

Impact of Salomon Divestiture on adidas-Salomon's External Reporting

Due to the planned sale of the Salomon business segment to Amer Sports Corporation, which is expected to be completed by the end of Q3 2005, our external reporting will need to be changed to reflect Salomon as discontinued operations starting in the second quarter 2005. A small portion of the Salomon segment as it had been reported in the past, however, will not be included in discontinued operations, because a few adidas subsidiaries will continue to sell Salomon products as part of the cooperation agreements between adidas-Salomon and Amer Sports Corporation (sales of € 29 million in FY 2004).

Therefore, our P&L will only reflect sales and expenses from our continuing business. The development of the Salomon business segment will be reported as a separate line item "Income from discontinued operations, net of tax" below the IBT level and also includes one-time expenses directly attributable to the sale of the Salomon business segment. To ensure comparability, last year's periods will need to be adjusted accordingly. Please find attached a fact sheet showing a pro-forma calculation of the P&L for the last five quarters reflecting this new structure.

If you have any further questions, please do not hesitate to contact us.

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(€ in millions)	2004 ¹⁾					2005 ¹⁾
	Q1	Q2	Q3	Q4	FY	Q1
Net sales	1,505	1,401	1,758	1,193	5,856	1,673
Cost of sales	798	714	908	625	3,044	869
Gross profit	707	686	850	568	2,812	804
<i>(% of net sales)</i>	47.0%	49.0%	48.4%	47.6%	48.0%	48.1%
Royalty and commission income	9	11	11	11	42	10
Selling, general and administrative expenses	526	544	549	522	2,141	586
<i>(% of net sales)</i>	34.9%	38.8%	31.2%	43.8%	36.6%	35.0%
Depreciation and amortization (excl. goodwill)	21	22	23	28	95	24
Goodwill amortization ²⁾	9	9	9	10	36	0
Operating profit	161	123	281	19	583	205
<i>(% of net sales)</i>	10.7%	8.7%	16.0%	1.6%	10.0%	12.2%
Financial expenses, net	11	19	15	12	56	9
Income before taxes	150	103	266	8	527	196
Income taxes	58	33	103	(0)	193	64
<i>(% of income before taxes)</i>	38.5%	31.9%	38.7%	(6.4%)	36.7%	32.6%
Net income from continuing operations	92	70	163	8	334	132
Income/(loss) from discontinued operations, net of tax	(15)	(25)	22	9	(10)	(22)
Net income	77	45	185	17	323	110
Attributable to shareholders	72	44	179	20	314	105
<i>(%) of net sales</i>	4.8%	3.1%	10.2%	1.7%	5.4%	6.3%
Attributable to minority interests	5	1	6	(3)	9	5
Basic EPS from continuing operations ³⁾ (in €)	1.92	1.51	3.44	0.24	7.11	2.76
Diluted EPS from continuing operations ⁴⁾ (in €)	1.92	1.51	3.43	0.28	6.74	2.59

¹⁾ Pro-forma figures reflect continuing operations as a result of the planned divestiture of the Salomon business segment in accordance with the Sales & Purchase Agreement (SPA) with Amer Sports Corporation, subject to amendments agreed upon prior to transaction closing.

²⁾ From 2005 on, scheduled goodwill amortization is no longer allowed. Should an impairment test result in the necessity to amortize goodwill on an extraordinary basis, this expense is required to be included in the operating profit going forward.

³⁾ Calculated by adjusting net income from continuing operations by minority interests and dividing the result by the average numbers of shares for the specific period.

⁴⁾ Quarterly figures do not add up to the full year number as conversion criteria for the Group's convertible bond were met in Q4 2004 for the first time. As a result, the dilution resulting from the convertible bond is only reflected in the fourth quarter and full year figures.