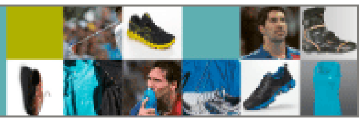

Report of the Executive Board pursuant to §§ 71 section 1 number 8, 186 section 4 sentence 2 AktG concerning Agenda Item 12

In addition to the report made under Agenda Item 11, the Executive Board also gives a written report in accordance with §§ 71 section 1 number 8, 186 section 4 sentence 2 AktG on the resolution proposed under Agenda Item 12, which is published in full hereafter:

In addition to the possibilities provided for under Agenda Item 11 to acquire treasury shares, the Company shall also be authorised to acquire treasury shares using particular equity derivatives. By doing this, the volume of shares that may be purchased will not be increased but simply a further alternative to purchase treasury shares will be available. 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 purchase call options, sell put options or acquire shares using a combination of call and put options or other equity derivatives instead of directly acquiring shares of the Company. These acquisition alternatives are limited from the outset to 5% of the nominal 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 authorisation was exercised. The term of the options may not exceed 18 months and must furthermore be chosen in such a way that the shares are acquired upon the exercise of the options no later than May 5, 2015. Thus, it is guranteed that the Company will not repurchase any treasury shares after expiration of the authorisation to repurchase treasury shares valid until May 5, 2015 - subject to a new authorisation.

When agreeing a call option, the Company obtains the right against payment of an option premium to, prior to a deadline or at a certain point of time, purchase shares of the company the number of which had been agreed in advance at a specific price (strike price) from the respective seller of the option, the option writer. The exercise of the call option is principally sensible from the Company's point of view if the stock exchange rate of the share is higher than the strike price as it can then purchase the shares at a lower price from the option writer than on the market. The same shall apply if, by exercising the option, a block of shares is acquired which could otherwise only have been acquired for a higher price. In addition, the Company's liquidity is preserved when using call options as the strike price for the shares only needs to be paid upon exercise of the call option. These aspects may, in individual cases, justify that the Company utilises call options for a planned repurchase of treasury shares. The option premium must be determined in close conformity with the market - also considering i. a. the strike price, the term of the option and the volatility of the share - corresponding in essence to the same value as the call option. From the Company's perspective, when exercising a call-option, the consideration to be paid for the acquisition of the shares is reduced by the option premium already paid.

When selling put options, the Company gives the respective holder of put options the right to, within a certain time period or a certain point of time, sell shares of the Company to the Company at a price specified in the put option conditions (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 again in close conformity with market conditions, i. e. which basically corresponds to the value of the put option taking into consideration, i. a. the strike price, the option term and the volatility of the shares. For the option holder, the exercise of a put option principally makes economic sense only if the stock market price of the 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. The Company, however, can protect itself at the market against too high risks from the development of the exchange rate. 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. From the Company's perspective the consideration to be paid for the acquisition of the shares is reduced by the option premium already collected. If the option holder does not exercise the options, particularly because the share price on the date or during the time period of the exercise exceeds the strike price, the Company, although unable to acquire any treasury shares, still finally keeps the option premium received without any further consideration.

The consideration to be paid by the Company for the shares using options is the respective strike price (excluding incidental purchasing costs but considering the received and paid option premium). The strike price may be higher or lower than the stock market price of the share of the Company 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. It may however not be more than 10% higher or 20% lower than the average stock market price for the Company's shares as established in the opening auction of the electronic trading system on the Frankfurt Stock Exchange on the day of conclusion of the respective the option transaction. The Company may also conclude equity derivatives providing 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 one or more financial institution(s) or such companies 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 number 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. On the other hand, the possibility of using 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 above-mentioned equity derivatives, the Executive Board considers the authorisation 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.

With regard to the utilisation of treasury shares repurchased based on equity derivatives, there is no difference to the possibilities of utilisation proposed under Agenda Item 11. Regarding the justification of the exclusion of the shareholders' subscription rights when utilising shares, please see the report by the Executive Board on Agenda Item 11.

Herzogenaurach, March 2010

adidas AG
The Executive Board