**Report of the Executive Board**

**pursuant to § 71 section 1 no. 8, § 186 section 4 sentence 2 AktG**

## Report of the Executive Board concerning Agenda Item 8

Further to the report made under Agenda Item 7, the Executive Board also gives a written report in accordance with § 71 section 1 no. 8 in conjunction with § 186 section 4 sentence 2 AktG on the resolution proposed under Agenda Item 8, which is published in full hereafter:

In addition to the possibilities provided for in Agenda Item 7 to acquire treasury shares, the Company shall also be authorized to acquire treasury shares using equity derivatives. This additional alternative will expand the Company's ability to structure the acquisition of treasury shares in a flexible manner.

For the Company it may be advantageous to sell put options or purchase call options or acquire adidas shares using a combination of put and call options or other equity derivatives instead of directly acquiring shares of the Company. The acquisition of treasury shares using equity derivatives shall serve only to supplement the possibilities of reacquiring treasury shares pursuant to the resolution proposed under Agenda Item 7. The acquisition is limited from the outset to 5% of the stock capital existing on the date on which the resolution is adopted by the Annual General Meeting or – if this amount is lower – on the date on which the aforementioned authorization was exercised. The term of the options must be chosen in such a way that the shares are acquired upon exercise of the options no later than on November 7, 2009, thus ensuring that the Company does not acquire any treasury shares following the expiration of the authorization regarding the acquisition of treasury shares on November 7, 2009 subject to a new authorization being granted.

When selling put options, the Company gives the respective holder of put options the right to sell shares of the Company to the Company at a price specified in the put option conditions (the "strike price"). In return for the obligation to acquire treasury shares in accordance with the put option, the Company shall receive an option premium which has to be established in close conformity with market conditions, i.e. which corresponds to the value of the put option taking into consideration, among other things, the strike price, the option term and the volatility of the adidas shares. For the option holder, exercise of a put option makes economic sense only if the stock market price of the adidas shares, at the time of exercise, is below the strike price, because the option holder can then sell the shares to the Company at a higher price than he can achieve at the market. From the Company's perspective, however, the consideration to be paid for the acquisition of the shares is reduced by the option premium already collected. The share buyback using equity derivatives is advantageous for the Company as the Company may specify a certain strike price already when concluding the option transaction, whereas liquidity will not flow out until the date the options are exercised. If the option holder does not exercise the options, particularly because the stock price on the date of the exercise exceeds the strike price, the Company, although unable to acquire any treasury shares, still finally keeps the option premium received.

When purchasing call options, the Company acquires, against payment of an option premium, the right to purchase a predetermined number of adidas shares at a certain price (the "strike price") from the respective option seller (the "option writer"). For the Company, exercise of the call options makes economic sense if the stock market price of the adidas shares exceeds the strike price, because it can then buy the shares from the option writer at a more favorable price than on the market. Moreover, the Company's liquidity is thus spared, as the strike price for the shares is only payable upon the exercise of the call options. These aspects may justify in individual cases that the Company pays an option premium for the conclusion of call options, which in turn has to be determined in close conformity with market conditions taking into consideration the criteria mentioned in connection with the put options.

The purchase price to be paid by the Company for the adidas shares using options is the strike price specified in each respective case. The strike price may be higher or lower than the stock market price of the adidas share on the day of the conclusion of the option transaction and on the day of the acquisition of the shares upon exercise of the option. However, the strike price, taking into account the option premium received/paid, may neither exceed nor fall below the opening rate of the Company's shares in the Xetra Trading System (or a comparable successor system) on the Frankfurt Stock Exchange on the day of the conclusion of the relevant options transaction by more than 20% (excluding incidental purchasing costs). The Company may also agree upon equity derivatives which provide for a delivery of shares with a reduction on the weighted average stock market price. The obligation to execute option transactions and other equity derivatives solely with a financial institution while ensuring that the options and other equity derivatives are only serviced with shares acquired under observance of the principle of non-discrimination, is designed to rule out any disadvantages for shareholders in the event of share buybacks using equity derivatives. In accordance with the legal provisions under § 71 section 1 no. 8 AktG, the principle of non-discrimination is satisfied if the shares are acquired through the stock exchange at the stock market price of the Company's shares valid at the time of the acquisition through the stock exchange. As the price for options (option price) is determined in close conformity with market conditions, the shareholders not involved in the option transactions do not suffer any loss in value. The shareholders are ultimately in the same position they would be in if the Company acquired shares directly through the stock exchange. On the other hand, the possibility to use equity derivatives enables the Company to make use of short-term market opportunities and to execute the appropriate option transactions or other equity derivatives. Any rights of shareholders to conclude such option transactions or other equity derivatives with the Company as well as any tender rights of shareholders are excluded. Such exclusion is necessary to enable the Company to use equity derivatives in connection with the repurchase of treasury shares and to achieve the advantages resulting from such use. A conclusion of the relevant equity derivatives with all shareholders is not feasible.

Having carefully weighed the interests of shareholders and of the Company, and given the advantages to the Company that may result from the use of put options, call options, a combination of put and call options or other equity derivatives, the Executive Board considers the authorization for the non-granting or restriction of shareholders' rights to conclude such equity derivatives with the Company or to tender their shares to be generally justified.

The alternatives to use the treasury shares acquired using equity derivatives do not differ from the alternatives to use the treasury shares as proposed under Agenda Item 7. Regarding the reasons for the exclusion of shareholders' subscription rights in connection with the use of the shares, the Executive Board therefore refers to the Report of the Executive Board on Agenda Item 7.

Herzogenaurach, March 2008

adidas AG
The Executive Board