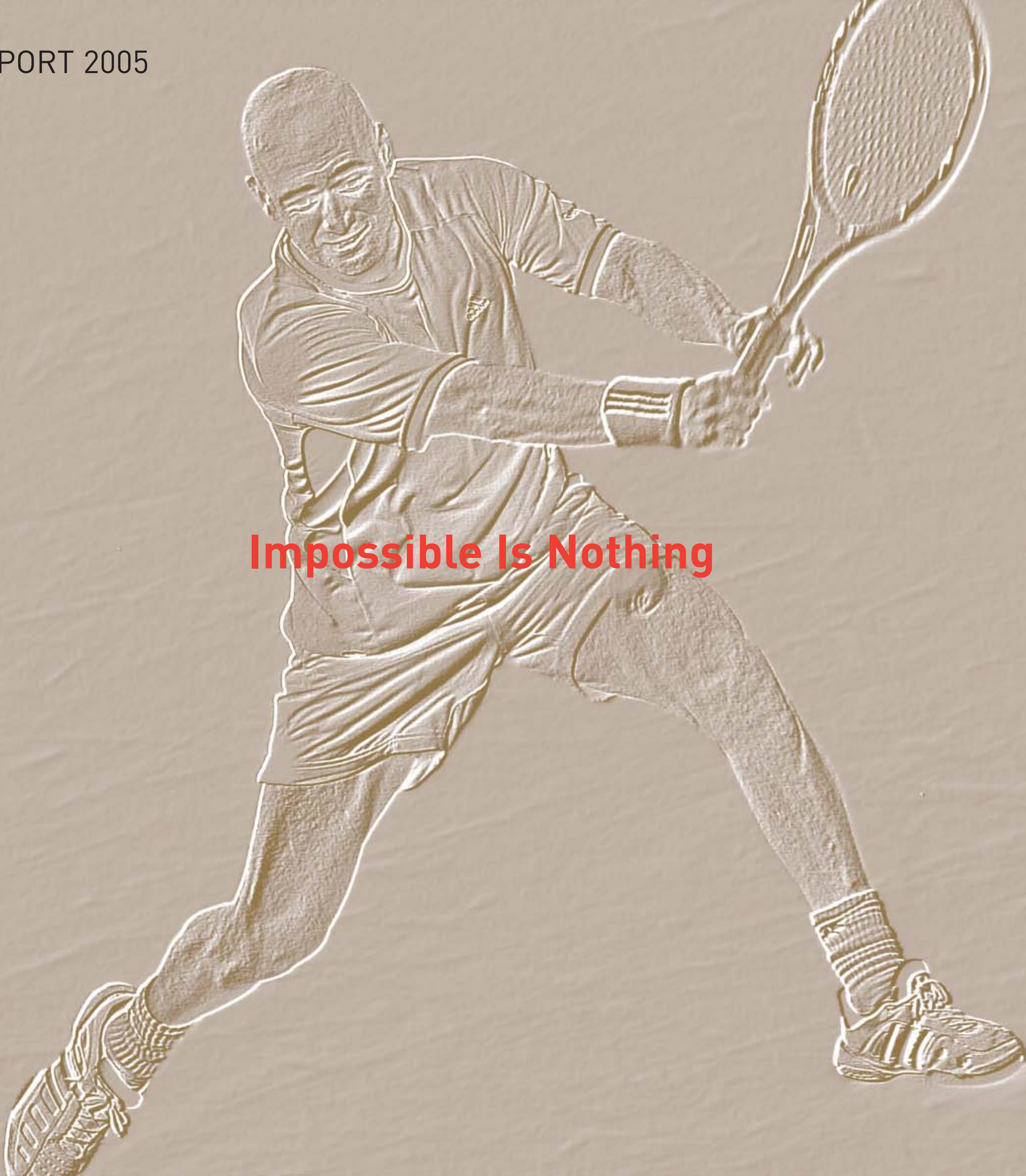
NINE MONTHS REPORT 2005

adidas



Impossible Is Nothing

Nine Months Net Sales[1] € in millions

2004	4,664
2005	5,115

Nine Months Basic Earnings Per Share From Continuing Operations[1] €

2004	6.88
2005	9.21

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

adidas-Salomon Segmental Information € in millions

	Nine Months 2005	Nine Months 2004	Change	**3rd Quarter 2005**	3rd Quarter 2004	Change
adidas						
Net sales	**4,545**	4,155	9.4%	**1,729**	1,570	10.1%
Gross profit	**2,081**	1,849	12.6%	**797**	716	11.3%
Operating profit[2]	**674**	554	21.7%	**324**	269	20.3%
Number of employees at end of period	**11,832**	10,433	13.4%	**11,832**	10,433	13.4%
TaylorMade-adidas Golf						
Net sales	**528**	477	10.6%	**177**	176	0.7%
Gross profit	**241**	227	6.1%	**78**	84	(7.6%)
Operating profit[2]	**39**	33	16.8%	**9**	23	(58.9%)
Number of employees at end of period	**1,277**	1,241	2.9%	**1,277**	1,241	2.9%

[2] 2004 figures have been adjusted to reflect the International Financial Reporting Standards newly adopted in 2005 concerning the inclusion of the operating items royalty and commission income and goodwill amortization in operating profit.

Financial Highlights (IFRS)[1]

	Nine Months 2005	Nine Months 2004	Change	3rd Quarter 2005	3rd Quarter 2004	Change
Operating Highlights € in millions						
Net sales	**5,115**	4,664	9.7%	**1,924**	1,758	9.4%
Income before taxes	**648**	519	24.8%	**312**	266	17.0%
Net income attributable to shareholders[2]	**386**	295	31.2%	**215**	179	20.3%
Key Ratios %						
Gross margin	**48.5**	48.1	0.4pp	**48.5**	48.4	0.2pp
Selling, general and administrative expenses as a percentage of net sales	**34.6**	34.7	(0.1pp)	**31.5**	31.2	0.3pp
Operating margin[3]	**13.1**	12.1	1.1pp	**16.4**	16.0	0.4pp
Effective tax rate	**33.0**	37.3	(4.3pp)	**32.9**	38.7	(5.8pp)
Net income attributable to shareholders[2] as a percentage of net sales	**7.6**	6.3	1.2pp	**11.2**	10.2	1.0pp
Equity ratio[4]	**40.3**	34.8	5.4pp	**40.3**	34.8	5.4pp
Financial leverage[4]	**28.1**	55.4	(27.3pp)	**28.1**	55.4	(27.3pp)
Balance Sheet Data € in millions						
Total assets[4]	**5,181**	4,726	9.6%	**5,181**	4,726	9.6%
Inventories[5]	**1,053**	1,134	(7.2%)	**1,053**	1,134	(7.2%)
Receivables and other current assets[5]	**1,662**	1,732	(4.0%)	**1,662**	1,732	(4.0%)
Working capital[5]	**1,646**	1,348	22.1%	**1,646**	1,348	22.1%
Net total borrowings	**586**	913	(35.8%)	**586**	913	(35.8%)
Shareholders' equity[4]	**2,086**	1,647	26.7%	**2,086**	1,647	26.7%
Per Share of Common Stock €						
Basic earnings per share from continuing operations	**9.21**	6.88	34.0%	**4.43**	3.44	28.7%
Diluted earnings per share from continuing operations	**8.63**	6.87	25.6%	**4.13**	3.45	20.0%
Basic earnings per share from continuing operations (without goodwill amortization)	**9.21**	7.46	23.6%	**4.43**	3.63	22.0%
Basic earnings per share from continuing and discontinued operations	**8.40**	6.46	30.1%	**4.68**	3.92	19.4%
Diluted earnings per share from continuing and discontinued operations	**7.89**	6.46	22.2%	**4.36**	3.92	11.2%
Basic earnings per share from continuing and discontinued operations (without goodwill amortization)	**8.40**	7.21	16.5%	**4.68**	4.16	12.4%
Operating cash flow per share from continuing operations	**4.79**	3.97	20.8%	**4.79**	3.97	20.8%
Share price at end of period	**144.58**	112.35	28.9%	**144.58**	112.35	28.9%
Other at end of period						
Number of employees (continuing operations)	**15,361**	13,886	10.6%	**15,361**	13,886	10.6%
Number of shares outstanding	**46,023,655**	45,688,400	0.7%	**46,023,655**	45,688,400	0.7%
Average number of shares	**45,966,727**	45,580,378	0.8%	**46,023,655**	45,679,992	0.8%

Rounding differences may arise in percentages and totals.

[1] Pro-forma figures reflect continuing operations as a result of the divestiture of the Salomon business segment in accordance with the Sale & Purchase Agreement (SPA) with Amer Sports Corporation, subject to amendments agreed upon at transaction closing.
[2] Includes income from continuing and discontinued operations
[3] 2004 figures have been adjusted to reflect the International Financial Reporting Standards newly adopted in 2005 concerning the inclusion of the operating items royalty and commission income and goodwill amortization in operating profit.
[4] 2004 figures have been restated due to application of amendment to IAS 19.
[5] 2005 figures for inventories, receivables and working capital reflect continuing operations only. 2004 figures reflect continuing and discontinued operations.

OPERATIONAL HIGHLIGHTS THIRD QUARTER 2005 ///

JULY /// adidas wins 13 lion awards, including four golden, at the International Advertising Festival in Cannes for its advertising campaigns.

JULY /// Malaysia's first adidas Originals Store opens in Kuala Lumpur. Other store openings during the third quarter include Madrid, Antwerp and Sydney.

JULY /// adidas-Salomon AG and Porsche Design Group sign a long-term strategic partnership including licensing agreement.

JULY /// adidas launches the Impossible Field campaign. The TV campaign is supported by a print campaign in all relevant football magazines.

AUGUST /// adidas and Polar introduce the world's first completely integrated training system called "Project Fusion", which integrates Polar heart rate, speed and distance monitoring equipment into adidas apparel and footwear.

AUGUST /// adidas-Salomon AG announces plans to acquire Reebok to create a € 9 billion footprint in the global athletic footwear, apparel and hardware markets.

SEPTEMBER /// The Y-3 spring/summer 2006 collection premieres for the first time at the New York Fashion Week.

SEPTEMBER /// For the sixth consecutive time, adidas-Salomon AG is included in the Dow Jones Sustainability Indexes and is rated to be the industry leader in the global Clothing, Accessories & Footwear industry.

SEPTEMBER /// After winning the Global Sportstyle Award 2005, the new Tour 360 golf shoe takes the ispovision Men's Footwear Of The Year Award.

SPORTING HIGHLIGHTS THIRD QUARTER 2005 ///

JULY /// Argentina wins the FIFA World Youth Championship, completing a strong display by the adidas brand during one of the world's biggest football tournaments.

JULY /// Around 600 two-man teams (professionals as well as very ambitious hobby cyclists) take part in the 8th adidas BIKE Transalp Challenge starting in Upper Bavaria and ending at the Adriatic Sea.

AUGUST /// Just a few days after becoming a member of the adidas family, Andre Agassi wins in adidas the Mercedes Benz Cup in Los Angeles and then delivers a spectacular performance on his drive to the US Open final.

AUGUST /// The T-Mobile Team wins the team classification at the Tour de France 2005 and also achieves three single-stage victories.

AUGUST /// At the 10th World Track and Field Championships in Helsinki, Elena Isinbayeva beats her own world record by one centimeter, clearing 5.01m. Isinbayeva's achievement marks the 18th world record of her career.

SEPTEMBER /// TaylorMade-adidas Golf's Sergio Garcia captures the European Masters, with a one-shot victory over Sweden's Peter Gustafsson.

SEPTEMBER /// adidas dominates the Berlin Marathon. Kenyan adidas runner Philip Manyim wins the men's race ahead of five other adidas athletes who finish in the top 10. Shortly afterwards, Haile Gebrselassie wins the Amsterdam Marathon in a new track record time. Three of the top four runners are sponsored by adidas.


Herbert Hainer

Dear Shareholders,

Our Group has made some of the most important and exciting decisions in its history in the first nine months of 2005. We have reshaped and repositioned adidas to be more performance-oriented than ever before – and everyone in our Group is focused on seeing these steps through to success. With the Salomon divestiture now complete, our organization can devote its entire energies to propelling the adidas and TaylorMade brands to continued leadership in sports footwear, apparel and golf products.

Our planned acquisition of Reebok adds to this energy and focus. The Reebok brands and products complement our existing offerings. The adidas, Reebok and TaylorMade brands each say something special to distinct consumer groups and we plan to both retain and further fine-tune their individual identities going forward. Combining these brands is an unparalleled opportunity for our Group, and Reebok's recently announced distribution and customer relationship management challenges, especially in the US, don't change that.

2005 so far has also been a year of outstanding achievements by adidas sponsored athletes. Elena Isinbayeva's 18th world record in the pole vault competition at the World Track & Field Championships in August, Tim Duncan's MVP award in the NBA Finals and Andre Agassi's dramatic run to the US Open final are just a few of the most memorable.

