

- THE SPOKEN WORD SHALL PREVAIL -

**Annual Shareholder Meeting**  
**May 6, 2010**  
**Herbert Hainer, CEO and Chairman, adidas AG**

Dear shareholders,  
ladies and gentlemen,  
dear friends of adidas AG,

On behalf of my colleagues on the Executive Board, I would like to welcome you all to our AGM at the City Hall in Fürth. I also welcome everybody following this AGM via our live webcast.

**CONTINUED GROWTH UNTIL 2008**

In recent years, we have always delivered results that were able to meet your high expectations. We have been on a growth path since the year 2000, and between then and 2008 we almost doubled our sales to nearly 11 billion Euro and more than tripled our net earnings to 642 million Euro.

**2009 - AS EXPECTED - A CHALLENGING YEAR**

As you all know, in 2009, the entire economy and hence also the sporting goods industry faced unprecedented challenges. And if you look back, you will remember that at the AGM one year ago I indicated to you that we too will not be able to fully escape these negative impacts. And this has ultimately been the case.

But that doesn't mean to say we have no outstanding achievements to report for the past year.

**2009: THREE MAIN TOPICS IN TODAY'S SPEECH**

Therefore, in my speech today, I would like to inform you in detail about three topics in particular.

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Firstly, of course, the key financial figures for 2009.

Secondly, the reorganisation initiatives within the Group which will enable us to become faster, more flexible and stronger in the marketplace going forward.

And thirdly, our strategy to bring your company back on a sustainable growth path in 2010 and beyond.

Let's start with the financials for 2009. Looking together at the development of our sales and, in particular, our earnings, we have to admit: We got off to a weak start in 2009. Our profitability declined substantially, and our inventories and net borrowings were simply too high in the first quarters.

**2009: CASH FLOW SIGNIFICANTLY INCREASED**

However, we moved swiftly to tackle these issues, with a particular focus on strong cash generation. The results that we achieved speak for themselves. Despite a 53 percent decline in operating profit, we generated a 141 percent increase in net cash from operations for a record 1.2 billion Euro. This, for me, was definitely our most outstanding achievement in 2009.

**INVENTORIES DOWN 27% CURRENCY-NEUTRAL**

Balance sheet improvements over the course of the year were key to this success. At year-end, we had reduced our year-over-year inventories on a currency-neutral basis by an industry-leading 27 percent. This means that we began 2010 with inventories at their lowest level in five years.

**SIGNIFICANT REDUCTION IN NET DEBT**

Moreover, we were also able to reduce our net borrowings by more than 1.2 billion Euro to 917 million Euro at the end of 2009, representing a financial leverage of 24.3 percent.

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As I told you this time last year, our medium-term goal was to reduce our financial leverage to below 50 percent. So, not only have we more than exceeded our target, we have achieved our goal more quickly than we thought. This means I can present to you today a healthy balance sheet for your company, and I can state that – despite the difficult economic environment – we have achieved what we set out to do: adidas AG has emerged from the crisis even stronger than before. And we are now ready and able to fully focus our energy on returning our business to growth.

In light of the substantial reduction in our net debt level, we have decided to revise our debt management and dividend policy. For the short term, we are still very much focused on further reducing our debt, as the economic environment, while improved, still remains quite fragile. It is our aim to keep the ratio of net borrowings over EBITDA below 2 times. At year-end 2009, our EBITDA ratio was 1.2. This strategy will help us to minimise financing risks and ensure our financial flexibility.

**DIVIDEND PAYOUT RATIO DOUBLED**

In addition, we have decided to increase our dividend payout ratio so that you, our shareholders, share in the profits of your company to an even greater extent. Hitherto, our long-term policy has been to pay out between 15 and 25 percent of consolidated net income attributable to shareholders. Going forward, we intend to pay out between 20 and 40 percent of net income attributable to shareholders in the form of dividends to you, our shareholders.

For 2009, we are therefore proposing to this Annual General Meeting a dividend payout of 30 percent of net income attributable to shareholders, doubling the payout ratio from the prior year. As a result of the decline in net income, the dividend per share amounts to 35 cents per share, compared to 50 cents per share in 2008. I believe this is an appropriate proposal that takes into account both the challenges we faced in 2009 and the positive outlook for our Group going forward.

**ADIDAS SHARE OUTPERFORMS DAX-30**

Our share price developed very positively in 2009. Over the course of the year, our share gained 39 percent, reaching 37.77 Euro, which meant that our market capitalisation at year-end amounted to 7.9 billion Euro. This development was supported by your growing confidence in the medium-term prospects for our Group. Our share significantly outperformed the DAX-30 which increased 24 percent over the course of the year. I am sure you always follow our share price attentively and you will have seen that this positive development has continued. We also belong to the top performers in the DAX-30 this year. Our share price closed yesterday evening at 41.96 Euro. This is an 11 percent increase since the beginning of the year. The DAX-30 has remained flat.

