adidas GROUP

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Nine Months 2008 Results:

Currency-neutral Group sales grow 11% in the third quarter and year-to-date

- **Q3 earnings per share increase 6%, nine months earnings per share grow 14%**
- **2008 Group guidance reconfirmed**

Third quarter adidas Group currency-neutral sales grow 11%
During the third quarter of 2008, Group revenues grew 11% on a currency-neutral basis, driven by double-digit sales growth in the adidas and TaylorMade-adidas Golf segments. While **adidas** revenues increased 15%, **TaylorMade-adidas Golf** sales grew 12% on a currency-neutral basis. Revenues in the **Reebok** segment declined 1%. Currency movements negatively impacted Group sales in euro terms. Group revenues grew 5% in euro terms to € 3.083 billion in the third quarter of 2008 from € 2.941 billion in 2007.

Third quarter EPS increases 6%
The Group's gross margin increased 0.4 percentage points to 49.0% (2007: 48.6%) in the third quarter as a result of an improving regional mix, further own-retail expansion and favorable currency movements. These effects more than offset higher sourcing costs. Group gross profit increased 6% to € 1.511 billion (2007: € 1.429 billion). The Group's operating margin decreased 0.7 percentage points to 15.3% in the third quarter of 2008 versus 16.0% in the prior year as a result of higher operating expenses as a percentage of sales. Operating profit, however, increased slightly to € 473 million versus € 471 million in 2007. The Group's net income attributable to shareholders grew 2% to € 302 million (2007: € 298 million), supported by a lower tax rate. As a result of the lower weighted average number of shares due to the share buyback program, earnings per share increased at a stronger rate. Basic EPS for the third quarter grew 6% to € 1.54.

adidas Group currency-neutral sales grow 11% in the first nine months of 2008

During the first nine months of the year, Group revenues increased 11% on a currency-neutral basis, driven by double-digit sales growth in the adidas and TaylorMade-adidas Golf segments. The **adidas** segment grew 16%, the **Reebok** segment decreased 2% and **TaylorMade-adidas Golf** segment sales increased 11%. Currency movements negatively impacted Group sales in euro terms. Group revenues grew 4% in euro terms to € 8.225 billion in the first nine months of 2008 from € 7.879 billion in 2007.

"We have again delivered a strong set of financial results. Momentum in the adidas and TaylorMade-adidas Golf segments has clearly continued," commented adidas Group CEO and Chairman Herbert Hainer. "And this is despite mounting pressure on retail markets and consumer spending around the globe."

	Nine Months 2008	**Nine Months 2007**	**Change y-o-y in euro terms**	**Change y-o-y currency-neutral**
	€ in millions	€ in millions	in %	in %
adidas	**6,004**	5,465	10	16
Reebok	**1,587**	1,765	(10)	(2)
TaylorMade-adidas Golf	**614**	609	1	11
HQ/Consolidation	**20**	40	(51)	(46)
Total	**8,225**	**7,879**	**4**	**11**

Nine months net sales growth by segment

Sales increase strongly in nearly all regions

During the first nine months of the year, adidas Group sales grew at double-digit rates in all regions except North America where revenues declined. Group sales in **Europe** grew 13% on a currency-neutral basis in the first nine months of 2008 as a result of strong increases in most countries. In **North America**, Group revenues declined by 7% on a currency-neutral basis due to lower sales in the USA. Sales for the Group in **Asia** increased 23% on a currency-neutral basis in the first nine months of 2008, driven by particularly strong growth in China. In **Latin America**, currency-neutral sales grew 39% in the first nine months of the year, with double-digit increases coming from all of the region's major markets. This development was also supported by the first-time consolidation of Reebok's joint ventures in the region. Currency translation effects negatively impacted sales in euro terms in all regions. Sales in Europe increased 9% in euro terms to € 3.776 billion in 2008 from € 3.455 billion in 2007. Revenues in North America decreased 17% to € 1.871 billion in 2008 from € 2.248 billion in the prior year. In euro terms, revenues in Asia grew 16% to € 1.875 billion in 2008 from € 1.616 billion in