We are now looking forward towards 2006 and beyond, when adidas sponsored events will be at the forefront of consumer attention. The World Cup – played on adidas' home field this time – is a global event with fan participation, media coverage and sports interest equaled by few other competitions. We are only 218 days away from kicking off this premier event in Germany and achieving a new level of football greatness, by breaking the € 1 billion mark for sales in the category for the first time.

Planning for the 2008 Beijing Olympics is also picking up pace. They are still some time away, but as Official Sportswear Partner of the Chinese Olympic Committee, we've already got several teams working in China to make this the biggest and best Olympics yet. At the 2006 Winter Games in Torino in just a few months, we will outfit the Chinese team for the first time and officially begin our extensive activities leading up to the 2008 Olympics. This underscores our massive ambitions in Asia, where we plan to exceed € 2 billion by 2008, doubling our 2004 sales figure.

2005 will be a powerful year for adidas in terms of delivering on our financial targets. On a currency-neutral basis, we now expect sales to grow at high-single-digit rates. This increase in our expectations is driven by double-digit growth in North America, where both strong year-to-date sales performance and across-the-board backlog increases highlight the success of our disciplined distribution strategy. Strong sales momentum continues in Asia and Latin America. And even in Europe, where the retail conditions are challenging, we see accelerating momentum in the fourth quarter and mid-single-digit top-line growth for the year. Our operating margin, which is the Group's key profitability metric, will reach a record level due to increased own-retail activities, our improving product mix and more focused operating expenses. And, as a result of our outstanding operational performance in the first nine months of 2005, net earnings from our continuing and discontinued business are now expected to grow by at least 20%.

So 2005 has been an exciting year on many fronts. We have taken strategic decisions to ensure that we are well positioned for continued success going forward. And we are delivering on our ambitious operational targets.

We have also set ambitious medium-term targets for our new Group, including Reebok. These targets focus on improving the profitability and dynamics of our business segments beyond what they can do independently. As a result, we expect Group sales to grow at mid- to high-single-digit rates in each of the three years following completion of the Reebok acquisition. Within three years of the transaction's completion, we expect Group gross margin to be between 46 and 48%. And the operating margin will pass the 11% mark. And most importantly, we expect earnings throughout the entire integration period to grow at double-digit rates.

The countdown to next year's Winter Olympics and the World Cup has already begun. Around the globe, we are on track, executing on our short-term and long-term plans, and making new inroads with consumers and retailers. Performance is our core value, and the whole organization has the brands, skills and energy to perform as never before.

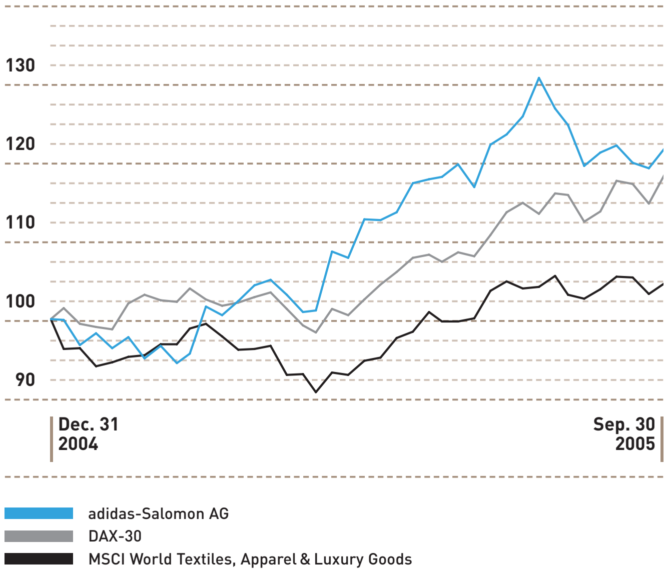
Yours sincerely,

Herbert Hainer
Chairman, Chief Executive Officer

Our Share

In the third quarter of the year, the global stock markets continued their strong performance of the first six months of 2005. The major indices were largely unaffected by high oil prices in the wake of Hurricane Katrina and the unclear outcome of the German elections. The adidas-Salomon AG share again finished the quarter up 4%, increasing 22% on a year-to-date basis at the end of September.

Share Price Development in 2005[1]



[1] Index: December 31, 2004 = 100

Performance of the adidas-Salomon AG Share and Important Indices at September 30, 2005 in %

	Year-to-date	1 year	Since IPO[2]
adidas-Salomon AG	22	29	316
DAX-30	19	30	115
MSCI World Textiles, Apparel & Luxury Goods	5	20	86

[2] November 17, 1995

adidas-Salomon AG Share Outperforms Competitors in First Nine Months of 2005

The adidas-Salomon AG share again outperformed the major indices in the first nine months of 2005. Increasing 22%, the adidas-Salomon AG share showed a stronger performance than the DAX-30, Germany's premiere stock index, and the Morgan Stanley Capital International (MSCI) World Textiles, Apparel & Luxury Goods Index. The former increased 19% over the period, while the latter grew by 5%.

The adidas-Salomon AG share also outperformed its peer group year-over-year. With an increase of 29%, our share was clearly ahead of the MSCI World Textiles, Apparel & Luxury Goods Index, which gained 20% since September 30, 2004, and was on par with the DAX-30, which increased 30% during the period.

adidas-Salomon AG Share Price Growth Continues in Third Quarter

After solid increases in the first half of the year, worldwide stock markets continued to perform strongly in the third quarter. Robust economic indicators, a weaker euro and positive news flow in the quarterly earnings season, especially in the USA, stimulated the markets in July and early August. In addition, many reports were issued regarding the fundamental valuation of German blue chips which was perceived to be low versus historical levels, especially in light of low interest rates. Subsequently, record oil prices temporarily interrupted the upswing. The aftermath of Hurricane Katrina in the USA and the unclear outcome of the German elections, which disappointed expectations of more pronounced economic reforms, only temporarily put strains on the respective stock markets, which performed strongly again in September.

Following its strong performance in the first two quarters, the adidas-Salomon AG share continued to advance at the beginning of the third quarter. Reaching a seven-year high of € 158.45 on the day of the announcement of the proposed Reebok acquisition, the adidas-Salomon AG share significantly outperformed the DAX-30. Subsequently, difficult market conditions and several profit warnings among US sporting goods retailers caused our share to decline. Initial concerns raised by some analysts surrounding the planned Reebok acquisition diminished later in the period as investors began calculating earnings accretion potential. As a result, the adidas-Salomon AG share finished the quarter at € 144.58, an increase of 4% compared to the end of the second quarter. The MSCI World Textiles, Apparel & Luxury Goods Index grew 5%, while the DAX-30 rose 10% during the period.

Our Share

Number of shares outstanding	
nine months average	45,966,727
at September 30	46,023,655[1]
Type of share	No-par-value share
Free float	100%
Initial Public Offering	November 17, 1995
Stock exchange	All German stock exchanges
Stock registration number (ISIN)	DE0005003404
Stock symbol	ADS
Important indices	DAX-30
	MSCI World Textiles,
	Apparel & Luxury Goods
	Deutsche Börse Prime
	Consumer Index
	Dow Jones STOXX
	Dow Jones EURO STOXX
	Dow Jones Sustainability
	FTSE4Good Europe

[1] All shares carry full dividend rights.

adidas-Salomon AG Again Ranked Industry Leader in Dow Jones Sustainability Indexes

For the sixth consecutive year, adidas-Salomon AG has been included in the Dow Jones Sustainability Indexes. The DJSI, which analyzes the social, environmental and financial performance of more than 300 companies worldwide, rated us to be the industry leader in the global Clothing, Accessories & Footwear industry in terms of sustainability. The annual review conducted in September acknowledged that adidas-Salomon AG has succeeded in integrating its sustainability strategy into corporate decision-making and highlighted our transparent and comprehensive reporting and accounting framework, our management team and our focus on brand and shareholder value creation as industry-leading.

Directors' Dealings Reported on Corporate Website

Christian Tourres, a member of the Supervisory Board and a former Executive Board member, sold a total of 120,000 shares at the beginning of August and purchased 20,000 shares at the end of August. Fritz Kammerer, Deputy Chairman of the Supervisory Board, sold 100 shares in August. No additional transactions subject to registration were recorded in the period. Detailed information regarding directors' dealings can be found in the Corporate Governance section on our corporate website at www.adidas-Group.com.

Our Group

The global economy continued to grow in the first nine months of 2005. During this period, sales for the Group's continuing operations excluding the Salomon business segment, which will be deconsolidated at the beginning of the fourth quarter, increased 10% on a currency-neutral basis. In euro terms, revenues grew 10% to € 5.115 billion in 2005 from € 4.664 billion in 2004. The Group's gross margin grew 0.4 percentage points to 48.5% in 2005 (2004: 48.1%) as a result of increased own-retail activities at adidas, our improving product mix and hedging activities that enabled us to capitalize on favorable currency movements. These developments drove a 19% increase in the Group's operating profit from continuing operations to € 672 million in the first nine months of 2005 versus € 564 million during the same period of 2004. The Group's income before taxes was € 648 million, up 25% versus € 519 million in 2004, helped also by a strong decrease of the Group's financial expenses. A lower tax rate also positively impacted the Group's net income from continuing operations, which grew 33% to € 434 million in 2005 from € 326 million in 2004. The adoption of new and revised International Financial Reporting Standards in 2005 had a positive impact on the Group's reported financial performance. On a comparable basis excluding these effects, the Group's operating profit and IBT from continuing operations would have increased 14% and 19% respectively during the first nine months of 2005. Net income from continuing operations on a comparable basis, which we believe represents the best indicator of our underlying business, increased 23% in the first nine months of 2005. The income from discontinued operations relating to the Salomon business segment decreased by 97% to negative € 37 million from negative € 19 million in the prior year. The Group's net income attributable to shareholders from continuing and discontinued operations increased 31% to € 386 million from € 295 million in 2004, representing one of the highest increases of the Group's net income in the first nine months since our IPO.

ECONOMIC AND SECTOR DEVELOPMENT

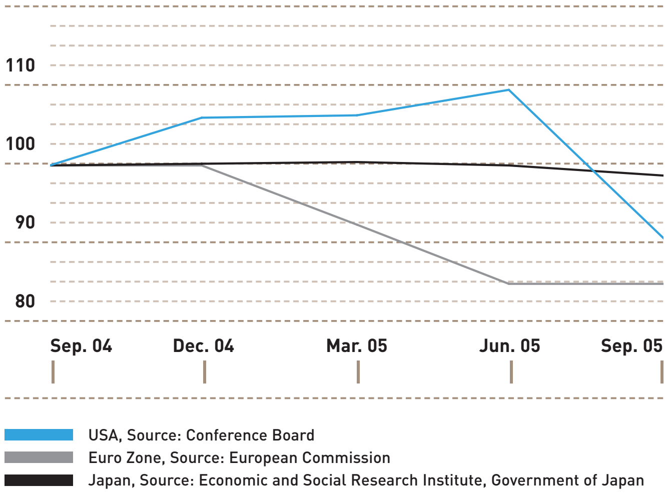
Global Economy Develops Heterogeneously

After solid growth during the first half of the year, the global economy continued to expand in the third quarter despite rising oil prices. However, growth rates across the regions varied widely. In Europe, domestic demand continued to suffer from low consumer confidence due to high unemployment rates across the region and continuing high oil prices. Forecasts point to annual growth for the region of 1.3%. The North American economy remained relatively robust in the third quarter after already having grown solidly in the first half of the year. However, Hurricane Katrina coupled with a less optimistic job outlook in early September pushed consumer confidence to its lowest level in nearly two years. In Japan, solid domestic demand fueled economic expansion. Rising private income and a lower unemployment rate contributed to continued strong consumer confidence. China remained Asia's growth engine as industrial production and exports continued to rise substantially. Driven by dynamic exports and high prices for raw materials, the Latin American markets continued to grow strongly in the third quarter.

Sporting Goods Industry Increasingly Competitive

In the sporting good industry, regional development in the third quarter of the year was mixed. Retail markets in Europe and North America became more competitive, whereas Asia and Latin America continued to enjoy solid increases. In Europe, the difficult macroeconomic environment and the high price sensitivity among consumers continued to burden the sporting goods industry. As a result, the market was highly competitive and increasingly promotional on the retailer side, particularly in the UK. In the USA, a weaker than anticipated back-to-school season and fears of a general market slowdown led to increased promotional activities among retailers. The Asian sporting goods industry continued to experience strong consumer demand and positive retail sentiment. In Latin America, the sporting goods industry enjoyed solid growth throughout the quarter as economic momentum and market conditions remained strong.

