

Nine Months 2006 Results:

Net income attributable to shareholders increases 22% Currency-neutral sales up 52%

- **Currency-neutral sales for the adidas Group excluding Reebok grow 16%**
- **Group operating profit increases 23%**
- **Currency-neutral adidas backlogs up 3%**
- **Reebok backlogs decrease 14% on a currency-neutral basis**
- **2006 net income to approach € 500 million**
- **2007 net income growth to approach 15%**

Third quarter adidas Group currency-neutral sales grow 56%

In the third quarter of 2006, Group sales increased 56% on a currency-neutral basis, driven by the consolidation of the Reebok business segment as well as the higher than expected growth at brand adidas. Sales for the Group excluding Reebok increased 14% on a currency-neutral basis, with double-digit sales increases coming from all regions except North America, where sales increased by single-digit rates. In euro terms, Group revenues grew 53% to € 2.949 billion in the third quarter of 2006 from € 1.924 billion in 2005. Sales for the adidas Group excluding Reebok grew 12% in euro terms to € 2.154 billion from € 1.924 billion in the prior year.

Currency-neutral sales grow 52% in the first nine months of 2006

In the first nine months of 2006, Group sales increased 52% on a currency-neutral basis, strongly supported by the first-time consolidation of the Reebok business segment. Sales for the adidas Group excluding Reebok increased 16% on a currency-neutral basis driven by double-digit growth in all regions. In euro terms, Group revenues grew 53% to € 7.836 billion in the first nine months of 2006 from € 5.115 billion in 2005. Sales for the adidas Group excluding Reebok grew 16% in euro terms to € 5.954 billion in 2006 from € 5.115 billion in the prior year.

“After an outstanding first half of 2006, the adidas Group again delivered strong performance in the third quarter,” commented adidas AG Chairman and CEO Herbert Hainer. “Sales growth accelerated and was broader-based than at any other time of the year and we have continued to make important progress with the Reebok integration.”

Brand adidas and TaylorMade-adidas Golf grow strongly in the first nine months of 2006

The **adidas** segment was the main driver for the Group's organic sales growth in the first nine months of 2006. Currency-neutral adidas revenues increased 15% during the first nine months of 2006, positively impacted by the 2006 FIFA World Cup™. Increases in nearly all Sport Performance categories as well as double-digit growth in the Sport Heritage and Sport Style divisions also contributed to this improvement. The **Reebok** segment added € 1.828 billion to adidas Group sales. At **TaylorMade-adidas Golf**, currency-neutral revenues increased 23%. Excluding sales of the Greg Norman Collection, which is expected to be divested to MacGregor Golf Company by the end of this year, segment sales grew 14%, driven by growth in nearly all major categories. Currency translation effects only had a minor impact on sales in euro terms. **adidas** sales in euro terms increased 15% to € 5.248 billion in the first nine months of 2006 from € 4.545 billion in 2005. **TaylorMade-adidas Golf** sales in euro terms grew 25% to € 658 million in 2006 from € 528 million in 2005.

	Nine Months 2006 ¹	Nine Months 2005 ²	Change y-o-y in euro terms	Change y-o-y currency-neutral
	€ in millions	€ in millions	in %	in %
adidas	5,248	4,545	15	15
Reebok ³	1,828	1,970	(7)	(9)
TaylorMade-adidas Golf	658	528	25	23
Total	7,836	5,115	53	52

Group sales by brand in 2006, "Total" includes HQ/Consolidation

Strong double-digit sales increases in all regions

Sales in **Europe** for the adidas Group in the first nine months grew 32% on a currency-neutral basis, reflecting the first-time consolidation of the Reebok segment as well as increases at brand adidas. This also represents an improvement of 32% in euro terms to € 3.339 billion in 2006 from € 2.537 billion in 2005. In **North America**, Group sales during the first nine months increased 102% on a currency-neutral basis, reflecting the first-time consolidation of the Reebok segment as well as double-digit increases at both adidas and TaylorMade-adidas Golf. In euro terms, sales increased 107% to € 2.492 billion in 2006 from € 1.203 billion in 2005. Sales for the adidas Group in **Asia** increased 35% on a currency-neutral basis in the first nine months of 2006, driven by strong double-digit increases at adidas and TaylorMade-adidas Golf as well as the first-time consolidation of the Reebok segment. In euro terms, revenues in Asia also grew 35% to € 1.494 billion in 2006 from € 1.111 billion

¹ Including Reebok business segment from February 1, 2006 onwards.

