For immediate release Herzogenaurach, March 2, 2006

2005 Results[1]:

Currency-neutral sales up 12%
Net income attributable to shareholders increases 22%

- **Record-level operating margin; operating profit up 21%**
- **Net income from continuing operations grows 31%**
- **Currency-neutral adidas backlogs up 8%**
- **High-single-digit sales increases projected for adidas Group excluding Reebok**
- **Reebok sales to reach around € 2.8 billion for eleven months of 2006 despite negative backlog development**
- **Double-digit earnings increase expected in 2006 with accretion to be provided by Reebok transaction**

Currency-neutral sales grow 12% in 2005

In 2005, Group sales increased 12% on a currency-neutral basis. In euro terms, sales grew 13% to € 6.636 billion in 2005 from € 5.860 billion in 2004.

"2005 has been a great year for our Group. The acquisition of Reebok and the divestiture of Salomon clearly generated a lot of attention for us, and we also completed an impressive turnaround in our business in North America. With all these changes, we increased our focus on the Group's core activities and delivered, once again, record financial results," commented adidas-Salomon AG Chairman and CEO Herbert Hainer.

adidas drives top-line increases in 2005

Sales growth in the **adidas** segment set the pace for Group performance in 2005. Currency-neutral adidas revenues increased 12% in 2005. Drivers of this performance were strong double-digit growth in the Sport Heritage division as well as increases in virtually all Sport Performance categories. Currency-neutral revenues in the **TaylorMade-adidas Golf** segment increased 11%, driven by significant growth in all major categories. **adidas** sales in euro terms were up 13% to € 5.861 billion in 2005 from € 5.174 billion in 2004. **TaylorMade-adidas Golf** sales in euro terms grew 12% to € 709 million in 2005 from € 633 million in 2004.

	2005	2004	Change y-o-y in euro terms	Change y-o-y currency-neutral
	€ in millions	*€ in millions*	*in %*	*in %*
adidas	**5,861**	5,174	13	12
TaylorMade-adidas Golf	**709**	633	12	11
Total continuing operations	**6,636**	**5,860**	**13**	**12**

Group sales by brand in 2005, "Total continuing operations" includes HQ/Consolidation

Double-digit sales increases in North America, Asia and Latin America

From a regional perspective, Group sales in **Europe** grew 3% in 2005 on a currency-neutral basis with increases from Germany, Italy and France more than compensating declines in the UK and Iberia. In **North America**, currency-neutral sales grew 17% due to positive development in all major categories throughout the year. In **Asia**, currency-neutral sales increased 27% in 2005, mainly driven by strong performance in Japan and China. In **Latin America**, currency-neutral sales increased 32% in 2005, renewing its position as the fastest growing region within the Group. In euro terms, sales in **Europe** increased 3% from the prior year's level to € 3.166 billion (2004: € 3.068 billion). In **North America**, sales in euros increased 17% to € 1.561 billion in 2005 from € 1.332 billion in 2004. In euro terms, sales in **Asia** improved 28% to € 1.523 billion in 2005 from € 1.192 billion in 2004. In **Latin America**, sales in euro terms grew 43% to € 319 million in 2005 from € 224 million in 2004.

	2005	2004	Change y-o-y in euro terms	Change y-o-y currency-neutral
	€ in millions	*€ in millions*	*in %*	*in %*
Europe	3,166	3,068	3	3
North America	1,561	1,332	17	17
Asia	1,523	1,192	28	27
Latin America	319	224	43	32
Total continuing operations	**6,636**	**5,860**	**13**	**12**

Group sales by region in 2005, "Total continuing operations" includes HQ/Consolidation

Group gross margin up 0.2 percentage points

The Group's gross margin grew 0.2 percentage points to 48.2% of sales in 2005 (2004: 48.0%). This represents the highest gross margin in the history of the Group and mainly reflects increased adidas own-retail activities. As a result of strong sales growth and the gross margin increase within the Group, gross profit rose 14% to € 3.197 billion in 2005 versus € 2.813 billion in 2004.

Operating profit grows 21%

Royalty and commission income increased 11% to € 47 million in 2005 from € 42 million in the prior year. Operating expenses, including selling, general and administrative expenses (SG&A) and depreciation and amortization (excluding goodwill) increased 13% to € 2.537 billion in 2005 from € 2.236 billion in 2004. As a percentage of sales, this equates to 38.2% (2004: 38.2%). In 2005, no goodwill impairment was incurred. This compares to scheduled goodwill amortization from continuing operations of € 36 million in 2004. As a result, the Group's operating profit increased 21% to € 707 million in 2005 from € 584 million in 2004. This improvement was driven by higher sales and gross margin. Similarly, the operating margin grew 0.7 percentage points to 10.7% in 2005 versus 10.0% in 2004. On a comparable basis[2], the Group's operating profit and margin would have increased 14% or 0.1 percentage points respectively in 2005.

