

For immediate release

Herzogenaurach, May 5, 2009

adidas Group accelerates restructuring initiatives

- **Continued drive to get closer to the consumer**
- **New organisational structure takes out one level of management**
- **Focus on key markets and global retail**
- **Annual cost savings of more than € 100 million targeted**

After an eight-year period of continued expansion and double-digit earnings growth, the adidas Group has decided to create a new organisational structure to set the foundation for sustainable long-term growth. This realignment of the business will speed up the Group's efforts to successfully navigate the challenging market environment and to emerge from the current economic downturn even stronger than before.

"Following many months of preparation, including the implementation of a joint operating model for adidas and Reebok in virtually all regions around the world, we are now in a position to make a game-changing structural refinement to our business," said Herbert Hainer, CEO and Chairman of adidas Group. "All initiatives we have taken or which we are now implementing are built and executed under one guiding principle: to bring the adidas Group's brands and products closer to the consumer. The current economic climate adds urgency to accelerate our plans."

Over the last seven months, the adidas Group has implemented a series of reviews throughout Group and brand functions. This strategic review focused on identifying and supporting key business opportunities while eliminating costs that do not contribute to the immediate business success. A key pillar of this review included a full analysis of Group structures in order to adapt them to become faster, more effective and more flexible.

Steps taken thus far include:

- Implementing a Joint Operating Model between adidas and Reebok in Europe and in Latin America following the successful roll-out in Asia. This Joint Operating Model is now in place in nearly all of the Group's major markets. Within this new organisational structure, both the adidas and the Reebok brand remain separate and distinct while leveraging the Group's strength with its customers and in all back-office functions.
- Employee reductions at Reebok, Rockport and TaylorMade-adidas Golf.

- Reducing complexity of the product creation process for both adidas and Reebok.
- Integrating Ashworth swiftly into the TaylorMade-adidas Golf organisation.

While these initiatives have either been completed or are currently being implemented, the drive for effectiveness and efficiency for a sustainable, healthy business continues. Since 2000, the adidas Group has grown significantly in complexity from 95 companies to 190 represented in all regions of the world. During that period its business has evolved from predominantly wholesale to include a far more significant retail component. With over € 1.8 billion in own-retail sales in 2008, the adidas Group is on a growth path that will make it one of the top 250 global retailers in the medium term.

As a result, Management began an intensive examination of the Group's businesses in 2008, which will lead to the following organisational changes over the coming months:

- As a consequence of the increased complexity, it has been decided to take out one complete level of management – the regional office. This means that, going forward, the Group will no longer operate regional headquarters in Europe and Asia. Instead, it will strengthen the direct interaction between the global organisation and the local markets. This new set-up will not only significantly increase speed-to-market, but also ensure a holistic market approach to a global community that is widely connected by means of modern communications technologies.
- To support the growing own-retail business, which is an integral part of the Group's controlled space strategy, a dedicated Global Retail organisation will be set up under the leadership of a Chief Retail Officer. The Group will also carry out a review of underperforming retail store locations in the coming months.
- The wholesale part of the business, where products are sold and distributed via retail partners, will also be consolidated under the leadership of a Chief Sales Officer.
- All Group functions such as Operations, Finance, HR, Legal and IT will also undergo changes to reflect the new organisational structure while identifying shared service opportunities to drive further efficiencies.

Together with the aforementioned initiatives already underway, the Group anticipates that these further steps will not only serve to accelerate revenue growth opportunities for the Group, but in the process will also deliver material and sustainable cost savings, ensuring a healthy company and solid business foundation for the good of all its stakeholders. Although all project

details have yet to be finalised, it is Management's goal that upon completion these measures will lead to annual cost savings of more than € 100 million as well as a significant contribution to the top line. Additional details will be provided later this year.

Herbert Hainer, CEO and Chairman of adidas Group, added: "Our Group has seen fantastic growth over the last eight years. Now, we have to look forward and prepare our company to achieve the next level of success mid- and long-term. Our new set-up takes into consideration recent, current and future market developments and focuses our organisation more squarely on our most valued stakeholder: the consumer. In doing so, we make sure that our Group navigates successfully through the challenging market conditions we face in 2009, positioning us to accelerate profitable growth once the global economy rebounds."

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