² Figures reflect continuing operations as a result of the divestiture of the Salomon business segment in 2005.

³ Only includes eight months of the nine-month period in 2006. The relevant figures for the eight-month period of 2005 were not consolidated within the adidas Group in 2005 and are therefore not included in the total. Reebok prior year results are based on US-GAAP figures and not IFRS.

in 2005. In **Latin America**, currency-neutral sales increased 54% in the first nine months of 2006. This development mainly reflects strong increases at brand adidas as well as the first-time consolidation of the Reebok segment. In euro terms, sales grew 62% to € 375 million in 2006 from € 231 million in 2005. For the adidas Group excluding Reebok, first nine months currency-neutral sales grew 10% in Europe, 12% in North America, 21% in Asia and 32% in Latin America.

	Nine Months 2006⁴	Nine Months 2005⁵	Change y-o-y in euro terms	Change y-o-y currency-neutral
	€ in millions	€ in millions	in %	in %
Europe	3,339	2,537	32	32
North America	2,492	1,203	107	102
Asia	1,494	1,111	35	35
Latin America	375	231	62	54
Total	7,836	5,115	53	52

Group sales by region in 2006, "Total" includes HQ/Consolidation

Group gross profit increases 42%

The gross margin of the adidas Group declined 3.6 percentage points to 44.9% of sales in the first nine months of 2006 (2005: 48.5%), mainly reflecting the first-time consolidation of Reebok. Reebok carries a significantly lower gross margin than the Group average due to its strong presence in North America where average gross margins are lower than in other regions. In addition, Reebok's gross profit in the first nine months includes negative impacts from purchase price allocation in an amount of € 64 million. For the adidas Group excluding Reebok, gross margin decreased 0.5 percentage points to 48.0% in the first nine months of 2006, mainly as a result of lower margins arising from the cooperation agreement with Amer Sports Corporation. Under this agreement, the adidas Group sources softgoods for Salomon at a fixed buying commission. As a result of the Group's strong top-line growth, gross profit for the adidas Group rose strongly by 42% in the first nine months of 2006 to reach € 3.518 billion versus € 2.481 billion in the prior year. Excluding Reebok, gross profit grew by 15% to € 2.860 billion in the first nine months of 2006.

Operating profit improves 23%

The operating margin of the adidas Group declined 2.6 percentage points to 10.6% of sales in the first nine months of 2006 (2005: 13.1%). This mainly reflects the first-time consolidation of Reebok, which carries a significantly lower operating margin than the Group average, and includes negative impacts from purchase price allocation on cost of sales and operating expenses in a total amount of € 71 million. For the adidas Group excluding Reebok, the operating margin decreased 0.5 percentage points to 12.6% in the first nine months of 2006 from 13.1% in the

⁴ Including Reebok business segment from February 1, 2006 onwards.

⁵ Figures reflect continuing operations as a result of the divestiture of the Salomon business segment in 2005.

prior year, reflecting the Group's lower gross margin and higher marketing expenditures related to the 2006 FIFA World Cup™. As a result of strong sales growth, however, operating profit for the adidas Group rose 23% in the first nine months of 2006 to reach € 829 million versus € 672 million in 2005. Excluding Reebok, operating profit for the adidas Group grew by 12% to € 752 million in the first nine months of 2006 from € 672 million in the prior year.

Income before taxes up 10%

Income before taxes for the adidas Group increased 10% to € 709 million in the first nine months of 2006 from € 645 million in 2005 as a result of the operating improvements in the adidas and TaylorMade-adidas Golf segments which more than offset the significant increase in net financial expenses. Net financial expenses increased 335% to € 121 million in the first nine months of 2006 from € 28 million in the prior year. This mainly reflects the financing of the Reebok acquisition.