Quarterly Consumer Confidence Development by Region [1]



[1] Index: September 30, 2004 = 100

Exchange Rate Development [2] € 1 equals

	Average rate 2004	Q4 2004	Q1 2005	Q2 2005	**Q3 2005**	Average rate 2005
USD	1.2434	1.3621	1.2964	1.2092	**1.2042**	1.2639
JPY	134.41	139.65	138.44	133.95	**136.25**	136.05
GBP	0.6785	0.7051	0.6885	0.6742	**0.6820**	0.6852

[2] Spot rates at quarter-end

GROUP BUSINESS PERFORMANCE

Focus on Continuing Operations

On May 2, 2005 our Group announced the planned divestiture of the Salomon business segment to Amer Sports Corporation. The transaction was completed on October 19, 2005. As a result, the performance of this segment has to be reported as discontinued operations and the segment will be deconsolidated at the beginning of the fourth quarter. For the sake of clarity, all figures in this document refer to the Group's continuing activities unless otherwise stated. Pro-forma figures reflect continuing operations and exclude the Salomon business segment in accordance with the Sale & Purchase Agreement (SPA) with Amer Sports Corporation, subject to amendments agreed upon at transaction closing.

Third Quarter Currency-Neutral Sales Grow 8%

Third quarter net sales for the Group increased 8% on a currency-neutral basis with improvements coming from adidas in all regions except Europe. Sales in this region and at TaylorMade-adidas Golf were virtually unchanged during the period. In euro terms, sales grew 9% to € 1.924 billion in 2005 from € 1.758 billion in the third quarter of 2004. Sales at adidas increased 9% on a currency-neutral basis or 10% in euro terms to € 1.729 billion in the third quarter of 2005 from € 1.570 billion in 2004. TaylorMade-adidas Golf's sales remained stable on a currency-neutral basis. In euro terms, sales at TaylorMade-adidas Golf increased 1% to € 177 million in 2005 from € 176 million in 2004. Group sales including discontinued operations increased 7% on a currency-neutral basis or 8% in euro terms to € 2.111 billion from € 1.953 billion in 2004.

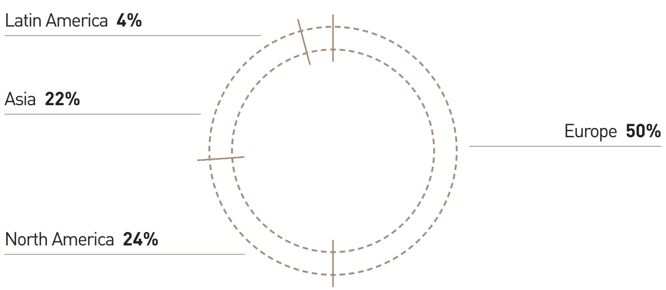
Double-Digit Sales Increases in North America, Asia and Latin America in the Third Quarter

From a regional perspective, third quarter sales in Europe increased slightly both in currency-neutral terms as well as in euros to reach € 968 million in 2005 (2004: € 967 million). In North America, currency-neutral sales grew 15%. In euro terms, this represents an increase of 16% to € 446 million in 2005 from € 385 million in the third quarter of 2004. Sales in Asia again grew strongly in the third quarter, up 20% on a currency-neutral basis and 22% in euros to reach € 402 million in 2005 (2004: € 331 million). Sales in Latin America were also strong, increasing 33% on a currency-neutral basis or 46% in euros, reaching € 95 million in 2005 versus € 65 million in the third quarter of 2004.

Nine Months Net Sales[1] € in millions

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

Nine Months 2005 Net Sales by Region[2]



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

Currency-Neutral Sales Up 10% in the First Nine Months

During the first nine months of 2005, Group sales increased 10% on a currency-neutral basis, supported by double-digit sales growth at all brands and in all regions except Europe, where sales were stable. In euro terms, revenues also grew 10% to € 5.115 billion in 2005 from € 4.664 billion in 2004. Group sales including discontinued operations increased 9% on a currency-neutral basis and in euro terms, reaching € 5.474 billion from € 5.044 billion in 2004.

adidas Drives Top-Line Growth in the First Nine Months

Sales growth in the adidas segment set the pace for Group performance during the first nine months of 2005. Currency-neutral adidas revenues increased 10% in the first nine months. Drivers of this growth were strong double-digit increases in the Sport Heritage division as well as growth in virtually all major Sport Performance categories. Sport Style sales, which comprise less than 1% of brand adidas revenues, however, declined modestly. Currency-neutral revenues in the TaylorMade-adidas Golf segment increased 12%. This strong performance was driven by significant growth in all major categories except putters. Currency effects only had a minor effect on sales at adidas and TaylorMade-adidas Golf in euro terms. adidas sales in euro terms increased 9% to € 4.545 billion in the first nine months of 2005 from € 4.155 billion in 2004. TaylorMade-adidas Golf sales in euro terms grew 11% to € 528 million in 2005 from € 477 million in 2004.

Stable Currency-Neutral Sales in Europe

Group sales in Europe for the first nine months of 2005 were stable on a currency-neutral basis. In euro terms, sales grew slightly from the previous year's level to € 2.537 billion in 2005 (2004: € 2.530 billion). In the adidas segment, sales remained virtually unchanged on a currency-neutral basis and in euro terms, reaching € 2.438 billion during the first nine months of 2005 (2004: € 2.445 billion). Double-digit growth in the region's emerging markets as well as solid increases in Italy and Scandinavia were offset by declines in Iberia, France and the UK. TaylorMade-adidas Golf developed strongly in Europe. Currency-neutral sales increased 11% as a result of broad-based improvements throughout the region. In euro terms, revenues at TaylorMade-adidas Golf increased 9% to € 77 million in 2005 from € 71 million in 2004.

Nine Months 2005 Net Sales Growth by Brand and Region[1] in %

	Europe	North America	Asia	Latin America	**Total**
adidas	0	12	33	41	**9**
TaylorMade-adidas Golf	9	22	(6)	40	**11**
Total[2]	**0**	**14**	**26**	**41**	**10**

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

Nine Months 2005 Currency-Neutral Net Sales Growth by Brand and Region[3] in %

	Europe	North America	Asia	Latin America	**Total**
adidas	0	15	33	35	**10**
TaylorMade-adidas Golf	11	24	(6)	40	**12**
Total[4]	**0**	**17**	**26**	**35**	**10**

[3] Versus the prior year
[4] Pro-forma figures reflect continuing operations as a result of the divestiture of the Salomon business segment in accordance with the Sale & Purchase Agreement (SPA) with Amer Sports Corporation, subject to amendments agreed upon at transaction closing.

Currency-Neutral Sales in North America Increase 17%

In North America, Group sales during the first nine months increased 17% on a currency-neutral basis or 14% in euro terms to € 1.203 billion in 2005 from € 1.052 billion in 2004, driven by both adidas and TaylorMade-adidas Golf. adidas sales increased 15% on a currency-neutral basis in the first nine months, reflecting double-digit growth in both the Sport Performance and Sport Heritage divisions. In euro terms, sales for the adidas segment increased 12% to € 903 million in 2005 from € 806 million in 2004. The TaylorMade-adidas Golf segment reported currency-neutral sales growth of 24% in the first nine months of 2005 as a result of strong double-digit increases in all major categories. In euro terms, sales at TaylorMade-adidas Golf grew 22% to € 300 million in 2005 from € 246 million in 2004.

Currency-Neutral Sales in Asia Grow 26%

Sales in Asia increased 26% on a currency-neutral basis in the first nine months of 2005. In euro terms, revenues in Asia also grew 26% to € 1.111 billion in 2005 from € 882 million in 2004. Sales in the adidas segment grew overproportionately, up 33% on a currency-neutral basis. This positive development was led by strong growth in China, where sales nearly doubled during the first nine months of 2005, as well as strong increases in Japan, India and many other countries in the region. In euro terms, adidas sales increased 33% to € 959 million in 2005 from € 722 million in 2004. Revenues for the first nine months of 2005 at TaylorMade-adidas Golf decreased 6% on a currency-neutral basis mainly as a result of a decline in Korea which more than offset solid sales growth in countries such as Japan and Australia. In euro terms, TaylorMade-adidas Golf sales also decreased 6% to € 149 million in 2005 from € 159 million in 2004.

Currency-Neutral Sales in Latin America Up 35%

In Latin America, where revenues are generated predominately by adidas, currency-neutral sales increased 35% in the first nine months of 2005, renewing its position as the fastest growing region within the Group. In euro terms, sales grew 41% to € 231 million in 2005 from € 164 million in 2004. Sales for adidas improved 35% on a currency-neutral basis in the first nine months of 2005. This represents an increase of 41% in euro terms to € 224 million in 2005 from € 158 million in 2004. This development was mainly driven by strong double-digit sales increases in the region's three biggest markets Brazil, Mexico and Argentina. TaylorMade-adidas Golf, while only a minor component in overall sales with revenues of € 2 million in the first nine months of 2005 (2004: € 2 million), continued to grow strongly increasing by 40% both on a currency-neutral basis as well as in euro terms.

Sales Grow Strongly in All Product Categories

In the first nine months of 2005, currency-neutral footwear sales increased 10%, driven by solid growth rates in nearly all adidas Sport Performance categories as well as double-digit increases in the Sport Heritage division and at adidas Golf. Currency-neutral apparel sales grew 12% in the first nine months of 2005. Double-digit increases in the Sport Performance categories running, basketball, tennis and training, in the Sport Heritage division as well as at adidas Golf were the drivers of this positive development which clearly reflects the ongoing success of our "Apparel Breakthrough" initiative. Currency-neutral hardware sales increased 7% in the first nine months of 2005 fueled by growth in the metalwoods, irons and golf ball categories at TaylorMade-adidas Golf. Currency effects negatively impacted footwear, apparel and hardware sales in euro terms. In euro terms, footwear sales grew 9% to € 2.361 billion in 2005 from € 2.160 billion in 2004. Apparel sales grew 11% to € 2.115 billion in euros in the first nine months of 2005 from € 1.903 billion in 2004, and hardware sales in euro terms increased 6% to € 639 million in 2005 from € 601 million in 2004.

Group Gross Margin Up 0.4 Percentage Points

The Group's gross margin grew 0.4 percentage points to 48.5% of sales in the first nine months of 2005 (2004: 48.1%). This represents the highest first nine months gross margin in the history of our Group and mainly reflects increased adidas own-retail activities as well as our improving product mix. Hedging activities that enabled us to capitalize on favorable currency movements also contributed to the margin improvement. As a result of strong sales growth and the gross margin increase, gross profit rose 11% in the first nine months of 2005 to reach € 2.481 billion versus € 2.244 billion in 2004.

Royalty and Commission Income Grows 9% Currency-Neutral

Royalty and commission income, which according to the revised International Financial Reporting Standard IAS 1 is now included in the operating profit, increased 9% on a currency-neutral basis. This increase was driven by both an increased number of units sold and higher average royalty rates. In euro terms, royalty and commission income grew 8% to € 34 million in 2005 from € 32 million in 2004.

Operating Expenses Decrease as a Percentage of Sales

Operating expenses, including selling, general and administrative expenses (SG&A) and depreciation and amortization (excluding goodwill), increased by 9% to € 1.843 billion in the first nine months of 2005 from € 1.685 billion in 2004. As a percentage of sales, this equates to 36.0%, which is 0.1 percentage points lower than the 2004 level of 36.1%. This decrease mainly reflects lower marketing expenditures as a result of a shift of product launches to the fourth quarter of 2005, when new products related to the FIFA World Cup 2006™ will be brought to market.

Own Retail and adidas Asia Increases Drive Employee Growth

At September 30, 2005, the Group's continuing operations employed 15,361 people. This represents an increase of 11% versus the previous year's level of 13,886 and an 8% increase since the end of 2004 when the Group employed 14,217 people. New employees were primarily added in own retail as well as at adidas in Asia.

Scheduled Goodwill Amortization Discontinued

According to new and revised International Financial Reporting Standards, scheduled goodwill amortization is no longer allowed. From 2005 onwards, goodwill is tested annually and additionally when there are indications of potential impairment. The 2004 results are not allowed to be restated. Accordingly, past years' scheduled goodwill amortization as well as any future goodwill impairment is included in the operating profit. During the first nine months of 2005 no goodwill impairment was incurred. This compares to scheduled goodwill amortization from continuing operations of € 26 million during the first nine months of 2004.

Operating Profit Grows 19%

Operating profit increased 19% to € 672 million in 2005 from € 564 million in the first nine months of 2004. This improvement was driven by higher sales and gross margin as well as operating expense leverage. Similarly, the operating margin grew 1.1 percentage points to 13.1% in the first nine months of 2005 versus 12.1% in the same period of 2004. The adoption of new and revised International Financial Reporting Standards concerning the inclusion of the operating items royalty and commission income and goodwill amortization into the operating profit as well as the discontinuation of scheduled goodwill amortization had a positive impact on the Group's reported operational performance in the first nine months of 2005. On a comparable basis, excluding the effect of the IFRS changes, operating profit and margin would have increased 14% or 0.5 percentage points respectively during the first nine months of 2005.