Another topic related to the adidas AG share is the conversion from bearer shares to registered shares. We are proposing this conversion to you, dear shareholders, in item 13 of the agenda for this AGM.

As holders of registered shares are normally listed in the share register with their name and address, we will be able to communicate with shareholders directly, instead of only through the shareholder's depository bank. This will simplify and accelerate the communication processes between you, our shareholders, and our company. Provided that you approve this proposal today, conversion will be automatically executed by the depository banks and is free of charge for you. There is no need for any further action on your part.

For more information, please read through the information brochure which can be picked up, together with other relevant documents, in the entrance area. There, you will also find the Explanatory Report of the Executive Board concerning the information pursuant to §§ 289 sections 4 and 5 as well as 315 section 4 of the German Commercial Code, which is also available on our corporate website. This report explains the conversion to registered shares in a clear and easy-to-follow way, and it also includes other corporate information such as the current nominal capital, the capital measures proposed to you today, the authorisation to repurchase shares and the main features of the risk management system relating to the financial reporting process.

### **KEY FIGURES FOR 2009 FINANCIAL YEAR**

Ladies and gentlemen, allow me now to present to you briefly the key P&L figures for 2009.

Currency-neutral Group sales declined by 6 percent, or 4 percent in Euro to 10.381 billion Euro. In light of the economic situation, I believe that all of our brands have made the most out of the circumstances. Our income attributable to shareholders decreased by 62 percent to 245 million Euro. After a weak first half, we were able to significantly increase our profitability in the second six months of the year, but we were not quite able to reach the record results of the second half of 2008. A decline in gross margin of over 3 percentage points to 45.4 percent for the full year was the primary reason for the bottom-line decrease we suffered in 2009.

There were three main reasons for this decline:

Firstly, input costs increased sharply versus the prior year as a consequence of extremely high raw material prices and wage cost pressures in 2008, which affected our product costs for 2009. Equally important was the devaluation of the Russian rouble, which depreciated considerably versus the US dollar, our functional currency for the Russian market. As we were not able to compensate the top-line effect with price increases due to the economic environment, this development squeezed gross profit by over 200 million Euro. Thirdly, as already mentioned, excess inventories at the beginning of the year meant we had to take specific measures to clear stock at lower margins.

### **REORGANISATION ENABLES ADIDAS GROUP TO REDUCE COSTS**

Crisis always expedites the need for change. Therefore we took many steps last year to build a more efficient structure and to drive our business forward. This is the second topic I would like to talk about in more detail today. In 2009, we made the adidas Group leaner, faster and more efficient for the years to come.

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Some measures we undertook were reactionary to the crisis, such as our hiring freeze in all non-retail-related functions and cuts in business travel and consultancy costs. Others, however, were more fundamental and already in motion prior to the crisis. Since mid-2008, we have been re-evaluating our Group structure to find new opportunities to make our Group stronger. As a consequence, we decided in 2009 to integrate the adidas and Reebok brands more closely internally, but to make a sharper distinction between them for consumers externally.

**NEW ADIDAS GROUP STRUCTURE**

In this context, we have created a new function, Global Sales, responsible for all the commercial activities of adidas and Reebok. And we have established the Global Brands function to steer the marketing activities of both brands under one umbrella. This way we can foster further alignment between the brands and strengthen brand management.

The Global Brands function is headed by my long-time Board colleague Erich Stamminger. I myself have assumed direct responsibility for the Global Sales function.

**ORGANISATIONAL STRUCTURE CATERES TO DISTINCTIVE BUSINESS MODELS**

We have split the Global Sales organisation into Wholesale and Retail, to cater more appropriately to the different needs of these two distinctive business models. While the adidas Group has decades of experience in selling its products through a close and successful partnership with wholesalers such as Footlocker or the Intersport Group, we are relative newcomers in the retail sector. Prior to 2002, our retail operations were mainly limited to factory outlets. Since then, the portion of own retail has grown substantially, and today we operate over 2,200 stores worldwide.

We have learnt a considerable amount from our experience in retail which has benefited our entire business and been a meaningful profit contributor along the way. However, in my view, we are by no means a leading retailer yet.