Net income from continuing operations grows 12%

The Group's net income from continuing operations increased 12% to € 483 million in the first nine months of 2006 from € 431 million in 2005. The Group's strong sales increase was the main driver of this improvement. In addition, net income was also positively impacted by a lower tax rate, which declined 1.3 percentage points to 31.9% in 2006 (2005: 33.2%) mainly due to a more favorable earnings mix throughout the Group.

Net income attributable to shareholders up 22%

The Group's net income attributable to shareholders increased 22% to € 469 million in 2006 from € 386 million in 2005. This improvement reflects the outstanding performance of the adidas and TaylorMade-adidas Golf segments. The non-recurrence of losses from discontinued operations related to the Salomon business in 2005 also had a positive impact on this strong development.

Basic earnings per share increase 10%

On June 6, 2006, adidas AG conducted a share split with each existing adidas AG share being divided into four shares. 2005 earnings per share figures have been restated accordingly. The Group's basic earnings per share from continuing and discontinued operations increased 10% to € 2.31 in the first nine months of 2006 versus € 2.10 in 2005 despite the capital increase conducted on November 3, 2005. Diluted earnings per share from continuing and discontinued operations in the first nine months of 2006 increased 11% to € 2.18 from € 1.97 in the prior year. The dilutive effect mainly results from approximately 16 million additional potential shares that could be created in relation to the outstanding convertible bond, for which conversion criteria were met for the first time at the end of the fourth quarter of 2004.

Inventories and receivables increase due to Reebok consolidation

Group inventories increased 42% to € 1.498 billion in 2006 versus € 1.053 billion in 2005, largely as a result of the first-time inclusion of € 395 million in inventories related to the Reebok business. On a currency-neutral basis, this increase was 48%. Inventories for the adidas Group excluding Reebok grew 5% (+9% currency-neutral), reflecting progress made to reduce retail inventories in the emerging markets. Group receivables grew 57% (+62% currency-neutral) to € 1.914 billion at the end of the first nine months of 2006 versus € 1.220 billion in the prior year, primarily due to the first-time inclusion of receivables totaling € 612 million related to the Reebok business. Receivables for the adidas Group excluding Reebok increased 7% (+10% currency-neutral), which is lower than the strong sales growth during the third quarter of 2006.

Net borrowings at € 2.728 billion

Net borrowings at September 30, 2006 were € 2.728 billion, up 315% or € 2.070 billion versus € 657 million in the prior year reflecting a financial leverage of 94.6% versus 32.6% in 2005. This increase was driven by the payment of around € 3.2 billion for the acquisition of Reebok International Ltd. (USA), paid on January 31, 2006. In addition, expenses of around € 170 million for the buyback of Reebok's major properties in the USA and in Europe influenced this development.

Low double-digit sales growth expected for adidas segment

Backlogs for the adidas brand at the end of the third quarter of 2006 increased 3% versus the prior year on a currency-neutral basis. In euro terms, this represents a stable development. Footwear backlogs grew 2% in currency-neutral terms (-2% in euros), led by improvements in the Sport Performance tennis and training categories as well as in Sport Heritage. Apparel backlogs grew 5% on a currency-neutral basis (+2% in euros), driven by improvements in the Sport Performance categories training and tennis. The transfer of the NBA and Liverpool licensed business from Reebok to adidas had a positive impact of approximately 1 percentage point on the development of brand adidas backlogs. As a result of the strong first nine months performance, the positive order book and strong growth expectations for at-once and own-retail activities, the Group continues to expect low double-digit currency-neutral sales growth for brand adidas in 2006.

Change y-o-y in %	Footwear		Apparel		Total ⁶	
	in €	currency-neutral	in €	currency-neutral	in €	currency-neutral
Europe	(7)	(5)	(7)	(5)	(8)	(6)
North America	(1)	4	4	9	2	6
Asia	10	16	14	20	12	18
Total	(2)	2	2	5	0	3

adidas order backlogs by product category and region as at September 30, 2006

⁶ Including hardware backlogs.

