



Report of the Executive Board pursuant to §§ 203 section 2, sentence 2, 186 section 4, sentence 2 AktG concerning Agenda Item 7

Under Agenda Item 7, the Executive Board and the Supervisory Board propose cancelling the authorisation pursuant to § 4 section 4 of the Articles of Association to increase the nominal capital by May 28, 2011, subject to Supervisory Board approval, through the issuance of new shares against contributions in cash, if required while excluding subscription rights, by up to EUR 20,000,000 (Authorised Capital 2006), and to replace it with a new authorised capital. The Authorised Capital 2006 was not utilised.

Pursuant to §§ 203 section 2 sentence 2, 186, section 4 sentence 2 AktG, the Executive Board issues a written report on the authorisation to exclude subscription rights in connection with the newly-proposed authorised capital, which is released in full hereafter.

The proposed authorisation provides the possibility of excluding subscription rights for residual amounts and, in accordance with § 186 section 3 sentence 4 AktG, to exclude subscription rights if the new shares are issued against contributions in cash at a price not significantly below the stock market price of shares with the same features.

The authorisation to exclude subscription rights for residual amounts serves the purpose of attaining round subscription amounts when issuing new shares, while observing the statutory subscription rights of shareholders. Without the exclusion of the subscription rights for residual amounts, the technical implementation of the capital increase as well as the exercise of subscription rights would be considerably aggravated. The new residual amounts thus excluded from subscription rights of shareholders shall either be sold on the stock exchange or used in any other manner most favourable for the Company.

The authorisation to exclude subscription rights of shareholders when issuing the new shares at a value not significantly below the stock exchange value of shares with the same features, puts the management in the position to take advantage of opportunities to place new shares, arising on the basis of the respective stock market situation, quickly, flexibly as well as economically, i. e. without the time- and money-consuming exercise of subscription rights. The Company can particularly place the shares at the respective stock exchange value, i. e. without the deduction required in case of preservation of the subscription rights. § 186 section 2 AktG does provide the possibility, in case of a preservation of the subscription rights, to disclose only the basic details for the determination of the issue price, when publishing the subscription period, rather than the concrete issue price. Ultimately, in this case, the best possible placement cannot be expected for the Company as the issue price has to be disclosed at the latest three days prior to the expiration of the subscription period. Moreover, when preserving the subscription rights, given the uncertainty of the exercise of such rights (subscription behaviour) the successful placement with third parties is endangered or may cause additional expenses. The authorisation to exclude subscription rights may therefore serve to attain the best possible reinforcement of the Company's equity in the interest of the Company and of the shareholders.

Furthermore, the Company is put in the position to attract new additional investor groups in Germany and abroad. Finally, the Company is given the possibility of taking advantage of market opportunities arising in the Company's areas of business quickly and flexibly and to meet capital requirements arising in this context on a very short-term basis, if necessary. There are no concrete plans at this time with regard to the new Authorised Capital 2010.

The issue price and the income thus accrued by the Company for the new shares will be based on the stock exchange price of the shares already circulating on the stock exchange and shall not be significantly below that price. It is thus ensured that no dilution occurs. In view of the liquid market for shares of the Company and of the limitation of the volume available for capital increases to a total of nearly 10% of the nominal capital, those shareholders interested in maintaining their current share ratio moreover may acquire at any time the respective number of shares of the Company through the stock exchange. The statutory subscription rights is therefore economically and practically of no value and function.

It is thereby ensured that, in compliance with the legal evaluation of § 186 section 3 sentence 4 AktG, the property interests as well as voting interests of the shareholders are protected appropriately in the event of a utilisation of the authorised capital, subscription rights excluded, while the Company, in the interest of the shareholders, is given further capacities to act.

The authorisation on the exclusion of subscription rights in accordance with § 186 section 3 sentence 4 AktG as described above, is limited to shares with a pro-rata amount not exceeding 10% of the nominal capital. Also the issue of other shares or rights granting subscription rights which were issued suspending shareholders' subscription rights pursuant to § 186 section 3 sentence 4 AktG, shall be calculated towards such 10%-limit. Overall, it is not possible to issue or grant more than a total of 10% of the respective nominal capital from the proposed authorised capital, any other possible amounts of authorised capital, following a repurchase or from conversion or subscription rights or conversion or subscription obligations deriving from bonds, while excluding subscription rights pursuant to or in accordance with § 186 section 3 sentence 4 AktG (i. e. by reference to the fact that the shares or the respective bonds are issued against compensation in cash and not significantly below the stock exchange value/market value), except for the Annual General Meeting resolving upon according new authorisations.

Herzogenaurach, March 2010

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The Executive Board