Nine Months Gross Margin[1] in %

2004	48.1
2005	48.5

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

Nine Months Operating Profit[2] € in millions

2004[3]	564
2005	672

[2] Pro-forma figures reflect continuing operations as a result of the divestiture of the Salomon business segment in accordance with the Sale & Purchase Agreement (SPA) with Amer Sports Corporation, subject to amendments agreed upon at transaction closing.
[3] The 2004 figure has been adjusted to reflect the changes in IFRS.

Financial Expenses Decrease 46%

Financial expenses decreased 46% to € 24 million during the first nine months of 2005 (2004: € 45 million) as a result of positive currency effects and lower interest expenses due to the lower average debt level which more than offset an increase of the weighted average interest rate. The latter was partly a result of the fact that the Group's convertible bond, which in accordance with IFRS requirements carries a higher interest rate in the P&L than actually paid, now comprises a significantly higher portion of the Group's borrowings than it did in the prior year. In addition, the higher interest rates in the USA as well as the fact that the continuing decline of the Group's net borrowings results in a growing share of longer-term financing, generally carrying higher interest rates, contributed to this development.

Income Before Taxes Up 25%

As a result of the operating improvements and lower financial expenses, the Group's income before taxes increased 25% to € 648 million in the first nine months of 2005 from € 519 million in 2004. As a percentage of sales, IBT improved 1.5 percentage points to 12.7% in 2005 from 11.1% in 2004. The discontinuation of scheduled goodwill amortization had a strong positive impact on this development in the first nine months of 2005. On a comparable basis excluding the effects from IFRS changes, IBT and IBT as a percentage of sales would have increased 19% and 1.0 percentage points respectively.

Nine Months Income Before Taxes[1] € in millions

2004	**519**
2005	**648**

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

Nine Months Net Income From Continuing Operations[2] € in millions

2004	**326**
2005	**434**

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

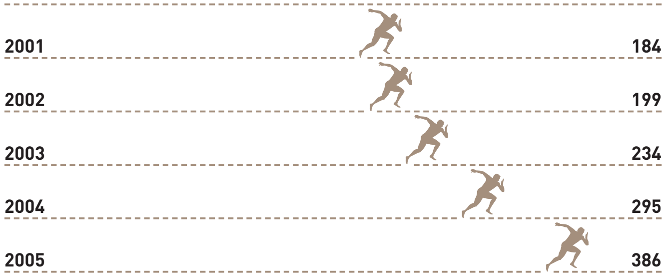
Net Income From Continuing Operations Increases 33%

The Group's net income from continuing operations increased 33% to € 434 million in the first nine months of 2005 from € 326 million in 2004. Strong sales increases, coupled with improving gross and operating margins, were the main drivers of this improvement. The discontinuation of scheduled goodwill amortization also had a strong positive impact on this development in the first nine months of 2005. The Group's minority interests declined 12% to € 11 million in 2005 from € 12 million in the prior year. This decline reflects the first-time exclusion of adidas Turkey, Salomon & Taylor Made Japan and adidas Malaysia whose remaining shares were acquired in 2004 and which are now fully included in adidas results. The divestiture of the remaining shares of erima also negatively impacted this result. The tax rate declined 4.3 percentage points to 33.0% in the first nine months of 2005 from 37.3% in 2004 mainly due to the discontinuation of goodwill amortization, which was not tax deductible. On a comparable basis excluding the effect from IFRS changes, net income from the Group's continuing operations would have increased 23% during the first nine months of 2005. We believe this figure best represents the true performance of our continuing operations during the period.

Net Income Attributable to Shareholders Up 31%

The Group's net income attributable to shareholders, which in addition to net income from continuing operations includes net income from discontinued operations, increased 31% to € 386 million in the first nine months of 2005 from € 295 million in 2004, despite an increase in the loss from discontinued operations. This improvement reflects the strong performance of the Group's continuing operations. In the first nine months of 2005, income from discontinued operations decreased by 97% to negative € 37 million from negative € 19 million in the prior year, reflecting a decline in Salomon's operating activities as well as negative effects related to the divestiture of this business segment. The discontinuation of scheduled goodwill amortization also had a strong positive impact on the Group's net income attributable to shareholders from continuing and discontinued operations in the first nine months of 2005. On a comparable basis excluding effects from IFRS changes, net income attributable to shareholders from continuing and discontinued operations would have increased 18% during the first nine months of 2005.

Nine Months Net Income Attributable to Shareholders[1] € in millions



[1] Includes continuing and discontinued operations

Basic Earnings Per Share From Continuing and Discontinued Operations at € 8.40

The Group's basic earnings per share from continuing and discontinued operations increased 30% to € 8.40 for the first nine months of 2005 versus € 6.46 in 2004. The Group's total number of shares outstanding increased by 164,655 shares in the first nine months of 2005 to 46,023,655 as a result of the Management Share Option Plan (MSOP) of adidas-Salomon AG. Consequently, the average number of shares used in the calculation of basic earnings per share from continuing and discontinued operations was 45,966,727 (first nine months 2004 average: 45,580,378). Diluted earnings per share from continuing and discontinued operations in the first nine months of 2005 increased 22% to € 7.89 in 2005 from € 6.46 in 2004. While the prior year's dilutive effect was only very small and solely related to the MSOP, dilution in 2005 mainly results from approximately four million additional potential shares that could be created in relation to our outstanding convertible bond, for which conversion criteria were met for the first time at the end of the fourth quarter of 2004. Both basic and diluted earnings per share were positively impacted by the discontinuation of scheduled goodwill amortization. On a comparable basis, basic and diluted earnings per share from continuing and discontinued operations would have increased by 17% and 9% respectively during the first nine months of 2005.

Subsequent Events and Developments

Between the end of the first nine months of 2005 and the publication of this report on November 3, there were no major macroeconomic or sociopolitical changes which we expect to influence our business materially going forward. With regard to Group-specific matters, the planned divestiture of the Salomon business segment to Amer Sports Corporation was completed on October 19, 2005. As a result, the Salomon business segment will be deconsolidated at the beginning of the fourth quarter. Furthermore, with respect to the proposed acquisition of Reebok International Ltd., announced on August 3, 2005, the waiting period under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 expired on October 4, 2005. As a result, no further antitrust regulatory review will be necessary in the United States. Closing of this transaction is expected during the first half of 2006.

Salomon Divestiture Impacts Balance Sheet Items

2005 balance sheet items with the exception of net borrowings and equity only reflect the Group's continuing operations. However, a restatement of the 2004 balance sheet items is not possible under IFRS. In the 2005 balance sheet, the assets and liabilities for the Salomon business segment, which will be deconsolidated at the beginning of the fourth quarter, are included in the Group's total assets in separate positions as "Assets classified as held for sale" and "Liabilities classified as held for sale".

Total Assets Increase 10%

At the end of the third quarter of 2005, total assets increased 10% to € 5.181 billion versus € 4.726 billion in the prior year, mainly as a result of investments in other current assets and an increase in cash. Compared to the 2004 year-end level, total assets increased 17%.

Receivables Reduced 13%

Group receivables were reduced by 13% to € 1.220 billion at the end of the third quarter of 2005 versus € 1.398 billion in the prior year mainly because € 203 million were transferred to "Assets classified as held for sale". Receivables from continuing operations increased 2% (-1% on a currency-neutral basis), which is significantly lower than sales growth during the period.

Inventories Decrease 7%

Group inventories were reduced by 7% to € 1.053 billion at the end of the third quarter of 2005 versus € 1.134 billion in 2004, mainly as a result of the reclassification of € 222 million inventories related to the Salomon business into "Assets classified as held for sale". Inventories from continuing operations increased 13%, or 10% on a currency-neutral basis, in preparation for the first deliveries of World Cup product in the first quarter.

Other Current Assets Up 33%

Other current assets increased 33% to € 442 million at the end of the third quarter of 2005 from € 333 million in 2004, mainly due to increased prepayments for promotion and other contracts as well as a higher value of derivative financial instruments which more than compensated the effect of reclassification of other current assets in an amount of € 18 million into "Assets classified as held for sale". As a result, other current assets from continuing operations increased by 46%.

Balance Sheet Structure[1] in % of total assets

	2005[2]	2004[2]
Assets		
Cash and cash equivalents	**4.9**	4.7
Short-term financial assets	**4.7**	4.3
Accounts receivable	**23.5**	29.6
Inventories	**20.3**	24.0
Other current assets	**8.5**	7.1
Assets classified as held for sale	**12.8**	–
Total current assets	**74.8**	**69.6**
Property, plant and equipment, net	**7.1**	7.5
Goodwill, net	**8.5**	12.4
Other intangible assets, net	**1.7**	2.1
Long-term financial assets	**2.5**	1.9
Deferred tax assets	**3.1**	4.1
Other non-current assets	**2.4**	2.4
Total non-current assets	**25.2**	**30.4**
Total assets	**100.0**	**100.0**
Liabilities and equity		
Short-term borrowings	**–**	9.8
Accounts payable	**10.2**	10.5
Income taxes	**4.6**	4.0
Accrued liabilities and provisions	**12.2**	12.5
Other current liabilities	**3.2**	4.3
Liabilities classified as held for sale	**3.1**	–
Total current liabilities	**33.3**	**41.1**
Long-term borrowings	**20.9**	18.5
Pensions and similar obligations	**2.7**	2.7
Deferred tax liabilities	**1.6**	1.5
Other non-current liabilities	**0.5**	0.7
Total non-current liabilities	**25.8**	**23.3**
Shareholders' equity	**40.3**	34.8
Minority interests	**0.7**	0.8
Total equity	**41.0**	**35.6**
Liabilities and equity	**100.0**	**100.0**

[1] For absolute figures see Consolidated Balance Sheet.
[2] At September 30; 2004 figures restated due to application of amendment to IAS 19

Fixed Assets Down 9%

Fixed assets decreased 9% to € 1.023 billion at the end of September 2005 versus € 1.130 billion at the end of 2004, mainly as a result of € 189 million related to the Salomon business which were transferred to "Assets classified as held for sale". Additions of € 164 million in the first nine months of 2005 were partly counterbalanced by depreciation and amortization of € 89 million and disposals in an amount of € 20 million. Currency effects increased fixed assets by € 28 million.

Other Non-Current Assets Increase 6%

Other non-current assets increased by 6% to € 123 million at the end of the first nine months of 2005 from € 116 million in 2004, mainly due to a higher non-current portion of security deposits related to adidas own-retail activities. The effect of reclassification of other non-current assets in an amount of € 2 million into "Assets classified as held for sale" was not material. As a result, other non-current assets from continuing operations increased 7%.

Other Non-Current Liabilities Decrease 23%

Other non-current liabilities decreased 23% to € 26 million at the end of September 2005 from € 33 million in 2004, primarily due to the reclassification of € 3 million of other non-current liabilities related to the Salomon business into "Liabilities classified as held for sale" as well as reduced obligations under finance lease contracts and a decrease in the fair value of financial instruments used for hedging activities within the Group. As a result, other non-current liabilities from continuing operations were reduced by 10%.

Total Assets [1] € in millions

2004 [2]	4,726
2005	5,181

[1] At September 30
[2] Restated due to application of amendment to IAS 19

Equity Ratio [3] in %

2004 [4]	34.8
2005	40.3

[3] At September 30
[4] Restated due to application of amendment to IAS 19

Net Borrowings [5] € in millions

2004	913
2005	586

[5] At September 30

Equity Base Further Strengthened

The Group's equity base was further strengthened in the first nine months of 2005. Shareholders' equity rose 27% to € 2.086 billion at the end of September 2005 versus € 1.647 billion in 2004. The majority of the net income was retained within the Group and used to strengthen the equity base. Compared to the 2004 year-end level of € 1.618 billion, shareholders' equity increased 29%.

Strong Cash Flow Development

In the first nine months of 2005, the Group generated € 191 million of cash inflow through operating activities. Cash outflow for investing activities was € 122 million and related to spending for property, plant and equipment primarily for adidas own-retail activities, as well as for investments and other long-term assets.

Net Borrowings Reduced by € 326 Million

Net borrowings at September 30, 2005 were € 586 million, down 36% or € 326 million versus € 913 million in the prior year. Strong bottom-line profitability was the driver of this reduction. As a consequence, the Group's financial leverage improved 27 percentage points to 28% in 2005 versus 55% in 2004. Versus the 2004 year-end level of € 594 million, the Group's net debt was reduced by 1% reflecting the seasonality of the business.

adidas

In the first nine months of 2005, currency-neutral sales in the adidas segment increased 10% with double-digit revenue growth coming from all regions except Europe, where sales remained stable. In euro terms, sales grew 9% to € 4.545 billion in 2005 from € 4.155 billion in 2004. Gross margin as a percentage of sales increased by 1.3 percentage points to 45.8% in the first nine months of 2005 (2004: 44.5%), mainly driven by increased own-retail activities as well as product mix improvements. In addition, positive currency effects also contributed to the increase. As a result, operating profit grew 22% to € 674 million in the first nine months of 2005 versus € 554 million in the prior year. The adoption of new and revised International Financial Reporting Standards concerning the inclusion of the operating items royalty and commission income and goodwill amortization into operating profit as well as the discontinuation of scheduled goodwill amortization had an impact on the reported operational performance in the first nine months of 2005. On a comparable basis excluding goodwill amortization incurred in 2004 and including royalty and commission income for both years, adidas operating profit increased 19%.