Income before taxes (IBT) up 25%

Net financial expenses decreased 11% to € 52 million in 2005 (2004: € 59 million). As a result of the operating improvements and lower net financial expenses, the Group's IBT increased 25% to € 655 million in 2005 from € 526 million in 2004. On a comparable basis[2], IBT would have increased 17% in 2005.

Net income from continuing operations increases 31%

The Group's net income from continuing operations increased 31% to € 434 million in 2005 from € 333 million in 2004. Strong sales increases, coupled with improving gross and operating margins, were the main drivers of this improvement. The Group's minority interests increased 11% to € 8 million in 2005 from € 7 million in the prior year[3]. The tax rate declined 3.0 percentage points to 33.7% in 2005 from 36.7% in 2004[3]. On a comparable basis[2], net income from the Group's continuing operations would have increased 18% in 2005.

Net income attributable to shareholders up 22%

The Group's net income attributable to shareholders, which in addition to net income from continuing operations includes net income from discontinued operations, increased 22% to € 383 million in 2005 from € 314 million in 2004, despite an increase in the loss from discontinued operations to negative € 44 million from negative € 11 million in the prior year. On a comparable basis[2], net income attributable to shareholders from continuing and discontinued operations would have increased 6% in 2005.

Basic earnings per share from continuing and discontinued operations at € 8.19

The Group's basic earnings per share from continuing and discontinued operations increased 19% to € 8.19 in 2005 versus € 6.88 in 2004. On a comparable basis[2], basic earnings per share from continuing and discontinued operations would have increased by 4% in 2005.

Strong operational results for the adidas Group in the fourth quarter

Fourth quarter net sales for the Group increased 21% on a currency-neutral basis with double-digit improvements coming from all regions. In euro terms, sales grew 27% to € 1.521 billion in 2005 from € 1.196 billion in the fourth quarter of 2004. The Group's gross profit increased 26% to € 716 million in 2005 from € 569 million in the prior year, reflecting the strong sales development. Gross margin, however, decreased by 0.6 percentage points to 47.1% versus 47.6% in 2004, as a result of negative effects from TaylorMade-adidas Golf's golf ball manufacturing contract buy-out which more than compensated gross margin increases at brand adidas. Operating profit increased 74% in the fourth quarter of 2005 to € 35 million versus € 20 million in 2004. The Group's net income from continuing operations was down 64% in the fourth quarter, reaching € 4 million versus € 10 million in the prior year, reflecting one-time effects on financial expenses including the cost for options related to the hedging of the Reebok purchase price (payable in US dollars), a loss from other financial assets as well as the new interpretation of IFRS relating to minorities with put options and unrealized losses from short-term financial assets. Income from discontinued operations, net of tax, declined 189% to negative € 7 million in 2005 from € 8 million in the fourth quarter of 2004. Net income attributable to shareholders decreased 118% to negative € 4 million in the fourth quarter of 2005 versus last year's level of € 20 million. This equates to basic earnings per share from continuing and discontinued operations of negative € 0.07 compared to € 0.43 in the prior year, reflecting a decrease of 117%.

Reebok's fourth quarter net earnings in line with management guidance

In the fourth quarter of 2005, currency-neutral sales for the Reebok Group declined 3%. In US dollars, Reebok sales decreased 5% to $ 930 million from $ 975 million in the prior year. Excluding Ralph Lauren Footwear revenues following the sale of this business, Reebok sales in the fourth quarter increased 1% in currency-neutral terms (-1% in US dollars). Reebok gross margin increased 1.0 percentage points to 39.5% in the fourth quarter of 2005 from 38.5% in 2004, mainly driven by hedging activities that allowed the Reebok Group to benefit from favorable currency movements. SG&A expenses were reduced by 3% to $ 310 million in the fourth quarter of 2005 from $ 320 million in the prior year. Net income was virtually stable at $ 47.4 million in the fourth quarter of 2005. Excluding the impact of integration costs and the positive tax effects, diluted EPS for the quarter would have been $ 0.60, in line with Reebok's guidance of between $ 0.55 and $ 0.65.

