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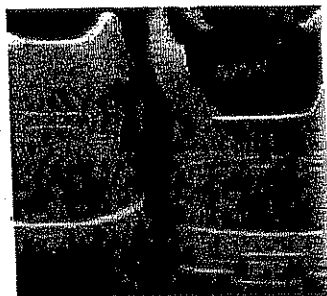
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Adidas-Reebok merger lets rivals nip at Nike's heels

By Laura Petrecca and Theresa Howard, USA TODAY

Adidas wants Reebok to help it double-team the "big man" on the court in the \$57 billion-a-year U.S. sports footwear and apparel market.



Sports shoes by Adidas and Reebok. Germany's Adidas-Salomon launched a \$3.6-billion bid to buy U.S. rival Reebok.

By David Hecker, AFP/Getty Images

The Germany-based global power announced on Wednesday a \$3.6 billion deal to buy Canton, Mass.-based Reebok, uniting two of the world's top sports companies and creating a much stronger challenge to Nike, particularly on the global giant's home turf: the prime North American market that accounts for about half of the category's sales worldwide. (Chart: [How Adidas and Reebok stack up against rival Nike](#))

"We will expand our geographic reach, particularly in North America, and create a footwear, apparel and hardware offering that addresses a broader spectrum of consumers and demographics," Adidas CEO Herbert Hainer said in a statement.

The union would mean that for the first time in more than a decade, industry leader Nike faces a near equal. Reebok and Adidas combined had 2004 global sales of \$12 billion (\$8 billion from Adidas, \$4 billion from Reebok) vs. Nike's \$14 billion in its latest fiscal year, ended May 31.

About the deal

Value: \$3.6 billion

All-cash transaction: Adidas' \$59 per Reebok share buyout plan, including Reebok founder Paul Fireman's 17% ownership, is a 34% premium.

Combined annual sales: \$11.1 billion

Expected savings: \$120 million within the first three years based on sales, marketing and distribution savings, layoffs and operations.

Pending approval by: Company shareholders, European and U.S. regulators.

Source: USA TODAY research

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