Currency-Neutral Sales Up 10% in the First Nine Months

In the first nine months of 2005, sales for the adidas segment improved 10% on a currency-neutral basis with double-digit growth rates in all regions except Europe, where sales were stable. In euro terms, sales grew 9% to € 4.545 billion in 2005 from € 4.155 billion in 2004. Revenues from adidas own-retail activities improved 37% on a currency-neutral basis, which represents an increase of 36% in euro terms to € 545 million in the first nine months of 2005 from € 402 million in 2004. This growth was driven both by comparable sales growth and new store openings.

Strong Growth in Virtually All Sport Performance Categories

Sales in the Sport Performance division increased 4% on a currency-neutral basis during the first nine months of 2005 supported by growth in virtually all product categories. Increases in running, training and tennis were the main drivers of this improvement and reflect the broad strength of adidas' product offering. These increases were only partly offset by a decline in the football category, resulting from a tough comparison with the prior year due to additional sales related to the UEFA EURO 2004™ European Football Championships. In euro terms, Sport Performance sales improved 4% during the first nine months of 2005 to € 3.522 billion from € 3.398 billion in the prior year.

Sport Heritage Footwear and Apparel Grow Vigorously

Currency-neutral sales in the Sport Heritage division grew vigorously during the first nine months of 2005, up 42% compared to the prior year. This increase was driven by strong double-digit growth rates in both footwear and apparel across all regions. In euro terms, Sport Heritage sales improved 41% to € 1.013 billion in 2005 from € 719 million in 2004.

Sport Style Sales At € 17 Million

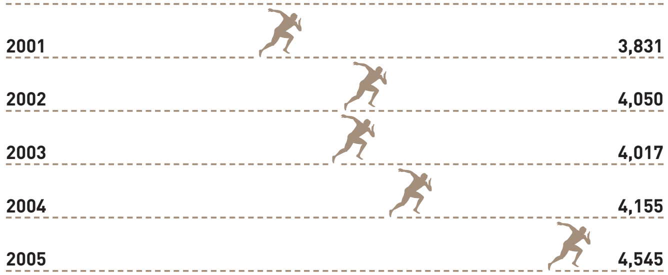
Sales in the Sport Style division declined 4% in the first nine months of 2005 both on a currency-neutral basis and in euro terms to € 17 million in 2005 (2004: € 17 million). This development mainly reflects the difficult fashion retail environment in Europe in the first half of 2005.

adidas at a Glance € in millions

	Nine Months 2005	Nine Months 2004	Change
Net sales	**4,545**	4,155	9%
Gross margin	**45.8%**	44.5%	1.3pp
Operating profit[1]	**674**	554	22%

[1] The 2004 figure has been adjusted to reflect the changes in IFRS.

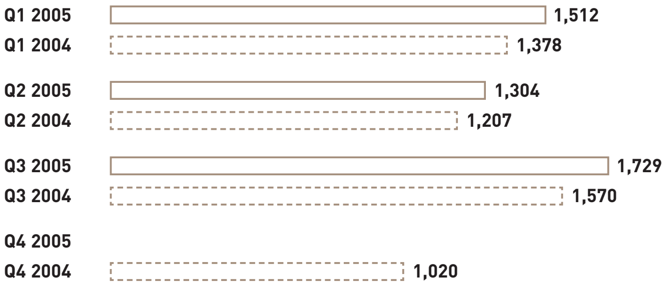
Nine Months adidas Net Sales € in millions



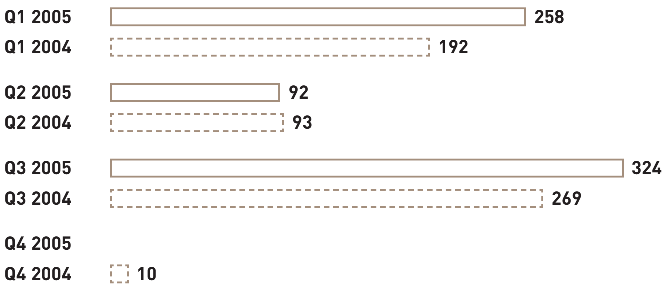
adidas Net Sales by Region € in millions

	Nine Months 2005	Nine Months 2004	Change
Europe	**2,438**	2,445	0%
North America	**903**	806	12%
Asia	**959**	722	33%
Latin America	**224**	158	41%

adidas Net Sales by Quarter € in millions



adidas Operating Profit by Quarter[1] € in millions



[1] 2004 quarterly figures have been adjusted to reflect the changes in IFRS.

Gross Margin Improves Significantly

The adidas gross margin increased by 1.3 percentage points to 45.8% in the first nine months of 2005 from 44.5% in 2004. This improvement was largely driven by increased own-retail activities, our improving product mix and favorable currency movements. As a result of these developments, adidas gross profit grew 13% to € 2.081 billion in the first nine months of 2005 from € 1.849 billion in 2004.

Royalty and Commission Income Grows 5%

According to the revised International Financial Reporting Standard IAS 1, the operating item royalty and commission income is now included in the operating profit. During the first nine months of 2005, royalty and commission income at brand adidas grew by 5% to € 44 million from € 41 million in 2004. This increase was driven by both an increased number of units and higher average royalty rates.

Operating Expenses Unchanged as a Percentage of Sales

adidas operating expenses grew 10% to € 1.451 billion in the first nine months of 2005 from € 1.324 billion in 2004. Operating expenses as a percentage of sales were stable at 31.9% during the first nine months of 2005 (2004: 31.9%). Higher operating overhead costs as a percentage of sales due to increased own-retail activities were offset by lower marketing expenditures as a result of the 2005 product launch schedule which is weighted to the fourth quarter of 2005, when new products related to the FIFA World Cup 2006™ will be brought to market.

Scheduled Goodwill Amortization Discontinued

According to new and revised International Financial Reporting Standards scheduled goodwill amortization is no longer allowed. From 2005 onwards, goodwill is tested annually and additionally when there are indications of potential impairment. The 2004 results are not allowed to be restated. Accordingly, past years' scheduled goodwill amortization as well as any future goodwill amortization arising from impairment is included in the operating profit. During the first nine months of 2005 no goodwill impairment was incurred at brand adidas. This compares to scheduled goodwill amortization of € 10 million during the prior year.

Operating Profit and Margin Increase Considerably

During the first nine months of 2005, adidas operating profit grew by 22% to € 674 million versus € 554 million during the same period in the prior year. The operating margin for the adidas segment increased by 1.5 percentage points to 14.8% during the first nine months of 2005 (2004: 13.3%). On a comparable basis excluding goodwill amortization incurred in 2004 and including royalty and commission income for both years, operating profit and margin for brand adidas would have increased by 19% or 1.2 percentage points respectively during the first nine months of 2005. This improvement was a result of strong sales and gross margin increases combined with stable operating expenses as a percentage of sales.

TaylorMade-adidas Golf

Sales for TaylorMade-adidas Golf in the first nine months of 2005 grew 12% on a currency-neutral basis driven by strong increases in all major product categories except putters. In euro terms, this represents an improvement of 11% to € 528 million in 2005 from € 477 million in 2004. TaylorMade-adidas Golf gross margin declined 1.9 percentage points to 45.7% in 2005 from 47.6% in 2004 due to lower margins in the golf ball and metalwoods categories. Driven by strong top-line growth combined with significant operating expense leverage, operating profit improved 17% to € 39 million in 2005 from € 33 million in 2004. The adoption of new and revised International Financial Reporting Standards concerning the inclusion of the operating items royalty and commission income and goodwill amortization into operating profit as well as the discontinuation of scheduled goodwill amortization had a negligible impact on the reported operational performance in the first nine months. On a comparable basis excluding goodwill amortization incurred in 2004 and including royalty and commission income for both years, the operating profit at TaylorMade-adidas Golf also increased 17%.

Currency-Neutral Sales Up 12%

Currency-neutral sales at TaylorMade-adidas Golf increased 12% during the first nine months of 2005. This positive performance was driven by strong growth in all major categories except putters. In euro terms, revenues grew 11% to € 528 million in 2005 from € 477 million in 2004.

Gross Margin Declines

TaylorMade-adidas Golf gross margin decreased 1.9 percentage points to 45.7% in the first nine months of 2005 from 47.6% in the prior year as a result of higher sourcing costs in the golf ball category as well as increased clearance sales in the metalwoods category. These declines could only be partly offset by improvements in irons. Nevertheless, driven by the strong sales improvement, gross profit increased 6% to € 241 million in the first nine months of 2005 from € 227 million in 2004.

Royalty and Commission Income Decreases

At TaylorMade-adidas Golf, the operating item royalty and commission income, which is now included in the operating profit, declined 32% to negative € 12 million in 2005 (2004: negative € 9 million) as a result of increased sales at adidas Golf. This amount reflects intra-Group royalties for the adidas Golf business.

Operating Expenses as a Percentage of Sales Decline Significantly

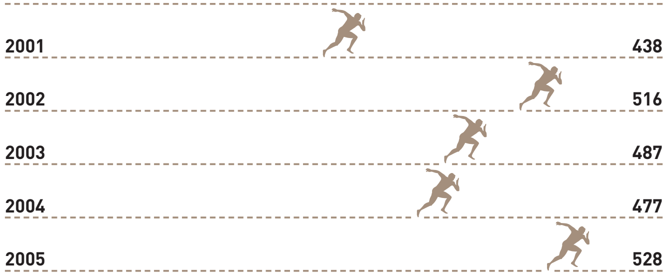
Operating expenses at TaylorMade-adidas Golf increased 3% to € 191 million in the first nine months of 2005 from € 185 million in the prior year. As a percentage of sales, operating expenses declined strongly during the first nine months of 2005, down 2.6 percentage points to 36.1% (2004: 38.7%). This primarily reflects lower marketing expenditures as well as decreased operating overhead costs, both as a percentage of sales.

TaylorMade-adidas Golf at a Glance € in millions

	Nine Months 2005	Nine Months 2004	Change
Net sales	**528**	477	11%
Gross margin	**45.7%**	47.6%	(1.9pp)
Operating profit [1]	**39**	33	17%

[1] The 2004 figure has been adjusted to reflect the changes in IFRS.

Nine Months TaylorMade-adidas Golf Net Sales € in millions



TaylorMade-adidas Golf Net Sales by Region € in millions

	Nine Months 2005	Nine Months 2004	Change
Europe	**77**	71	9%
North America	**300**	246	22%
Asia	**149**	159	(6%)
Latin America	**2**	2	40%

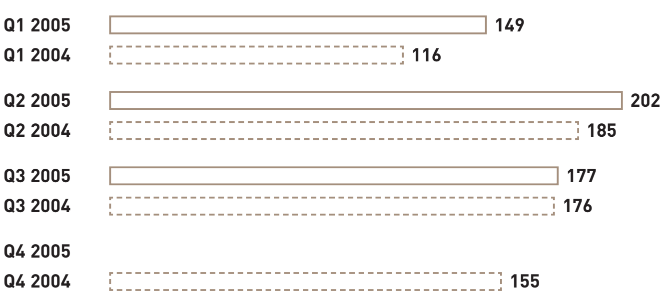
Scheduled Goodwill Amortization Discontinued

At TaylorMade-adidas Golf no goodwill impairment or scheduled goodwill amortization, both of which would now be included in the operating profit, was incurred during the first nine months of 2005 or 2004.

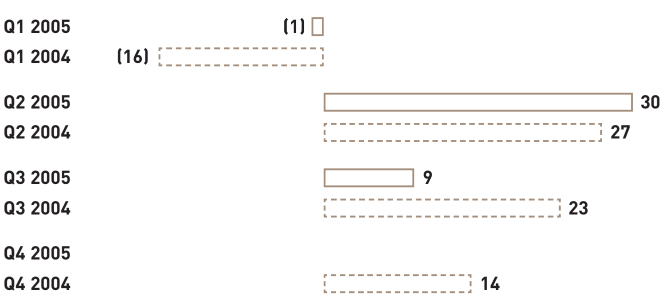
Operating Profit Improves Significantly

Operating profit for TaylorMade-adidas Golf increased 17% during the first nine months of 2005 to € 39 million in 2005 from € 33 million in 2004. The operating margin improved 0.4 percentage points to 7.4% during the first nine months of 2005 from 7.0% in 2004. On a comparable basis excluding goodwill amortization and including royalty and commission income for both years, operating profit and operating margin at TaylorMade-adidas Golf also increased 17% or 0.4 percentage points respectively during the first nine months of 2005. This development was a result of the strong sales growth combined with significantly improved operating expense leverage.