Inventory and receivables management further improved

Group inventories increased 7% to € 1.230 billion at the end of the fourth quarter of 2005 versus € 1.155 billion in 2004. On a currency-neutral basis, Group inventories decreased 2%. Inventories from continuing operations increased 22% or 13% on a currency-neutral basis, primarily due to anticipated deliveries of World Cup products as well as increased inventory levels in North America to support future sales growth expectations in this region. Group receivables were reduced by 8% to € 965 million at the end of the fourth quarter of 2005 versus € 1.046 billion in the prior year mainly due to the divestiture of the Salomon business segment. Receivables from continuing operations increased 24% (+14% on a currency-neutral basis), which is lower than sales growth during the last quarter of 2005.

Net cash position for the first time since IPO in 1995

The Group's net cash position at December 31, 2005, was € 551 million, reflecting an improvement of € 1.216 billion or 183% versus net borrowings of € 665 million in 2004[3]. Strong bottom-line profitability, the proceeds from the Salomon divestiture as well as the approximately 10% capital increase of the adidas-Salomon AG share capital were the drivers of this development. As a consequence, the Group's financial leverage improved 64 percentage points to negative 21% in 2005 versus 43% in 2004[3].

Strong backlogs increase supports sales growth expectations for brand adidas

adidas backlogs at the end of 2005 increased 8% versus the prior year on a currency-neutral basis. In euro terms, this represents an increase of 15%. Footwear backlogs grew 4% in currency-neutral terms (+11% in euros), reflecting improvements in many categories, in particular Sport Performance football and Sport Heritage products. Apparel backlogs grew 9% on a currency-neutral basis (+16% in euros), driven by improvements in the Sport Performance categories football and basketball as well as in Sport Heritage. Hardware backlogs, which grew by double-digit rates, also contributed to the positive development of adidas backlogs. From a regional perspective, currency-neutral orders in Europe rose by 3% (+4% in euros). In North America, currency-neutral order backlogs increased 17% (+35% in euros). Asian backlogs grew 13% in currency-neutral terms (+22% in euros).

	Footwear		Apparel		Total	
Change y-o-y in %	**in €**	**currency-neutral**	**in €**	**currency-neutral**	**in €**	**currency-neutral**
Europe	2	0	4	2	**4**	**3**
North America	33	15	37	19	**35**	**17**
Asia	12	2	28	18	**22**	**13**
Total	**11**	**4**	**16**	**9**	**15**	**8**

adidas order backlogs by product category and region as at December 31, 2005

Reebok order book down 22% currency-neutral

Reebok orders declined 22% on a currency-neutral basis (-24% in US dollars) at the end of the fourth quarter of 2005. This decrease was driven by a 28% decline in the USA (-30% in footwear and -23% in apparel) and a 12% currency-neutral decrease internationally (-7% in footwear and -18% in apparel).

First-time consolidation of Reebok business accretive to 2006 results

The Group expects Reebok sales to reach around € 2.8 billion for eleven months of 2006, with consolidation starting on February 1, 2006. This reflects a mid-single-digit decline versus the prior year. Nevertheless, as a result of the first-time inclusion of Reebok, adidas Group revenues will grow at high-double-digit rates in 2006. Reebok's gross and operating margins are lower than the adidas Group's margins due to the regional mix of their business. As a result, the gross and operating margins for the adidas Group including Reebok are expected to decline to between

44 and 46% and around 9%, respectively. As Reebok's earnings are expected to exceed the additional interest expenses for the adidas Group related to the Reebok acquisition and the negative one-time effects resulting from the difference between the valuation of assets versus the purchase price paid (purchase price allocation), the first-time consolidation of Reebok is forecasted to have an accretive impact on the Group's net earnings in 2006.

Currency-neutral sales for adidas Group excluding Reebok expected to grow at high-single-digit rates in 2006

For the adidas Group excluding Reebok high-single-digit sales growth is expected in 2006. By region, double-digit growth is forecasted for Asia and North America, high-single-digit growth is expected for Latin America and mid-single-digit growth for Europe. Despite gross margin increases at both brand adidas and TaylorMade-adidas Golf, the adidas Group's gross margin is expected to be between 47 and 48%, mainly as a result of the cooperation agreement with Amer Sports Corporation. Under this agreement, some adidas subsidiaries will continue to generate marginal income by selling Salomon products at gross margins lower than the Group average. Operating margin is projected to be between 10 and 10.5% for the adidas Group excluding Reebok in 2006, mainly as a result of expected increases in the operating expenses of brand adidas due to higher marketing expenditures related to the 2006 FIFA World Cup™ as well as growing adidas own-retail activities. Based on the expected strong operational performance, net income for the adidas Group excluding Reebok is projected to grow by double-digit rates.