Mid-single-digit sales decline of Reebok business anticipated for 2006

Backlogs for the Reebok brand at the end of the third quarter of 2006 decreased 14% versus the prior year on a currency-neutral basis. In euro terms, this represents a decrease of 16%. Footwear backlogs declined 11% in currency-neutral terms (-14% in euros), mainly due to decreases in Reebok's lifestyle product offering. Apparel backlogs were down 19% on a currency-neutral basis (-21% in euros), primarily as a result of declines in Reebok's licensed and branded apparel business as well as the transfer of the NBA and Liverpool business from Reebok to adidas. This transfer had a negative impact of approximately 3 percentage points on Reebok's order backlog development. Consequently, Reebok sales for eleven months of 2006, with consolidation starting on February 1, 2006, are expected to decline at mid-single-digit rates versus the prior year on a like-for-like basis.

Change y-o-y in %	Footwear		Apparel		Total ⁷	
	in €	currency-neutral	in €	currency-neutral	in €	currency-neutral
Europe	3	4	(19)	(18)	(6)	(5)
North America	(30)	(27)	(25)	(22)	(29)	(25)
Total	(14)	(11)	(21)	(19)	(16)	(14)

Reebok order backlogs by product category and region as at September 30, 2006

TaylorMade-adidas Golf to grow at double-digit rates

For TaylorMade-adidas Golf excluding the Greg Norman Collection, the Group expects double-digit sales growth on a currency-neutral basis in 2006. Although backlog information is not meaningful for this segment, growth expectations are supported by trade show performance and ongoing dialog with customers.

Double-digit sales and earnings growth expected in 2006

The adidas Group expects strong top- and bottom-line performance in 2006. Sales will reach € 10 billion for the first time in the Group's history, supported by the first-time inclusion of Reebok and currency-neutral sales growth for the adidas Group excluding Reebok of around 12%. The gross margin for the Group is expected to be in a range of between 44 and 46% in 2006 (between 47 and 48% excluding Reebok). The Group's operating margin is forecasted to be around 9% (between 10 and 10.5% excluding Reebok). Net income attributable to shareholders for the adidas Group is expected to approach € 500 million (in a range between € 480 and € 490 million), including accretion from the Reebok acquisition.

⁷ Including hardware backlogs.

Net income growth to approach 15% in 2007

The Executive Board of adidas AG has decided to increase investment in the Reebok segment in 2007. This includes investments in advertising, new media, point-of-sale communication, product development and initiatives to grow the brand in emerging markets. Management believes this strategy will significantly strengthen Reebok's medium- and long-term position in the marketplace. As a result, Reebok's profit growth in 2007 will be lower than originally expected. Therefore, 2007 net income growth for the Group is now projected to approach 15% against the 2006 level. Originally, the Group had expected to grow net income by 20%. Detailed guidance for 2007 will be provided with the announcement of the Group's 2006 Full Year Results on March 7, 2007.

Herbert Hainer stated, "We have made significant progress in the Reebok integration so that Reebok today is in much better shape than it was at the time of the acquisition at the end of January. We intend to increase our investment into the brand in 2007 to strengthen Reebok's position in all regions in the medium and long term." Hainer continued, "For the adidas Group, 2007 will again be a year of record sales and earnings."

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adidas Group
Consolidated Income Statement (IFRS)