2007. Sales in Latin America grew 34% to € 647 million in 2008 from € 484 million in the prior year.

	Nine Months 2008	Nine Months 2007	Change y-o-y in euro terms	Change y-o-y currency-neutral
	€ in millions	€ in millions	in %	in %
Europe	**3,776**	3,455	9	13
North America	**1,871**	2,248	(17)	(7)
Asia	**1,875**	1,616	16	23
Latin America	**647**	484	34	39
Total[1]	**8,225**	**7,879**	**4**	**11**

Nine months net sales growth by region

[1] Including HQ/Consolidation.

Record Group gross margin

The Group gross margin increased by 1.7 percentage points to 49.4% during the first nine months of 2008 (2007: 47.7%), driven by improvements in the adidas and TaylorMade-adidas Golf segments. This highest-ever first nine months rate was related to an improving regional and product mix, increased own-retail activities as well as favorable currency movements. Cost synergies resulting from the Reebok integration into the adidas Group also continued to have a positive impact. Input price increases had only a modest negative impact on the cost of sales development in the first nine months of 2008. As a result of the Group's strong top-line growth and gross margin improvement, gross profit for the adidas Group rose 8% in the first nine months of 2008 to reach € 4.062 billion versus € 3.755 billion in the prior year.

Operating margin improves by 0.4 percentage points

The Group's operating margin grew 0.4 percentage points to 11.7% in the first nine months of 2008 (2007: 11.3%) as the increase in gross margin more than offset higher operating expenses as a percentage of sales. Operating expenses as a percentage of sales increased by 1.2 percentage points to 38.5% in the first nine months of 2008 from 37.3% in 2007. This development was primarily driven by higher marketing expenses as a percentage of sales in the adidas segment related to this year's major sporting events. Increased expenses to support the Group's growth in emerging markets such as Russia also impacted this development. Operating profit for the Group increased 8% in the first nine months of 2008 to reach € 963 million versus € 889 million in 2007.

Net financial expenses increase 9%
Net financial expenses increased 9% to € 113 million in the first nine months of 2008 from € 104 million in the prior year. The increase was primarily due to exchange rate variances. Lower financial income also contributed to this development.

Income before taxes increases by 8%
Despite higher net financial expenses, income before taxes as a percentage of sales increased by 0.4 percentage points to 10.3% in 2008 from 10.0% in 2007 as a result of the Group's operating margin increase. Income before taxes for the adidas Group grew 8% to € 850 million in the first nine months of 2008 from € 785 million in 2007.

Net income attributable to shareholders up 11%
The Group's net income attributable to shareholders increased 11% to € 588 million in the first nine months of 2008 from € 530 million in 2007. This development was supported by a lower tax rate and lower minority interests. The Group's tax rate decreased by 1.5 percentage points to 30.5% in the first nine months of 2008 (2007: 32.0%). The Group's minority interests declined by 31% to € 2 million in the first nine months of 2008 from € 4 million in the prior year.

Basic earnings per share increase 14%
Basic earnings per share increased 14% to € 2.96 in the first nine months of 2008 versus € 2.60 in the prior year. The weighted average number of shares used in the calculation of basic earnings per share was 198,868,061 (2007 average: 203,583,762). Diluted earnings per share in 2008 increased 13% to € 2.78 from € 2.46 in the prior year. The weighted average number of shares used in the calculation of diluted earnings per share was 214,671,394 (2007 average: 219,456,361).

Share buyback program completed
Under the share buyback program announced on January 29, 2008, adidas AG purchased 2,705,313 shares at an average price of € 38.20 during the third quarter. The buyback volume amounted to € 103 million in the third quarter. The buyback program was continued in the fourth quarter. On October 27, 2008, adidas AG announced the completion of the program. Between January 30 and October 22, 2008, adidas AG repurchased a total of 10,182,248 shares at an average price of € 40.21. This represents 5% of the stock capital at the time the program started. The total buyback volume amounted to € 409 million.