TaylorMade-adidas Golf Net Sales by Quarter € in millions



TaylorMade-adidas Golf Operating Profit by Quarter [1] € in millions



[1] 2004 quarterly figures have been adjusted to reflect the changes in IFRS.

Discontinued Operations

Sales for the discontinued operations of the Salomon business segment during the first nine months of 2005 were down 5% on a currency-neutral basis, reflecting declines in virtually all major winter sports categories, inline skates and cycling components. In euro terms, revenues also decreased 5% to € 360 million in 2005 from € 380 million in 2004. Gross margin from Salomon's discontinued operations declined 0.1 percentage points to 38.2% in 2005 (2004: 38.3%), mainly due to lower margins in alpine categories. As a result of these developments, operating profit was down 14% to negative € 20 million in the first nine months of 2005 from negative € 18 million in 2004. The adoption of new and revised International Financial Reporting Standards concerning the inclusion of the operating items royalty and commission income and goodwill amortization into operating profit as well as the discontinuation of scheduled goodwill amortization had a strong positive impact on the reported operational performance in the first nine months. On a comparable basis excluding goodwill amortization incurred in 2004 and including royalty and commission income for both years, operating profit from Salomon's discontinued operations would have declined by 102%.

Currency-Neutral Sales Decline 5% in the First Nine Months

Currency-neutral sales of Salomon's discontinued operations declined 5% in the first nine months of 2005. This decline was driven by decreases in virtually all major winter sports categories, inline skates and cycling components. In euro terms, sales of discontinued operations also declined 5% to € 360 million in 2005 from € 380 million in 2004.

Gross Margin Declines

The gross margin of Salomon's discontinued operations declined 0.1 percentage points to 38.2% in the first nine months of 2005 from 38.3% during the same period of 2004. This development was mainly a result of lower margins in alpine categories due to higher production costs for winter sports products, which were only partly offset by higher footwear and apparel margins. As a result of these developments, gross profit from discontinued operations decreased 6% to € 137 million in the first nine months of 2005 from € 146 million in 2004.

Royalty and Commission Income Increases

The operating item royalty and commission income from Salomon's discontinued operations, which is now included in the operating profit, increased 82% to € 1 million in 2005 (2004: € 0 million).

Operating Expenses as a Percentage of Sales Increase Significantly

Operating expenses at Salomon's discontinued operations increased 2% to € 159 million during the first nine months of 2005 from € 156 million in 2004. As a percentage of sales, operating expenses increased 3.0 percentage points to 44.1% during the first nine months of 2005 from 41.1% in 2004. This increase mainly reflects increased marketing expenditures as well as higher operating overhead costs, both as a percentage of sales.

Discontinued Operations (Salomon) at a Glance[1] € in millions

	Nine Months 2005	Nine Months 2004	Change
Net sales	**360**	380	(5%)
Gross margin	**38.2%**	38.3%	(0.1pp)
Operating profit[2]	**(20)**	(18)	(14%)

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

[2] The 2004 figure has been adjusted to reflect the changes in IFRS.

Nine Months Discontinued Operations (Salomon) Net Sales[3]

€ in millions

[3] Pro-forma figures reflect discontinued operations as a result of the divestiture of the Salomon business segment in accordance with the Sale & Purchase Agreement (SPA) with Amer Sports Corporation, subject to amendments agreed upon at transaction closing.

Scheduled Goodwill Amortization Discontinued

During the first nine months of 2005 no goodwill impairment was incurred from Salomon's discontinued operations. This compares to scheduled goodwill amortization of € 8 million during the same period in 2004.

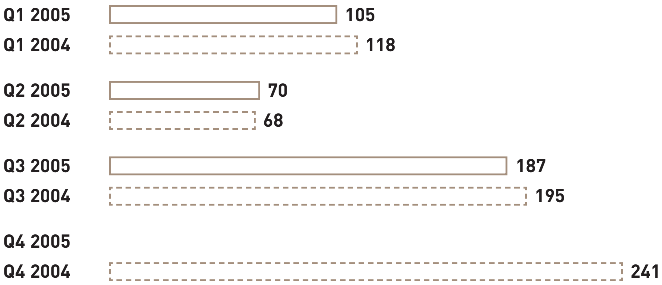
Operating Profit Declines 14%

During the first nine months of 2005, operating profit from Salomon's discontinued operations declined 14% to negative € 20 million versus negative € 18 million in 2004. The decline in the first nine months of 2005 was a result of unfavorable results in all operating items. Consequently, the operating margin of Salomon's discontinued operations decreased by 0.9 percentage points to negative 5.7% in 2005 from negative 4.7% in 2004. On a comparable basis excluding goodwill amortization incurred in 2004 and including royalty and commission income for both years, operating profit and margin from Salomon's discontinued operations would have declined 102% or 3.0 percentage points during the first nine months of 2005.

Loss From Discontinued Operations Increases

In the first nine months of 2005, the income from discontinued operations, net of tax, decreased by 97% to negative € 37 million from negative € 19 million in the prior year, reflecting the decline in Salomon's operating activities. In addition, the fixed asset fair value revaluation and other costs related to the divestiture of the Salomon business segment had a negative impact on this development.

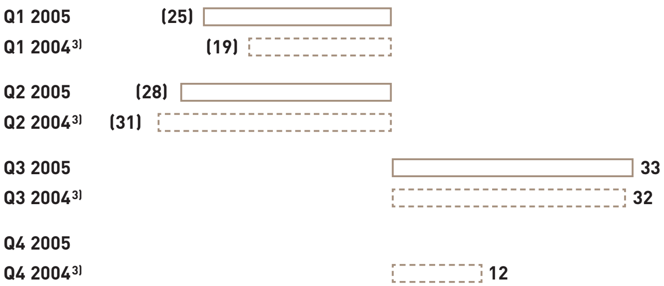
Discontinued Operations (Salomon) Net Sales by Quarter[1] € in millions



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

Discontinued Operations (Salomon) Operating Profit by Quarter[2]

€ in millions



[2] Pro-forma figures reflect discontinued operations as a result of the divestiture of the Salomon business segment in accordance with the Sale & Purchase Agreement (SPA) with Amer Sports Corporation, subject to amendments agreed upon at transaction closing.

[3] 2004 quarterly figures have been adjusted to reflect the changes in IFRS.

Outlook

Since the worldwide economic situation is largely unchanged compared to the first half year, projected growth of the global economy for 2005 does not vary significantly from our initial expectations. As a result of the Group's strong first nine months performance and business expectations for the remainder of 2005, we are increasing our sales and earnings guidance for the year. We now expect to deliver high-single-digit currency-neutral growth, with double-digit revenue increases in Asia, Latin America and now also North America as well as mid-single-digit sales growth in Europe. Group gross margin is expected to be around 48% and the operating margin is projected to improve versus last year's level to around 11%. As a result of our strong operational performance in the first nine months of 2005, we now expect our net income attributable to shareholders from continuing and discontinued operations to grow by at least 20% compared to the reported 2004 level of € 314 million. This also includes the positive impacts related to IFRS changes as well as the loss from discontinued operations related to the divestiture of the Salomon business segment.

Risk Identification and Analysis

The international sporting goods industry is highly competitive and success depends on the correct assessment of future trends and challenges. Our Management continuously gathers and analyzes business intelligence, including a qualitative assessment of the future business environment, in order to best identify strategies to avoid or lower risk. With respect to the current business outlook, no immediate risks have been identified which could jeopardize the Group's ongoing business health and viability.

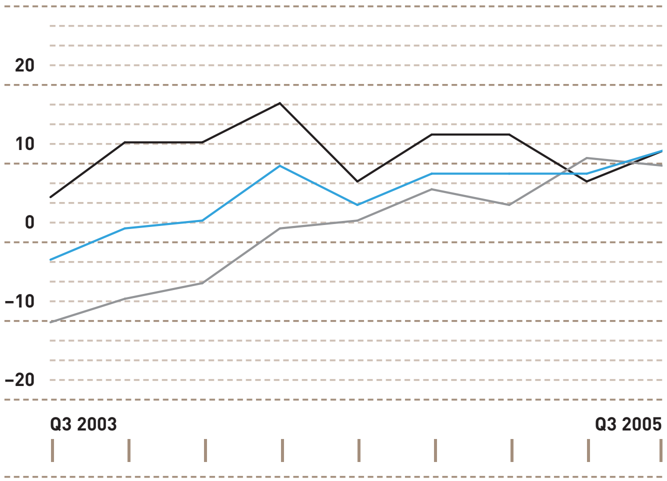
Global Economy Increasingly Marked by Regional Differences

The expansion of the global economy is forecasted to remain broadly on track, although some downside risks exist mainly due to high oil prices and increasing account imbalances. The European gross domestic product is projected to only grow by around 1.3% in 2005. However, compared to the first nine months of the year, economic growth is forecasted to accelerate slightly in the last three months as exports are likely to grow due to the robust economy in the rest of the world and the weaker euro, which is forecasted to lose some ground against the dollar in line with the widening interest gap to the USA. However, domestic demand remains fragile as high energy prices weaken private consumption. The growth of the US economy is expected to slightly decelerate in the last three months of the year. For the full year, growth is expected to slightly exceed 3%. Private demand is intact, but low savings ratios, high levels of debt among private households and an overheated real estate market render it susceptible to macroeconomic turbulences, for example in the form of quickly rising interest rates. In Asia, economic prospects remain strong. GDP growth is forecasted to reach 6% this year with the region's emerging markets growing even more strongly. The Japanese economy is expected to deliver GDP growth of almost 2%. Rising labor incomes, falling consumer prices and low unemployment are likely to sustain private consumption in coming months. The business sector is expected to benefit from recent efforts to clear bad debts leading to increased investment and higher incomes. Growth in China is forecasted to reach 9% with accelerating private consumption offsetting slower investment and export growth. In Latin America, growth is expected to continue throughout the remainder of the year to reach 4% for the year. However, the medium-term outlook is mixed in view of potentially harmful effects of slowdowns in the global economy and persisting political instability in the region.

Sporting Goods Industry Difficult in Europe

In Europe, the sporting goods market will remain difficult throughout the rest of 2005 as the landscape becomes more and more competitive amongst retailers, particularly in the UK. Consumer preferences are expected to tilt more towards performance than sports lifestyle products. In addition to increased demand in running, the World Cup is creating strong interest in football products. In North America, the sporting goods market is expected to remain promotional, however with reasonable inventory levels. In Asia, positive retail sentiment in most major markets is expected to continue in the fourth quarter. The Japanese market sees a positive development in lifestyle apparel and improving footwear sales. China continues to enjoy robust growth while other developed nations will remain relatively flat. In Latin America, the sporting goods industry is expected to continue its expansion, but some uncertainty has arisen due to recent import restrictions on footwear in Argentina and Brazil. The impact of these restrictions could be significant and will be dependent on whether the industry is able to compensate these restrictions through local production.

Development of adidas Currency-Neutral Order Backlogs[1] in %



[1] At end of quarter, change year-over-year

adidas Order Backlogs by Product Category and Region[2] changes in %

	Europe	North America	Asia	**Total**
Footwear	11	17	10	**12**
Apparel	7	19	26	**14**
Total	**9**	**18**	**22**	**14**

[2] At September 30, 2005, change year-over-year

adidas Order Backlogs by Product Category and Region, Currency-Neutral[3] changes in %

	Europe	North America	Asia	**Total**
Footwear	10	13	7	**10**
Apparel	6	15	22	**12**
Total	**8**	**14**	**18**	**12**

[3] At September 30, 2005, change year-over-year

High-Single-Digit Currency-Neutral Sales Growth Expected in 2005

As a result of the anticipated positive macroeconomic and sector environment, and in view of strong adidas backlog development, expectations for adidas own-retail activities as well as positive retailer feedback for adidas and TaylorMade-adidas Golf, we have increased our full year sales growth expectations for the Group. We now expect high-single-digit currency-neutral sales growth. This increased projection is based on expectations of double-digit revenue growth in North America due to strong year-to-date sales performance and across-the-board backlog increases. Double-digit sales momentum is expected to continue in Asia and Latin America. Europe is forecasted to grow at mid-single-digit rates, characterized by a particularly strong fourth quarter. The divestiture of the Salomon business segment to Amer Sports Corporation, which was completed on October 19, 2005, does not affect our sales expectations for our continuing operations.

