benefits from the merger.

"There's usually a little trimming and efficiency play on the overall budget," said Bill Cella, CEO of media-buying agency Magna Global Worldwide.

•**Consumers.** NPD's Cohen says consumers may not see savings at the cash register.

"A lot of people are talking about lower prices," he said, but suggested the combined company won't want to cut its own bottom line by launching a price war.

Others, however, think consumers may see more products and aggressive marketing from smaller players in the industry as they work to protect their shares.

"The Adidas-Reebok combination creates a global competitor to Nike, but that doesn't change the consumers' ability to get a lot of choices in the marketplace," said Neil Stern.

END