Herbert Hainer stated, "adidas and TaylorMade are the strongest they've been in years, and when I look to the future I see significant opportunities to develop and strengthen them even more. Many of our current efforts will now focus on turning around the Reebok brand. In the World Cup year 2006, our Group will approach the € 10 billion revenue mark for the first time ever, with all regions contributing to our revenue increase. As a result, we expect earnings will grow at double-digit rates for the sixth year in a row."

***

Contacts:

Media Relations
Jan Runau
Chief Corporate Communications Officer
Tel.: +49 (0) 9132 84-3830

Anne Putz
Senior Corporate PR Manager
Tel.: +49 (0) 9132 84-2964

Investor Relations
Natalie M. Knight
Vice President and Head of Investor Relations
Tel.: +49 (0) 9132 84-3584

Hendric Junker
Investor Relations Manager
Tel.: +49 (0) 9132 84-4989

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

[1] *Unless otherwise stated, all figures in this press release refer to the Group's continuing operations.*

[2] *The figures stated on a comparable basis are adjusted to eliminate the goodwill amortization incurred in 2004. Furthermore, operating profit reflects the inclusion of royalty and commission income in the operating profit for 2004 and 2005.*

[3] *The 2004 figure has been adjusted due to revised IFRS.*

adidas GROUP

adidas Group
Consolidated Income Statement (IFRS)[1]

€ in millions	4th Quarter 2005	4th Quarter 2004 [2]	Change
Net sales	1,521	1,196	*27.2 %*
Cost of sales	805	626	*28.6 %*
Gross profit	**716**	**569**	*25.7 %*
(% of net sales)	47.1%	47.6%	*(0.6) PP*
Royalty and commission income	13	11	*19.8 %*
Selling, general and administrative expenses	656	522	*25.6 %*
(% of net sales)	43.1%	43.7%	*(0.6) PP*
Depreciation and amortization (excl. goodwill)	38	28	*33.9 %*
Goodwill amortization	-	10	*(100.0) %*
Operating profit	**35**	**20**	*73.6 %*
(% of net sales)	2.3%	1.7%	*0.6 PP*
Financial income	19	7	*152.1 %*
Financial expenses	43	18	*138.8 %*
Income before taxes	**11**	**10**	*11.6 %*
(% of net sales)	0.7%	0.8%	*(0.1) PP*
Income taxes	7	0	*1,541.3 %*
(% of income before taxes)	65.7%	(5.1)%	*70.8 PP*
Net income from continuing operations	**4**	**10**	*(63.6) %*
(% of net sales)	0.2%	0.8%	*(0.6) PP*
Income from discontinued operations, net of tax	(7)	8	*(189.2) %*
Net income	**(3)**	**18**	*(117.5) %*
(% of net sales)	(0.2)%	1.5%	*(1.7) PP*
Net income attributable to shareholders	**(4)**	**20**	*(118.1) %*
(% of net sales)	(0.2)%	1.6%	*(1.9) PP*
Net income attributable to minority interests	**0**	**(2)**	*(122.7) %*
Basic earnings per share from continuing operations (in €)	**0.06**	**0.27**	*(75.7) %*
Diluted earnings per share from continuing operations (in €)	**0.11**	**0.30**	*(62.8) %*
Basic earnings per share from continuing and discontinued operations (in €)	**(0.07)**	**0.43**	*(116.9) %*
Diluted earnings per share from continuing and discontinued operations (in €)	**(0.02)**	**0.45**	*(103.6) %*

Net Sales

€ in millions	4th Quarter 2005	4th Quarter 2004	Change
adidas	1,316	1,020	*29.1 %*
TaylorMade-adidas Golf	181	155	*16.2 %*
Europe	629	539	*16.7 %*
North America	359	280	*27.9 %*
Asia	413	310	*33.4 %*
Latin America	88	60	*46.7 %*

Rounding differences may arise in percentages and totals.
[1] Figures reflect continuing operations as a result of the divestiture of the Salomon business segment.
[2] 2004 figures have been adjusted to reflect the changes in IFRS and application of IAS 32.