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Working capital development supports further growth
Group inventories grew 14% to € 1.812 billion at the end of the first nine months of 2008 versus € 1.596 billion in 2007. On a currency-neutral basis, this represents an increase of 15%. This development is due to business expansion in emerging markets and the inventories related to the new Reebok joint ventures in Latin America. Receivables for the Group increased 7% to € 2.055 billion at the end of the first nine months of 2008 versus € 1.918 billion in the prior year. On a currency-neutral basis, receivables increased 9%, which is below sales growth for the third quarter. This reflects ongoing strict discipline in the Group's trade terms management and concerted collection efforts in all segments.

Net borrowings increase by € 392 million
Net borrowings at September 30, 2008 were € 2.593 billion, up 18% or € 392 million versus € 2.201 billion in the prior year. The positive impact of the Group's strong bottom-line profitability was more than offset by the share buyback, investments in controlled space, other capital expenditure and operating working capital needs.

adidas backlogs grow 4% on a currency-neutral basis
Backlogs for the adidas brand at the end of the third quarter increased 4% versus the prior year on a currency-neutral basis. The non-recurrence of prior year orders for UEFA EURO 2008™ related product had a negative impact on football backlogs. The overall improvement, however, was supported by increases in many other major categories. In euro terms, adidas backlogs also grew 4%. Footwear orders increased 6% in currency-neutral terms (+6% in euros) with growth coming from all regions. Apparel backlogs grew 1% on a currency-neutral basis (+1% in euros), driven by growth in Asia which more than compensated declines in Europe and North America.

	Footwear		**Apparel**		**Total**[1]	
	in €	**currency-neutral**	**in €**	**currency-neutral**	**in €**	**currency-neutral**
Europe	(1)	1	(4)	(2)	(2)	0
North America	10	11	(4)	(3)	3	5
Asia	17	12	13	8	13	8
Total	**6**	**6**	**1**	**1**	**4**	**4**

Year-over-year development of adidas order backlogs by product category and region as at September 30, 2008 (in %)

[1] Includes hardware backlogs.

Reebok backlogs decline
Currency-neutral Reebok backlogs at the end of the third quarter of 2008 decreased 13% versus the prior year on a currency-neutral basis. In euro terms, this also represents a decline of 13%. Footwear backlogs decreased

10% in currency-neutral terms (–10% in euros). Apparel backlogs declined by 23% on a currency-neutral basis (–24% in euros). These developments largely reflect challenging market conditions in Reebok's major markets. Due to the exclusion of the own-retail business and the high share of at-once business in Reebok's sales mix, order backlogs in this segment are not indicative of the expected 2008 sales development.

	Footwear		Apparel		Total[1]	
	in €	currency-neutral	in €	currency-neutral	in €	currency-neutral
Europe	(12)	(10)	(24)	(23)	(16)	(14)
North America	(23)	(22)	(23)	(22)	(22)	(21)
Asia	(37)	(41)	(31)	(36)	(35)	(39)
Total	**(10)**	**(10)**	**(24)**	**(23)**	**(13)**	**(13)**

Year-over-year development of Reebok order backlogs by product category and region as at September 30, 2008 (in %)

[1] Includes hardware backlogs.

Group 2008 and 2009 outlook

adidas AG today confirms the Group financial guidance it has previously communicated for 2008. adidas Group sales in 2008 are expected to grow at a high-single-digit rate on a currency-neutral basis. Brand adidas sales are forecasted to increase at a low-double-digit currency-neutral rate. Sales guidance has changed for the Reebok and TaylorMade-adidas Golf segments. Currency-neutral Reebok segment sales are now forecasted to remain stable compared to the prior year (previously mid- to high-single-digit increase). Currency-neutral TaylorMade-adidas Golf sales are now forecasted to increase at a high-single-digit rate (previously mid-single-digit rate). Full year Group gross margin is expected to exceed 48.0%. The Group operating margin is expected to approach 10.0% in 2008. Full year net income attributable to shareholders is projected to grow by at least 15% in 2008 versus the 2007 level of € 551 million. This will represent the eighth consecutive year of double-digit net income growth for the Group.