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That is why, in 2009, we established a new leadership team for retail led by an experienced industry professional – Michael Stanier. The task of this team is to ensure the long-term, sustainable profitability of the adidas and Reebok retail operations around the globe. In the short term, this will require additional investment in people and in our IT infrastructure as we strive to create greater retail competency in product merchandising, real estate management and store processes. At the same time we will continue growing our retail footprint. One of these measures includes establishing controlled space for our brands with existing retail partners. We will also expand our mono-branded stores through franchise models, in particular in markets like China where no wholesale infrastructure exists in the sporting goods sector. In addition, we will also selectively expand our own retail presence. For 2010, we are planning a total of 150 new store openings and around 200 store remodellings. Store openings will be focused on the emerging markets in Eastern Europe, Latin America and Asia.

Ladies and gentlemen, we will of course keep you fully informed about our progress in this area. We are absolutely convinced that this clear split between Global Sales and Global Brands on the one hand and between Wholesale and Retail within Global Sales on the other will help us to cater even better and faster to the needs of our consumers. And this will ultimately support our sustainable growth. The first few months of this year have already shown that these changes are positively influencing our Group.

**NEW ORGANISATIONAL STRUCTURE ENTAILS CHANGES IN SEGMENTAL REPORTING**

This reorganisation has also entailed a change in our segmental reporting. As you have probably seen in our Annual Report, in accordance with International Financial Reporting Standards, the adidas Group has now divided its operational activities into six segments: Wholesale, Retail, TaylorMade-adidas Golf, Rockport, Reebok-CCM Hockey and Other Centrally Managed Brands. The results of adidas and Reebok are now combined under Wholesale and Retail. For clarity of presentation, the financial

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results of TaylorMade-adidas Golf, Rockport and Reebok-CCM Hockey as well as Other Centrally Managed Brands are aggregated under Other Businesses.

At the same time, we have aggregated our markets into six geographies: Western Europe, European Emerging Markets, North America, Greater China, Other Asian Markets and Latin America.

**2009 GROUP SALES DECREASE 6% CURRENCY-NEUTRAL**

Following this structure, please allow me to present to you the sales figures for 2009:

The adidas Group's sales development differed significantly by segment. In the Wholesale segment, currency-neutral sales decreased by 9 percent as a result of declines at adidas and Reebok. Currency-neutral Retail sales increased 7 percent versus the prior year as a result of higher adidas and Reebok sales. Revenues in Other Businesses declined 4 percent on a currency-neutral basis.

**REGIONAL SALES DEVELOPMENT**

From a regional perspective, development was as follows: Currency-neutral sales were below the record levels of 2008 in all regions except Latin America. Revenues in Western Europe declined 5 percent, and in the European Emerging Markets sales were down 7 percent. Revenues for the adidas Group in North America decreased 10 percent on a currency-neutral basis. In Greater China sales declined 16 percent, while revenues in Other Asian Markets were down 3 percent. In Latin America, sales grew 19 percent on a currency-neutral basis.

As I already mentioned, I believe that our sales development, in the midst of the severest economic crisis since 1929, is acceptable, especially seeing that we significantly outperformed a lot of our competitors as well as most industries last year.

Nevertheless, I make no secret of the fact that I am glad 2009 is behind us and that I am able to report to you today that over the past few months almost all our key

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markets have stabilised. This you were also able to gather from our quarterly results which we announced the day before yesterday.

**EXCELLENT START TO 2010**

We achieved record first quarter sales, as a result of growth in all segments. Our Retail segment, the adidas football and Sport Style categories and a strong performance for adidas and Reebok in North America were the main catalysts driving this development. And in addition, Reebok returned to global growth in the first quarter as the turnaround of the brand gathers pace. We were also able to grow Group sales in Western Europe, in the European Emerging Markets and in Latin America. In Greater China and Other Asian Markets, sales declined.

Our Group's gross margin improved 3.5 percentage points to 48.6 percent, and our operating margin increased 7.5 percentage points to 9.7 percent. As a result, net income attributable to shareholders increased to 168 million Euro – which is a significant improvement over the first quarter of 2009 when our net income reached only 5 million Euro.

**2010 GUIDANCE INCREASED**

Following our stronger than originally expected first quarter performance, and with improved visibility into the coming months, we have decided to increase our financial outlook for the full year. We now expect adidas Group sales to increase at a mid-single-digit rate on a currency-neutral basis. We had previously forecasted a low- to mid-single-digit increase. We expect our gross margin to improve to a level between 46.5 and 47.5 percent, instead of the originally forecasted increase to between 46.0 and 47.0 percent. The Group's operating margin is expected to be around 7.0 percent, which is also 0.5 percentage points higher than our original forecast. For the bottom line, earnings per share are projected to increase to a level between 2.05 and 2.30 Euro. We had previously expected an increase to between 1.90 and 2.15 Euro.