€ in millions	3rd Quarter 2006	3rd Quarter 2005 ¹⁾	Change	3rd Quarter 2006 (excl. Reebok)	Change (excl. Reebok)
Net sales	2,949	1,924	53.3 %	2,154	11.9 %
Cost of sales	1,622	990	63.8 %	1,117	12.8 %
Gross profit	1,327	934	42.1 %	1,037	11.0 %
<i>(% of net sales)</i>	45.0%	48.5%	<i>(3.5) PP</i>	48.1%	<i>(0.4) PP</i>
Royalty and commission income	24	13	90.1 %	14	14.6 %
Selling, general and administrative expenses	896	606	47.8 %	667	10.0 %
<i>(% of net sales)</i>	30.4%	31.5%	<i>(1.1) PP</i>	31.0%	<i>(0.5) PP</i>
Depreciation and amortization (excl. goodwill)	46	25	84.5 %	35	40.1 %
Operating profit	409	315	29.7 %	349	10.6 %
<i>(% of net sales)</i>	13.9%	16.4%	<i>(2.5) PP</i>	16.2%	<i>(0.2) PP</i>
Financial income	6	9	<i>(38.9) %</i>		
Financial expenses	54	15	254.7 %		
Income before taxes	360	309	16.5 %		
<i>(% of net sales)</i>	12.2%	16.1%	<i>(3.9) PP</i>		
Income taxes	111	102	8.7 %		
<i>(% of income before taxes)</i>	30.9%	33.1%	<i>(2.2) PP</i>		
Net income from continuing operations	249	207	20.3 %		
<i>(% of net sales)</i>	8.4%	10.8%	<i>(2.3) PP</i>		
Income from discontinued operations, net of tax	-	11	<i>(100.0) %</i>		
Net income	249	218	14.1 %		
<i>(% of net sales)</i>	8.4%	11.3%	<i>(2.9) PP</i>		
Net income attributable to shareholders	244	215	13.3 %		
<i>(% of net sales)</i>	8.3%	11.2%	<i>(2.9) PP</i>		
Net income attributable to minority interests	5	3	76.5 %		
Basic earnings per share from continuing operations (in €)²⁾	1.20	1.11	8.1 %		
Diluted earnings per share from continuing operations (in €)²⁾	1.12	1.03	8.9 %		
Basic earnings per share from continuing and discontinued operations (in €)²⁾	1.20	1.17	2.5 %		
Diluted earnings per share from continuing and discontinued operations (in €)²⁾	1.12	1.09	3.3 %		

Net Sales

€ in millions	3rd Quarter 2006	3rd Quarter 2005 ¹⁾	Change
adidas	1,941	1,729	12.2 %
TaylorMade-adidas Golf	194	177	9.7 %
Reebok	778	-	-
Europe	1,335	968	37.9 %
North America	900	446	101.9 %
Asia	530	402	31.8 %
Latin America	133	95	39.9 %

Rounding differences may arise in percentages and totals.

¹⁾Restated due to application of IAS 32.

²⁾Figures adjusted for 1:4 share split conducted on June 6, 2006.

adidas Group
Consolidated Income Statement (IFRS)

€ in millions	Nine Months 2006	Nine Months 2005 ¹⁾	Change	Nine Months 2006 (excl. Reebok)	Change (excl. Reebok)
Net sales	7,836	5,115	53.2 %	5,954	16.4 %
Cost of sales	4,318	2,633	64.0 %	3,094	17.5 %
Gross profit	3,518	2,481	41.8 %	2,860	15.3 %
<i>(% of net sales)</i>	44.9%	48.5%	<i>(3.6) PP</i>	48.0%	<i>(0.5) PP</i>
Royalty and commission income	62	34	81.3 %	41	21.6 %
Selling, general and administrative expenses	2,623	1,770	48.2 %	2,056	16.2 %
<i>(% of net sales)</i>	33.5%	34.6%	<i>(1.1) PP</i>	34.5%	<i>(0.1) PP</i>
Depreciation and amortization (excl. goodwill)	127	73	73.5 %	94	28.4 %
Operating profit	829	672	23.3 %	752	11.8 %
<i>(% of net sales)</i>	10.6%	13.1%	<i>(2.6) PP</i>	12.6%	<i>(0.5) PP</i>
Financial income	33	23	42.8 %		
Financial expenses	154	51	202.8 %		
Income before taxes	709	645	9.9 %		
<i>(% of net sales)</i>	9.0%	12.6%	<i>(3.6) PP</i>		
Income taxes	226	214	5.6 %		
<i>(% of income before taxes)</i>	31.9%	33.2%	<i>(1.3) PP</i>		
Net income from continuing operations	483	431	12.1 %		
<i>(% of net sales)</i>	6.2%	8.4%	<i>(2.3) PP</i>		
Income from discontinued operations, net of tax	-	(37)	100.0 %		
Net income	483	394	22.6 %		
<i>(% of net sales)</i>	6.2%	7.7%	<i>(1.5) PP</i>		
Net income attributable to shareholders	469	386	21.5 %		
<i>(% of net sales)</i>	6.0%	7.6%	<i>(1.6) PP</i>		
Net income attributable to minority interests	13	7	82.5 %		
Basic earnings per share from continuing operations (in €)²⁾	2.31	2.30	0.2 %		
Diluted earnings per share from continuing operations (in €)²⁾	2.18	2.16	1.1 %		
Basic earnings per share from continuing and discontinued operations (in €)²⁾	2.31	2.10	9.9 %		
Diluted earnings per share from continuing and discontinued operations (in €)²⁾	2.18	1.97	10.6 %		