Based on current order intake and retailer feedback, Management plans to grow sales and net income again in 2009. However, as a result of the uncertain global macroeconomic environment and the potential impact on the Group's financial results, Management currently lacks sufficient visibility on the Group's business development in the coming year. Therefore, the adidas Group has decided to retract its financial guidance for 2009. It is planned to provide a 2009 outlook with the presentation of the Group's 2008 full year results in March next year.

Herbert Hainer stated: "We are on a good path to reaching all of our financial targets for 2008. However, the current state of the world economy means we have challenges in front of us that require all our energy and focus. But we are not sitting back and just waiting to react. We are pro-actively looking at ways to ensure we drive healthy top- and bottom-line growth again in 2009. This will be achieved through tight cost control but also continued investments in our core business segments."

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Please visit our corporate website: www.adidas-Group.com

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Consolidated Income Statement (IFRS)

€ in millions	3rd quarter 2008	3rd quarter 2007	Change
Net sales	3,083	2,941	*4.8 %*
Cost of sales	1,572	1,512	*3.9 %*
Gross profit	**1,511**	**1,429**	*5.8 %*
(% of net sales)	49.0%	48.6%	*0.4 pp*
Royalty and commission income	23	26	*(12.2) %*
Other operating income and expenses	1,061	984	*7.9 %*
(% of net sales)	34.4%	33.4%	*1.0 pp*
Operating profit	**473**	**471**	*0.3 %*
(% of net sales)	15.3%	16.0%	*(0.7) pp*
Financial income	7	11	*(32.9) %*
Financial expenses	49	41	*18.8 %*
Income before taxes	**431**	**441**	*(2.2) %*
(% of net sales)	14.0%	15.0%	*(1.0) pp*
Income taxes	128	141	*(9.5) %*
(% of income before taxes)	29.6%	32.0%	*(2.4) pp*
Net income	**303**	**300**	*1.2 %*
(% of net sales)	9.8%	10.2%	*(0.3) pp*
Net income attributable to shareholders	**302**	**298**	*1.5 %*
(% of net sales)	9.8%	10.1%	*(0.3) pp*
Net income attributable to minority interests	**1**	**2**	*(43.2) %*
Basic earnings per share (in €)	**1.54**	**1.46**	*5.6 %*
Diluted earnings per share (in €)	**1.44**	**1.37**	*5.3 %*

Net Sales

€ in millions	3rd quarter 2008	3rd quarter 2007	Change
adidas	2,218	2,012	*10.2 %*
Reebok	665	728	*(8.7) %*
TaylorMade-adidas Golf	197	190	*3.5 %*
Europe	1,423	1,339	*6.3 %*
North America	711	819	*(13.3) %*
Asia	661	579	*14.1 %*
Latin America	266	174	*52.8 %*

Rounding differences may arise in percentages and totals.

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adidas Group
Consolidated Income Statement (IFRS)