adidas Group
Consolidated Income Statement (IFRS)[1)]
Year ending December 31

€ in millions	2005	2004 [2)]	Change	
Net sales	6,636	5,860	*13.2*	*%*
Cost of sales	3,439	3,047	*12.9*	*%*
Gross profit	**3,197**	**2,813**	*13.6*	*%*
(% of net sales)	48.2%	48.0%	*0.2*	*PP*
Royalty and commission income	47	42	*11.2*	*%*
Selling, general and administrative expenses	2,425	2,141	*13.3*	*%*
(% of net sales)	36.5%	36.5%	*0.0*	*PP*
Depreciation and amortization (excl. goodwill)	112	95	*17.7*	*%*
Goodwill amortization	-	36	*(100.0)*	*%*
Operating profit	**707**	**584**	*21.1*	*%*
(% of net sales)	10.7%	10.0%	*0.7*	*PP*
Financial income	42	18	*131.7*	*%*
Financial expenses	94	76	*22.6*	*%*
Income before taxes	**655**	**526**	*24.6*	*%*
(% of net sales)	9.9%	9.0%	*0.9*	*PP*
Income taxes	221	193	*14.3*	*%*
(% of income before taxes)	33.7%	36.7%	*(3.0)*	*PP*
Net income from continuing operations	**434**	**333**	*30.6*	*%*
(% of net sales)	6.5%	5.7%	*0.9*	*PP*
Income from discontinued operations, net of tax	(44)	(11)	*(287.1)*	*%*
Net income	**390**	**321**	*21.6*	*%*
(% of net sales)	5.9%	5.5%	*0.4*	*PP*
Net income attributable to shareholders	**383**	**314**	*21.8*	*%*
(% of net sales)	5.8%	5.4%	*0.4*	*PP*
Net income attributable to minority interests	**8**	**7**	*10.6*	*%*
Basic earnings per share from continuing operations (in €)	**9.13**	**7.13**	*28.0*	*%*
Diluted earnings per share from continuing operations (in €)	**8.60**	**6.77**	*27.1*	*%*
Basic earnings per share from continuing and discontinued operations (in €)	**8.19**	**6.88**	*19.0*	*%*
Diluted earnings per share from continuing and discontinued operations (in €)	**7.73**	**6.54**	*18.3*	*%*

Net Sales

€ in millions	2005	2004	Change	
adidas	5,861	5,174	*13.3*	*%*
TaylorMade-adidas Golf	709	633	*11.9*	*%*
Europe	3,166	3,068	*3.2*	*%*
North America	1,561	1,332	*17.2*	*%*
Asia	1,523	1,192	*27.8*	*%*
Latin America	319	224	*42.6*	*%*

Rounding differences may arise in percentages and totals.

[1)] Figures reflect continuing operations as a result of the divestiture of the Salomon business segment.

[2)] 2004 figures have been adjusted to reflect the changes in IFRS and application of IAS 32.

adidas Group
Consolidated Balance Sheet (IFRS)

€ in millions	Dec. 31 2005	Dec. 31 2004 [1]	Change in %
Cash and cash equivalents	1,525	196	*678.0%*
Short-term financial assets	61	259	*(76.5)%*
Accounts receivable	965	1,046	*(7.8)%*
Inventories	1,230	1,155	*6.5%*
Other current assets	586	378	*54.9%*
Total current assets	**4,367**	**3,035**	***43.9%***
Property, plant and equipment, net	424	368	*15.3%*
Goodwill, net	436	572	*(23.8)%*
Other intangible assets, net	91	96	*(5.3)%*
Long-term financial assets	114	93	*22.7%*
Deferred tax assets	195	167	*17.2%*
Other non-current assets	122	103	*19.1%*
Total non-current assets	**1,384**	**1,399**	***(1.1)%***
Total assets	**5,750**	**4,434**	***29.7%***
Short-term borrowings	-	186	*(100.0)%*
Accounts payable	684	592	*15.6%*
Income taxes	283	167	*69.0%*
Accrued liabilities and provisions	634	558	*13.5%*
Other current liabilities	190	196	*(3.1)%*
Total current liabilities	**1,790**	**1,699**	***5.4%***
Long-term borrowings	1,035	934	*10.8%*
Pensions and similar obligations	148	129	*15.0%*
Deferred tax liabilities	42	78	*(45.9)%*
Other non-current liabilities	22	31	*(27.6)%*
Total non-current liabilities	**1,248**	**1,171**	***6.5%***
Share capital	130	117	*10.7%*
Reserves	700	(105)	*767.3%*
Retained earnings	1,854	1,531	*21.1%*
Shareholders' equity	2,684	1,544	*73.8%*
Minority interests	28	20	*43.8%*
Total equity	**2,712**	**1,564**	***73.5%***
Total liabilities and equity	**5,750**	**4,434**	***29.7%***
Additional balance sheet information			
Operating working capital	1,511	1,610	*(6.2)%*
Working capital	2,576	1,336	*92.8%*
Net total borrowings	(551)	665	*(182.8)%*
Financial leverage	(20.5)%	43.1%	

Rounding differences may arise in percentages and totals.
[1] Restated due to application of IAS 32/IAS 39 and amendment to IAS 19