Strong Backlogs Increase Supports Sales Growth Expectations for Brand adidas

adidas backlogs at the end of the third quarter of 2005 increased 12% versus the prior year on a currency-neutral basis. In euro terms, this represents an increase of 14%, one of the highest quarterly backlog growth rates in euro terms in the Group's history. Footwear backlogs grew 10% in currency-neutral terms (+12% in euros), reflecting improvements in particular in football as a result of strong FIFA World Cup 2006™ product ordering in advance of the product launches in the fourth quarter as well as in the Sport Heritage division. Apparel backlogs grew 12% on a currency-neutral basis (+14% in euros), highlighting also the strong FIFA World Cup 2006™ product ordering as well as the continuing strength of our "Apparel Breakthrough" initiative. As a result of the positive sales development during the first nine months of 2005 and our strong order book, we now expect to deliver high-single-digit currency-neutral sales growth at brand adidas in 2005.

High-Single-Digit Sales Growth Expected at TaylorMade-adidas Golf

Because of the differently measured backlogs in the golf segment, we do not provide backlog information for TaylorMade-adidas Golf. As a result of the positive first nine months, however, currency-neutral sales at TaylorMade-adidas Golf are now expected to increase at high-single-digit rates in 2005.

Group Gross Margin to Be Around 48%

We are committed to being among the industry leaders in all measures of profitability. Our improving product mix and the increased proportion of own-retail activities will continue to support our high gross margin. We anticipate that favorable hedging rates which we have secured over the last 12 months will continue to positively impact sourcing costs and therefore further support gross margin strength, albeit at a significantly lower level than in 2004 or the first nine months of 2005. These developments, coupled with our strong first nine months performance, give us confidence that we will achieve a gross margin level of around 48%.

Operating Margin Target Around 11% in 2005

Our commitment to significantly increase the Group's profitability is paying off, leading to a higher than originally expected operating margin increase in 2005, which reflects the Group's operational improvements. A strong gross margin will be the driver of this development, while operating expenses as a percentage of sales are expected to increase modestly due to higher marketing expenditures in the fourth quarter of 2005 related to the first FIFA World Cup 2006™ advertising expenses. In addition to the operating improvements, IFRS changes as well as the divestiture of the Salomon business segment will influence the operating margin. As a result, we expect to surpass the Group's highest operating margin on record and achieve an operating margin of around 11%.

Profitability to Improve at adidas

In 2005, we expect profitability to increase at adidas as a result of gross margin improvement. This will more than compensate increased operating expenses as a percentage of net sales. At TaylorMade-adidas Golf, profitability is expected to improve slightly due to operating expense leverage.

Loss From Discontinued Operations

The Salomon business segment, which will be deconsolidated at the beginning of the fourth quarter, is expected to generate a loss of between € 35 million and € 45 million in total for 2005. This includes the loss from Salomon's operating activities for the first nine months of 2005 as well as negative tax effects, fixed asset fair value revaluations and other costs related to the divestiture of this business segment.

Net Income Growth Target Raised to At Least 20%

We expect net income to grow at double-digit rates for the fifth consecutive year. Significant top-line growth as well as a strong gross and operating margin now give us confidence that our net income attributable to shareholders from continuing and discontinued operations will grow by at least 20% compared to the reported 2004 level of € 314 million. This raised forecast is based on the Group's strong operational performance in the first nine months of 2005. It also includes the positive impacts related to the IFRS changes as well as the loss from discontinued operations related to the divestiture of the Salomon business segment.

Consolidated Balance Sheet (IFRS) € in millions

	Sept. 30 2005	Sept. 30 2004[1]	Change in %	Dec. 31 2004[1]
Cash and cash equivalents	**252**	222	13.6	196
Short-term financial assets	**245**	203	20.8	259
Accounts receivable	**1,220**	1,398	(12.8)	1,046
Inventories	**1,053**	1,134	(7.2)	1,155
Other current assets	**442**	333	32.6	378
	3,211	3,290	(2.4)	3,035
Assets classified as held for sale	**663**	–	–	–
Total current assets	**3,874**	3,290	17.8	3,035
Property, plant and equipment, net	**367**	354	3.6	368
Goodwill, net	**438**	584	(25.0)	572
Other intangible assets, net	**90**	100	(9.8)	96
Long-term financial assets	**128**	89	44.3	93
Deferred tax assets	**162**	194	(16.8)	167
Other non-current assets	**123**	116	6.2	103
Total non-current assets	**1,307**	1,437	(9.0)	1,399
Total assets	**5,181**	4,726	9.6	4,434
Short-term borrowings	**–**	464	(100.0)	186
Accounts payable	**528**	494	6.8	592
Income taxes	**239**	189	26.5	167
Accrued liabilities and provisions	**634**	592	7.0	558
Other current liabilities	**164**	202	(18.8)	184
	1,565	1,941	(19.4)	1,687
Liabilities classified as held for sale	**159**	–	–	–
Total current liabilities	**1,723**	1,941	(11.2)	1,687
Long-term borrowings	**1,083**	874	24.0	863
Pensions and similar obligations	**142**	126	12.3	129
Deferred tax liabilities	**84**	70	20.7	78
Other non-current liabilities	**26**	33	(22.8)	31
Total non-current liabilities	**1,335**	1,103	21.0	1,100
Share capital	**118**	117	0.7	117
Reserves	**109**	16	603.3	(34)
Amounts directly recognized in equity relating to assets held for sale	**(2)**	–	–	–
Retained earnings	**1,861**	1,514	22.9	1,534
Shareholders' equity	**2,086**	1,647	26.7	1,618
Minority interests	**38**	36	5.0	29
Total equity	**2,124**	1,682	26.2	1,646
Total liabilities and equity	**5,181**	4,726	9.6	4,434

Rounding differences may arise in percentages and totals.

[1]Restated due to application of amendment to IAS 19

Consolidated Income Statement (IFRS)[1] € in millions

	Nine Months 2005	Nine Months 2004	Change	**3rd Quarter 2005**	3rd Quarter 2004	Change
Net sales	**5,115**	4,664	9.7%	**1,924**	1,758	9.4%
Cost of sales	**2,633**	2,420	8.8%	**990**	908	9.0%
Gross profit	**2,481**	2,244	10.6%	**934**	850	9.9%
(% of net sales)	**48.5%**	48.1%	0.4pp	**48.5%**	48.4%	0.2pp
Royalty and commission income	**34**	32	8.2%	**13**	11	13.3%
Selling, general and administrative expenses	**1,770**	1,619	9.3%	**606**	549	10.5%
(% of net sales)	**34.6%**	34.7%	(0.1pp)	**31.5%**	31.2%	0.3pp
Depreciation and amortization (excl. goodwill)	**73**	66	10.8%	**25**	23	9.3%
Goodwill amortization	**–**	26	(100.0%)	**–**	9	(100.0%)
Operating profit	**672**	564	19.2%	**315**	281	12.3%
(% of net sales)	**13.1%**	12.1%	1.1pp	**16.4%**	16.0%	0.4pp
Financial expenses, net	**24**	45	(45.8%)	**4**	15	(73.6%)
Income before taxes	**648**	519	24.8%	**312**	266	17.0%
(% of net sales)	**12.7%**	11.1%	1.5pp	**16.2%**	15.1%	1.0pp
Income taxes	**214**	194	10.5%	**102**	103	(0.5%)
(% of income before taxes)	**33.0%**	37.3%	(4.3pp)	**32.9%**	38.7%	(5.8pp)
Net income from continuing operations	**434**	326	33.3%	**209**	163	28.1%
(% of net sales)	**8.5%**	7.0%	1.5pp	**10.9%**	9.3%	1.6pp
Income from discontinued operations, net of tax	**(37)**	(19)	(96.9%)	**11**	22	(48.4%)
Net income	**397**	307	29.4%	**220**	185	19.1%
(% of net sales)	**7.8%**	6.6%	1.2pp	**11.5%**	10.5%	0.9pp
Net income attributable to shareholders	**386**	295	31.2%	**215**	179	20.3%
(% of net sales)	**7.6%**	6.3%	1.2pp	**11.2%**	10.2%	1.0pp
Net income attributable to minority interests	**11**	12	(12.2%)	**5**	6	(14.5%)
Basic earnings per share from continuing operations (in €)	**9.21**	6.88	34.0%	**4.43**	3.44	28.7%
Diluted earnings per share from continuing operations (in €)	**8.63**	6.87	25.6%	**4.13**	3.45	20.0%
Basic earnings per share from continuing and discontinued operations (in €)	**8.40**	6.46	30.1%	**4.68**	3.92	19.4%
Diluted earnings per share from continuing and discontinued operations (in €)	**7.89**	6.46	22.2%	**4.36**	3.92	11.2%

Rounding differences may arise in percentages and totals.

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

Consolidated Statement of Cash Flows (IFRS) € in millions

	Nine Months 2005	Nine Months 2004
Operating activities:		
Income before taxes	**648**	519
Adjustments for:		
Depreciation and amortization (incl. goodwill)	**75**	98
Unrealized foreign exchange (gains)/losses, net	**(16)**	29
Interest income	**(18)**	(10)
Interest expense	**53**	53
Losses/(Gains) on sale of property, plant and equipment, net	**2**	(0)
Operating profit before working capital changes	**745**	690
Increase in receivables and other current assets	**(537)**	(471)
(Increase)/Decrease in inventories	**(71)**	63
Increase in accounts payable and other current liabilities	**267**	127
Cash provided by operations	**404**	408
Interest paid	**(50)**	(51)
Income taxes paid	**(133)**	(176)
Net cash provided by continuing operating activities	**220**	181
Net cash (used in)/provided by discontinued operating activities	**(29)**	24
Net cash provided by total operating activities	**191**	205
Investing activities:		
Purchase of goodwill and other intangible assets	**(10)**	(27)
Purchase of property, plant and equipment	**(113)**	(67)
Proceeds from sale of property, plant and equipment	**19**	1
Acquisition of subsidiaries net of cash acquired	**–**	(10)
Decrease/(Increase) in short-term financial assets	**15**	(113)
Increase in investments and other long-term assets	**(51)**	(42)
Interest received	**18**	10
Net cash used in investing activities	**(122)**	(248)
Financing activities:		
Increase/(Decrease) in long-term borrowings	**215**	(356)
Dividend of adidas-Salomon AG	**(60)**	(45)
Dividends to minority shareholders	**(4)**	(6)
Exercised share options	**9**	18
(Decrease)/Increase in short-term borrowings	**(186)**	464
Net cash (used in)/provided by financing activities	**(26)**	74
Effect of exchange rates on cash	**13**	1
Increase in cash and cash equivalents	**56**	32
Cash and cash equivalents at beginning of year	**196**	190
Cash and cash equivalents at end of period	**252**	222

Rounding differences may arise in percentages and totals.

Consolidated Statement of Changes in Equity (IFRS) € in millions

	Share capital	Capital reserve	Cumulative translation adjustments	Fair values of financial instruments	Other comprehensive income	Retained earnings	**Total shareholders' equity**	Minority interests	**Total equity**
Balance at December 31, 2003	**116**	**128**	**(114)**	**(41)**	**–**	**1,265**	**1,356**	**57**	**1,412**
Effect of change in accounting of actuarial gains/losses, net of tax					(3)		**(3)**		**(3)**
Restated balance at January 1, 2004	**116**	**128**	**(114)**	**(41)**	**(3)**	**1,265**	**1,352**	**57**	**1,409**
Net gain on cash flow hedges, net of tax				30			**30**	0	**30**
Net gain on net investments in foreign subsidiaries, net of tax				0			**0**		**0**
Actuarial losses of defined benefit plans, net of tax					(6)		**(6)**		**(6)**
Currency translation			3				**3**	0	**4**
Net income recognized directly in equity			3	30	(6)		**28**	0	**28**
Net income						295	**295**	12	**307**
Total recognized income and expense for the period			3	30	(6)	295	**322**	13	**335**
Dividend payment						(45)	**(45)**	(6)	**(51)**
Exercised share options	1	17					**18**		**18**
Acquisition of shares from minority shareholders							**0**	(28)	**(28)**
Balance at September 30, 2004	**117**	**145**	**(110)**	**(10)**	**(9)**	**1,514**	**1,647**	**36**	**1,682**
Balance at December 31, 2004	**117**	**156**	**(133)**	**(46)**	**–**	**1,534**	**1,628**	**29**	**1,657**
Effect of change in accounting of actuarial gains/losses, net of tax					(11)		**(11)**		**(11)**
Restated balance at January 1, 2005	**117**	**156**	**(133)**	**(46)**	**(11)**	**1,534**	**1,618**	**29**	**1,646**
Net gain on cash flow hedges, net of tax				106			**106**		**106**
Net loss on net investments in foreign subsidiaries, net of tax				(4)			**(4)**		**(4)**
Actuarial losses of defined benefit plans, net of tax					(9)		**(9)**		**(9)**
Expenses recognized for share option plans					1		**1**		**1**
Currency translation			38				**38**	2	**41**
Net income recognized directly in equity			38	102	(8)		**132**	2	**134**
Net income						386	**386**	11	**397**
Total recognized income and expense for the period			38	102	(8)	386	**518**	13	**532**
Dividend payment						(60)	**(60)**	(4)	**(64)**
Exercised share options	0	9					**10**		**10**
Balance at September 30, 2005	**118**	**165**	**(95)**	**57**	**(19)**	**1,861**	**2,086**	**38**	**2,124**

Rounding differences may arise in percentages and totals.