So, as you can see, ladies and gentlemen, we got off to an excellent start in 2010. And we are optimistic that this positive development will continue.

**2010 FIFA WORLD CUP™ IN SOUTH AFRICA KICKS OFF IN A FEW WEEKS**

This brings me to the third and last topic of my speech today: our growth prospects for 2010 and beyond, for we are convinced that in 2009 we have created a solid base for our Group's positive sustainable development.

Without a doubt, our growth this year will gain impetus through the 2010 FIFA World Cup™. Football is the heart and soul of our core brand adidas. And while we have played a long-standing active role in World Cups, this World Cup taking place in South Africa will again be something very special for us, too. We have an excellent starting position, I believe even slightly better than four years ago when the World Cup took place in our home market, Germany. We are again Official Sponsor, Outfitter and Licensee to the event. Twelve of our teams have qualified for the final round including European Champions Spain, host nation South Africa, Argentina and, of course, Germany. Altogether, we have twice as many teams as in 2006. More than 200 players will compete in the latest adidas football boots including Argentina's Lionel Messi, without any doubt the best player in the world at the moment. By the way, we will be unveiling Lionel Messi's new World Cup boot in Barcelona this coming Tuesday.

**EXPECTING RECORD SALES IN FOOTBALL CATEGORY**

This is the first time the World Cup will be hosted on the African continent, where football is always a celebration – vibrant, colourful and passionate. And we will take this flair global in 2010. A great example of this is the adidas JABULANI, the Official Match Ball for the World Cup which you can see on the screen behind me. It goes without saying that this ball features the most advanced technologies. In the design, 11 different colours are used, representing the 11 players in every team, the 11 official languages of South Africa and the 11 South African tribes. The JABULANI has been available at retail since December 2009, and consumers have responded

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enthusiastically to its innovative technology and attractive design. To date, we have sold several million of these balls.

In light of this success and also our decades of experience in leveraging major sports events, I am convinced that the 2010 FIFA World Cup™ will be even more exceptional for us than the World Cup in 2006. adidas will emerge as one of the winners of this World Cup – that’s for sure. We will further expand our market leadership in football and I am confident that we will generate record sales of more than 1.3 billion Euro in the football category.

And, ladies and gentlemen, please ignore all the negative things you may have read or heard about the World Cup in South Africa over the last weeks and months. I was in South Africa last summer, and again in December for the World Cup draw, and I can assure you: The stadiums are state-of-the-art, and they are ready. The FIFA events that have taken place so far, such as the 2009 Confederations Cup and the World Cup draw in Cape Town, went off smoothly. And, perhaps most important of all: The enthusiasm of the people in South Africa for this World Cup is unlimited. Therefore I am looking forward to a unique, colourful and exciting World Cup. But see for yourselves:

**REEBOK REPOSITIONING DELIVERING RESULTS**

We now come to a topic for which I have received some praise but also a lot of criticism at our AGMs in the last three years: Reebok. That is why it is all the more pleasing for me to be able to report to you today that all the hard work we have put into Reebok is now delivering visible results. Over the past four years, we have repositioned the brand, clearly oriented towards the fitness and training sectors. We have created new products and developed attractive marketing activities. And now we are seeing the first real commercial success.

Reebok is an industry leader in the toning category. This category didn’t even exist twelve months ago. It was us who created it with the Reebok EasyTone™. To make clear the magnitude of our success: In 2009, sales volumes of Reebok shoes in this

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category didn't even reach the one million mark. And now this year, in the USA alone, we expect to sell well over five million pairs of toning shoes – the majority at a price point of 100 dollars or above. Globally, we expect to sell up to 10 million pairs of toning shoes.

**EASY TONE™ AVAILABLE IN STORES IN GERMANY SINCE MARCH**

Since mid-March, Reebok EasyTone™ has been very visible everywhere in stores and in advertising in Germany as well. The EasyTone™ marketing campaign is the biggest campaign run by a sporting goods brand in Germany this year. Let's take a look at the German EasyTone™ commercial.

**EXPANSION OF TONING CATEGORY PLUS FURTHER INNOVATIONS**

We will further expand the toning category in the coming months, adding more products for men and also for Running, Training and Basketball. Experts are forecasting sales in this category to grow to more than one billion dollars this year in North America alone.

In addition, also in March, Reebok brought the next bestseller to market in North America: ZigTech™. We expect to sell over a million pairs of shoes incorporating the ZigTech™ technology this year.