Net Sales

€ in millions	Nine Months 2006	Nine Months 2005 ¹⁾	Change
adidas	5,248	4,545	15.5 %
TaylorMade-adidas Golf	658	528	24.7 %
Reebok	1,828	-	-
Europe	3,339	2,537	31.6 %
North America	2,492	1,203	107.2 %
Asia	1,494	1,111	34.6 %
Latin America	375	231	62.3 %

Rounding differences may arise in percentages and totals.

¹⁾Restated due to application of IAS 32.

²⁾Figures adjusted for 1:4 share split conducted on June 6, 2006.

**adidas Group
Consolidated Balance Sheet (IFRS)**

€ in millions	Sep. 30 2006	Sep. 30 2005 ¹⁾	Change	Dec. 31 2005
Cash and cash equivalents	224	252	(11.2)%	1,525
Short-term financial assets	32	245	(87.1)%	61
Accounts receivable	1,914	1,220	56.9%	965
Inventories	1,498	1,053	42.3%	1,230
Other current assets	617	442	39.6%	586
	4,284	3,211	33.4%	4,367
Assets classified as held for sale	-	663	(100.0)%	-
Total current assets	4,284	3,874	10.6%	4,367
Property, plant and equipment, net	666	367	81.4%	424
Goodwill, net	1,506	438	243.8%	436
Other intangible assets, net	1,783	90	1880.8%	91
Long-term financial assets	112	128	(12.3)%	114
Deferred tax assets	503	162	211.2%	195
Other non-current assets	118	123	(3.6)%	122
Total non-current assets	4,689	1,307	258.7%	1,384
Total assets	8,973	5,181	73.2%	5,750
Accounts payable	606	528	14.8%	684
Income taxes	386	239	61.6%	283
Accrued liabilities and provisions	1,005	634	58.7%	634
Other current liabilities	249	176	41.6%	190
	2,247	1,576	42.5%	1,790
Liabilities classified as held for sale	-	159	(100.0)%	-
Total current liabilities	2,247	1,735	29.5%	1,790
Long-term borrowings	2,983	1,154	158.4%	1,035
Pensions and similar obligations	154	142	9.0%	148
Deferred tax liabilities	672	84	699.1%	42
Other non-current liabilities	25	26	(2.7)%	22
Total non-current liabilities	3,835	1,406	172.8%	1,248
Share capital	203	118	72.7%	130
Reserves	496	38	1220.1%	700
Amounts directly recognized in equity relating to assets held for sale	-	(2)	100.0%	-
Retained earnings	2,185	1,861	17.4%	1,854
Shareholders' equity	2,885	2,014	43.2%	2,684
Minority interests	7	27	(73.0)%	28
Total equity	2,892	2,041	41.7%	2,712
Total liabilities and equity	8,973	5,181	73.2%	5,750
Additional balance sheet information				
Operating working capital	2,806	1,744	60.8%	1,511
Working capital	2,037	2,139	(4.8)%	2,576
Net total borrowings	2,728	657	314.9%	(551)
Financial leverage	94.6%	32.6%	61.9 PP	(20.5)%

Rounding differences may arise in percentages and totals.

¹⁾Restated due to application of IAS 32 / IAS 39.