NOTES TO CONSOLIDATED INTERIM FINANCIAL STATEMENTS (IFRS) AS AT SEPTEMBER 30, 2005

1 /// Basis of Preparation

The unaudited consolidated interim financial statements of adidas-Salomon AG and its subsidiaries (collectively the "Group") for the first nine months ending September 30, 2005 were prepared in accordance with accounting principles adopted by the International Accounting Standards Board ("International Financial Reporting Standards" – "IFRS"). The Group applied all International Financial Reporting Standards and Interpretations of the International Financial Reporting Standing Interpretations Committee effective as at September 30, 2005.

The accounting policies used in the preparation of the interim financial statements are consistent with those in the annual consolidated financial statements for the year ending December 31, 2004; additionally, the Group applied IAS 34 "Interim Financial Reporting".

As of January 1, 2005 the new and revised standards IFRS 3 (issued 2004) "Business Combinations", IAS 36 (revised 2004) "Impairment of Assets" and IAS 38 (revised 2004) "Intangible Assets" were also adopted for all goodwill arising from acquisitions before March 31, 2004. The adoption of these standards impacted the Group's financial position as goodwill is no longer amortized and instead is tested for impairment annually and additionally when there are indications of potential impairment.

Additionally, the Group adopted the revised IAS standards resulting from the Improvement Project, revised standard IAS 39, new standard IFRS 2 "Share-Based Payment" and the amendment to IAS 19 "Employee Benefits" issued in December 2004. These standards had no material impact on the Group's financial position in the first nine months of 2005.

Due to the divestiture of the Salomon business segment in mid-October 2005, the Group applied the new standard IFRS 5 "Non-Current Assets Held for Sale and Discontinued Operations". This standard had no impact on the prior year financial statements other than a change in the presentation of the results and cash flows of discontinued operations.

Costs that are incurred unevenly during the financial year are anticipated or deferred in the interim report only if it would be also appropriate to anticipate or defer such costs at the end of the financial year.

These interim consolidated financial statements should be read in conjunction with the 2004 annual consolidated financial statements. The comments contained therein also apply to the quarterly financial statements and are not repeated unless explicit reference is made to certain changes. The results of operations for the first nine months ending September 30, 2005 are not necessarily indicative of results to be expected for the entire year.

2 /// Changes in Accounting Policies – Pensions

Due to the application of the amendment to IAS 19 "Employee Benefits" issued in December 2004, the Group recognizes actuarial gains or losses of defined benefit plans arising during the financial year immediately outside the profit and loss account in "Other comprehensive income" within the statement of changes in equity as of January 1, 2005. The prior year figures have been restated accordingly, however net income was not changed as it was not necessary to recognize actuarial gains or losses pursuant to the corridor approach of IAS 19 in 2004.

3 /// Seasonality

The sales of the Group in certain product categories are seasonal and therefore revenues and attributable earnings may vary within the fiscal year. As adidas brand sales account for approximately 90% of the Group's net sales from continuing operations, sales and earnings tend to be strongest in the first and third quarters of the fiscal year. However, shifts in the share of sales and attributable earnings of particular product categories, brands or the regional composition may occur throughout the year.

4 /// Discontinued Operations

On May 2, 2005, the Group announced the planned divestiture of the Salomon business segment to Amer Sports Corporation. The transaction was formally completed on October 19, 2005, with effect from September 30, 2005.

Analysis of the result of discontinued operations € in millions

	Nine Months 2005	Nine Months 2004
Net sales	**360**	380
Expenses	**381**	400
Income from discontinued operations before taxes	**(21)**	**(20)**
Income taxes	**(2)**	(1)
Income from discontinued operations after taxes	**(19)**	**(19)**
Gain/(loss) recognized on the measurement to fair value less cost to sell	**(10)**	–
Income taxes	**9**	–
Gain/(loss) recognized on the measurement to fair value less cost to sell, net of tax	**(18)**	**–**
Income from discontinued operations, net of tax	**(37)**	**(19)**
Basic earnings per share from discontinued operations (€)	**(0.81)**	(0.41)
Diluted earnings per share from discontinued operations (€)	**(0.74)**	(0.41)

During the first nine months of 2005, discontinued operations used cash in investing activities in an amount of € 9 million (2004: € 19 million) and provided cash by financing activities in an amount of € 1 million (2004: € 1 million).

The related assets and liabilities have been classified as held for sale.

Assets/Liabilities Classified as Held for Sale € in millions

	2005
Accounts receivable and other current assets	**222**
Inventories	**222**
Fixed assets	**189**
Other non-current assets	**30**
Assets classified as held for sale	**663**
Accounts payable and other current liabilities	**74**
Accrued liabilities and provisions	**70**
Pensions and similar obligations	**12**
Other non-current liabilities	**3**
Liabilities classified as held for sale	**159**

5 /// Borrowings and Credit Lines

In comparison to the 2004 Annual Report, the Group does not report short-term borrowings at the end of the first nine months of 2005 as all borrowings with short-term maturities are backed by longer-term arrangements due to the signing of a syndicated loan facility in February 2005. The facility was increased by € 1.2 billion in October 2005. The overall facility in the amount of € 2 billion matures in 2010 and carries two one-year extension options.

6 /// Earnings Per Share

Basic earnings per share are calculated by dividing net income by the weighted average number of outstanding shares during the period.

Dilutive potential shares have arisen under the Management Share Option Plan of adidas-Salomon AG (MSOP), which was implemented in 1999, and the convertible bond issued in October 2003 as the required conversion criteria were fulfilled at the end of December 2004.

Earnings Per Share

	Nine Months 2005	Nine Months 2004
Net income attributable to shareholders (€ in millions)	**386**	295
Weighted average number of shares	**45,966,727**	45,580,378
Basic earnings per share (€)	**8.40**	**6.46**
Net income attributable to shareholders (€ in millions)	**386**	295
Interest expense on convertible bond (net of taxes) (€ in millions)	**8**	–
Net income used to determine diluted earnings per share (€ in millions)	**394**	**295**
Weighted average number of shares	**45,966,727**	45,580,378
Weighted share options	**110,863**	42,476
Assumed conversion convertible bond	**3,921,569**	–
Weighted average number of shares for diluted earnings per share	**49,999,159**	**45,622,854**
Diluted earnings per share (€)	**7.89**	**6.46**

For the calculation of earnings per share from continuing and discontinued operations, the weighted average number of shares as presented above has been used.

7 /// Segmental Reporting

In comparison to the 2004 Annual Report, the Salomon segment is shown in the segmental reporting as discontinued operations.

Financial information in accordance with the management approach is presented on pages 33–34 of this report.

8 /// Shareholders' Equity

In January and June 2005, the nominal capital of adidas-Salomon AG was increased by a further € 421,516.80 as a result of the exercise of 164,655 stock options and the issuance of 164,655 no-par-value bearer shares associated with the eighth and ninth exercise period of Tranche II (2000), with the fifth and sixth exercise period of Tranche III (2001) as well as with the second and third exercise period of Tranche IV (2002) of the Company's share option plan.

On September 30, 2005 the nominal capital of adidas-Salomon AG amounted to € 117,820,556.80 and is divided into 46,023,655 no-par-value bearer shares. Capital reserves thus increased by € 9,307,562.55 in 2005.

As recommended by the Management, a dividend of € 1.30 per share totaling € 59,616,700 was paid for the fiscal year 2004 following the approval of the Annual General Meeting held on May 4, 2005.

9 /// Subsequent Events

Divestiture of the Salomon business segment to Amer Sports Corporation was formally completed on October 19, 2005. The Salomon segment will be deconsolidated at the beginning of the fourth quarter 2005.

Herzogenaurach, November 3, 2005 /// The Executive Board of adidas-Salomon AG

Segmental Information by Brand € in millions

	Nine Months 2005	Nine Months 2004	3rd Quarter 2005	3rd Quarter 2004
adidas				
Net sales	**4,545**	4,155	**1,729**	1,570
Gross profit	**2,081**	1,849	**797**	716
Gross margin	**45.8%**	44.5%	**46.1%**	45.6%
Operating profit[1]	**674**	554	**324**	269
TaylorMade-adidas Golf				
Net sales	**528**	477	**177**	176
Gross profit	**241**	227	**78**	84
Gross margin	**45.7%**	47.6%	**43.9%**	47.9%
Operating profit[1]	**39**	33	**9**	23
HQ/Consolidation				
Net sales	**41**	32	**18**	13
Gross profit	**160**	168	**59**	50
Operating profit[1]	**(40)**	(23)	**(18)**	(11)
Total continuing operations				
Net sales	**5,115**	4,664	**1,924**	1,758
Gross profit	**2,481**	2,244	**934**	850
Gross margin	**48.5%**	48.1%	**48.5%**	48.4%
Operating profit[1]	**672**	564	**315**	281
Discontinued operations				
Net sales	**360**	380	**187**	195
Gross profit	**137**	146	**82**	84
Gross margin	**38.2%**	38.3%	**44.2%**	43.0%
Operating profit[1]	**(20)**	(18)	**33**	32
Total				
Net sales	**5,474**	5,044	**2,111**	1,953
Gross profit	**2,619**	2,390	**1,017**	934
Gross margin	**47.8%**	47.4%	**48.2%**	47.8%
Operating profit[1]	**652**	546	**348**	313

Rounding differences may arise in percentages and totals.

[1] 2004 figures have been adjusted to reflect the changes in IFRS.

Segmental Information by Region € in millions

	Nine Months 2005	Nine Months 2004	**3rd Quarter 2005**	3rd Quarter 2004
Europe				
Net sales	**2,537**	2,530	**968**	967
Gross profit	**1,252**	1,196	**474**	457
Gross margin	**49.2%**	46.8%	**48.9%**	47.1%
Operating profit[1]	**365**	324	**162**	153
North America				
Net sales	**1,203**	1,052	**446**	385
Gross profit	**449**	392	**159**	144
Gross margin	**36.4%**	36.1%	**35.0%**	36.5%
Operating profit[1]	**41**	10	**24**	22
Asia				
Net sales	**1,111**	882	**402**	331
Gross profit	**560**	445	**203**	170
Gross margin	**50.4%**	50.3%	**50.3%**	51.4%
Operating profit[1]	**134**	100	**52**	48
Latin America				
Net sales	**231**	164	**95**	65
Gross profit	**93**	64	**38**	26
Gross margin	**40.4%**	39.0%	**39.4%**	39.3%
Operating profit[1]	**31**	20	**13**	9
HQ/Consolidation				
Net sales	**33**	37	**13**	11
Gross profit	**126**	147	**60**	53
Operating profit[1]	**102**	110	**64**	49
Total continuing operations				
Net sales	**5,115**	4,664	**1,924**	1,758
Gross profit	**2,481**	2,244	**934**	850
Gross margin	**48.5%**	48.1%	**48.5%**	48.4%
Operating profit[1]	**672**	564	**315**	281
Discontinued operations				
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EXECUTIVE BOARD

Herbert Hainer
Chairman and Chief Executive Officer

Glenn Bennett
Global Operations

Michel Perraudin
Human Resources, Key Projects and Corporate Services until March 31, 2005

Robin J. Stalker
Finance

Erich Stamminger
Global Marketing and North America

SUPERVISORY BOARD

Henri Filho
Chairman

Dr. Hans Friderichs
Deputy Chairman

Fritz Kammerer [1)]
Deputy Chairman

Sabine Bauer [1)]

Dr. iur. Manfred Gentz

Igor Landau

Roland Nosko [1)]

Hans Ruprecht [1)]

Willi Schwerdtle

Heidi Thaler-Veh [1)]

Christian Tourres

Klaus Weiß [1)]

[1)] Employee representative

Biographical information on Executive Board members as well as mandates for all members of both the Executive and Supervisory Boards are available in the 2004 Annual Report and at www.adidas-Group.com.

Financial Calendar 2005/2006

November 3, 2005
Nine Months 2005 Results
Press release, conference call and webcast

March 2, 2006
2005 Full Year Results
Analyst and press conferences
Press release, conference call and webcast

May 9, 2006
First Quarter 2006 Results
Press release, conference call and webcast

May 11, 2006
Annual General Meeting in Fürth (Bavaria), Germany
Webcast

May 12, 2006
Dividend paid [1)]

August 9, 2006
First Half 2006 Results
Press release, conference call and webcast

November 9, 2006
Nine Months 2006 Results
Press release, conference call and webcast

[1)] Subject to Annual General Meeting approval

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and NIRI (National Investor Relations Institute, USA).

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please see our corporate website.

Concept and Design
häfelinger+wagner design, Munich