As you can see, Reebok is moving forward. In 2010, we expect strong double-digit sales growth for the brand in the USA and a single-digit increase in sales worldwide. But that's not all. We are also making major progress with regard to Reebok's profitability. In the first quarter of 2010, Reebok's gross margin increased by almost 900 basis points to 36.3 percent. This clearly shows: We do understand how to successfully lead other brands within our Group alongside adidas.

**TAYLORMADE-ADIDAS GOLF - LARGEST GOLF COMPANY WORLDWIDE**

We have been proving this for years in our TaylorMade-adidas Golf business. We acquired TaylorMade in 1997 as part of the Salomon group. At that time, TaylorMade-adidas Golf was one of many players in the global golf market. In 2010, TaylorMade-

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adidas Golf will be the world's largest golf company. TaylorMade, however, is not only number one in terms of sales but, more importantly, also the unrivalled market leader in the key golf category – metalwoods – in the world's biggest golf market, North America.

**INNOVATION KEY TO SUCCESS**

Innovation is and always has been TaylorMade-adidas Golf's most discerning competitive advantage. No other company has successfully brought so many innovations to market in the past ten years. But this recipe for success does not apply only to TaylorMade – it applies to the entire adidas Group. You may remember when I became CEO of this company in 2001, one of the first goals that I communicated internally and externally was that we need to launch at least one major innovation every year. I have always been convinced that innovation is of key importance for success in the sporting goods market.

I believe we have not only achieved this goal, we have over-achieved it and we will also over-achieve it again in 2010. When I look around the marketplace today, I do not see any other company with a product pipeline as compelling, original or technologically advanced. Whether it's adidas' miCoach training system and Lionel Messi's new F50 football boot, or Reebok's EasyTone™, RunTone™ and ZigTech™. or TaylorMade's r9™ SuperTri and Burner® SuperFast drivers, or Rockport's DresSport® – the adidas Group is the most comprehensive sporting goods company in the world. These products give all our brands a high degree of credibility and relevance for consumers. And these innovations give the company as a whole the momentum with which we will achieve our ambitious growth targets going forward.

In addition, these products offer us unique opportunities to communicate with our consumers. Based on our innovations, great opportunities now arise for all our brands. In 2010, they will be able to profit from a recovering consumer environment and an attractive sports year. And we intend to utilise all of these opportunities.

### **MARKETING OFFENSIVE IN 2010**

For this reason, we are launching a marketing offensive this year for all our brands, in particular for adidas and Reebok. Let me make it quite clear: I do not consider marketing a cost – but rather an investment to achieve sustainable success for the company.

This year, we will be focusing on the following marketing initiatives:

For the adidas brand, we will use the “Every team needs...” platform to transcend our entire football offering prior to and during the World Cup in South Africa.

To keep momentum going in our Sport Style division, which even grew in 2009, we have launched our new campaign called “The Street where Originality lives”. This campaign highlights once again the deep relevance the adidas brand has for the community of musicians, skaters and action athletes. Since its launch in March, the adidas Originals internet campaign has already received several million hits. adidas Originals is one of the world’s most desired brands on platforms like YouTube or Facebook. See for yourselves:

### **GLOBAL REEBOK CAMPAIGN: ReeDefine**

At Reebok, we are increasing marketing efforts to support the turnaround of the brand with our new global campaign. This campaign uses the motto “Ree” as Reebok strives to “ReeDefine” sport.

### **ADIDAS GROUP GROWTH TO ACCELERATE IN 2010**

With these campaigns, against the backdrop of major sports events and our innovative product concepts, we are establishing the platform to outgrow our main competitors this year. As reported, we are now targeting a mid-single-digit percentage sales increase on a currency-neutral basis in 2010. And in light of the positive development of the Group’s earnings in the first quarter, we have also

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increased our guidance for net income. After 245 million Euro last year, we are targeting a significant increase in 2010, to a level between 430 and 480 million Euro.

**ADIDAS AG EMERGES FROM 2009 STRONGER THAN BEFORE**

Ladies and gentlemen, dear shareholders, I hope I have been able to show you in the last 40 minutes that your company, adidas AG, has emerged from the 2009 year of crisis stronger than before. We rose to the challenge. We seized this crisis as an opportunity, and today the adidas Group is in a better position than ever before. Our balance sheet is healthy. And now we are ready to lead your company into a new phase of long-term growth, just like we did in the years 2000 to 2008.

**PICTURES OF EMPLOYEES**

I hope that you will continue to accompany us along this path with interest and active support. At the same time, I thank you most sincerely for the trust that you have placed in us so far. In addition, I would also like to take this opportunity to thank the more than 39,000 employees of the adidas Group who, with their untiring dedication and unmatched passion for sport, strive to make your company successful day-in, day-out.

Thank you for your attention.