€ in millions	Nine Months 2008	Nine Months 2007	Change
Net sales	8,225	7,879	*4.4 %*
Cost of sales	4,163	4,124	*0.9 %*
Gross profit	**4,062**	**3,755**	*8.2 %*
(% of net sales)	49.4%	47.7%	*1.7 pp*
Royalty and commission income	64	71	*(9.2) %*
Other operating income and expenses	3,163	2,937	*7.7 %*
(% of net sales)	38.5%	37.3%	*1.2 pp*
Operating profit	**963**	**889**	*8.3 %*
(% of net sales)	11.7%	11.3%	*0.4 pp*
Financial income	23	25	*(7.8) %*
Financial expenses	136	129	*5.3 %*
Income before taxes	**850**	**785**	*8.3 %*
(% of net sales)	10.3%	10.0%	*0.4 pp*
Income taxes	260	251	*3.4 %*
(% of income before taxes)	30.5%	32.0%	*(1.5) pp*
Net income	**590**	**534**	*10.6 %*
(% of net sales)	7.2%	6.8%	*0.4 pp*
Net income attributable to shareholders	**588**	**530**	*10.9 %*
(% of net sales)	7.1%	6.7%	*0.4 pp*
Net income attributable to minority interests	**2**	**4**	*(30.6) %*
Basic earnings per share (in €)	**2.96**	**2.60**	*13.6 %*
Diluted earnings per share (in €)	**2.78**	**2.46**	*13.3 %*

Net Sales

€ in millions	Nine Months 2008	Nine Months 2007	Change
adidas	6,004	5,465	*9.9 %*
Reebok	1,587	1,765	*(10.1) %*
TaylorMade-adidas Golf	614	609	*0.8 %*
Europe	3,776	3,455	*9.3 %*
North America	1,871	2,248	*(16.8) %*
Asia	1,875	1,616	*16.0 %*
Latin America	647	484	*33.7 %*

Rounding differences may arise in percentages and totals.

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adidas Group
Consolidated Balance Sheet (IFRS)

€ in millions	Sep. 30 2008	Sep. 30 2007	Change	Dec. 31 2007
Cash and cash equivalents	257	310	(17.1)%	295
Short-term financial assets	56	16	252.5%	86
Accounts receivable	2,055	1,918	7.1%	1,459
Inventories	1,812	1,596	13.6%	1,629
Income tax receivables	48	25	93.8%	60
Other current assets	726	528	37.6%	529
Assets classified as held for sale	57	56	0.7%	80
Total current assets	**5,011**	**4,449**	**12.6%**	**4,138**
Property, plant and equipment	802	678	18.3%	702
Goodwill	1,462	1,463	(0.0)%	1,436
Trademarks	1,306	1,351	(3.3)%	1,291
Other intangible assets	228	178	28.2%	194
Long-term financial assets	99	108	(8.7)%	103
Deferred tax assets	378	377	0.3%	315
Other non-current assets	170	134	25.3%	147
Total non-current assets	**4,445**	**4,289**	**3.6%**	**4,188**
Total assets	**9,456**	**8,738**	**8.2%**	**8,325**
Accounts payable	775	690	12.3%	849
Income taxes	341	333	2.3%	285
Accrued liabilities and provisions	1,082	1,012	6.9%	1,025
Other current liabilities	311	286	8.9%	266
Liabilities classified as held for sale	3	2	40.2%	4
Total current liabilities	**2,512**	**2,323**	**8.1%**	**2,429**
Long-term borrowings	2,907	2,527	15.0%	2,146
Pensions and similar obligations	134	142	(5.4)%	124
Deferred tax liabilities	463	516	(10.2)%	450
Non-current accrued liabilities and provisions	71	69	2.8%	73
Other non-current liabilities	50	55	(7.8)%	69
Total non-current liabilities	**3,625**	**3,309**	**9.6%**	**2,862**
Share capital	195	204	(4.4)%	204
Reserves	(36)	254	(114.1)%	161
Retained earnings	3,147	2,638	19.3%	2,658
Shareholders' equity	3,306	3,096	6.8%	3,023
Minority interests	13	10	21.1%	11
Total equity	**3,319**	**3,106**	**6.8%**	**3,034**
Total liabilities and equity	**9,456**	**8,738**	**8.2%**	**8,325**
Additional balance sheet information				
Operating working capital	3,092	2,824	*9.5%*	2,239
Working capital	2,499	2,126	*17.6%*	1,708
Net total borrowings	2,593	2,201	*17.8%*	1,766
Financial leverage	78.5%	71.1%	*7.3 pp*	*58.4%*

Rounding differences may arise in percentages and totals.