

**FINANCIAL
STATEMENTS OF
ADIDAS AG**

FOR THE YEAR ENDED
DECEMBER 31, 2015

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Combined Management Report

The Management Report of adidas AG has been combined with the Management Report of the adidas Group in accordance with § 315 section 3 together with § 298 section 3 of the German Commercial Code (Handelsgesetzbuch – HGB) and is published in the 2015 Annual Report of the adidas Group.

The Financial Statements and the combined Management Report for adidas AG and the adidas Group for the 2015 financial year are filed with and published in the Federal Gazette.

The Financial Statements of adidas AG as well as the Annual Report for the 2015 financial year are also available for download on the Internet at

<http://www.adidas-group.com/en/investors/financial-reports/>

Annual financial statements of adidas AG

Balance Sheet

EUR thousand

		Dec. 31, 2015	Dec. 31, 2014
ASSETS			
FIXED ASSETS (1)			
Intangible assets	(2)	117,737	129,307
Tangible assets	(2)	449,617	419,390
Financial assets	(3)	4,215,560	3,502,298
		4,782,914	4,050,995
CURRENT ASSETS			
Inventories	(4)	47,693	37,799
Receivables and other assets	(5)	2,156,731	2,312,063
Cash and cash equivalents	(6)	446,768	934,047
		2,651,192	3,289,909
PREPAID EXPENSES	(7)	82,470	79,958
		7,516,576	7,414,862
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital ¹	(8)	209,216	209,216
Par value treasury shares	(8)	-9,019	-4,889
Capital reserves	(8)	1,200,966	1,200,966
Revenue reserves		43,206	339,076
Retained earnings	(9)	642,641	307,118
		2,087,010	2,051,487
UNTAXED RESERVE	(10)	4,076	4,398
PROVISIONS/ACCRUALS	(11)	444,387	389,608
LIABILITIES	(12)	4,979,754	4,968,885
DEFERRED INCOME		1,349	484
		7,516,576	7,414,862

¹

Contingent Capital I at Dec. 31, 2015 in the amount of EUR 36,000 thousand (previous year EUR 36,000 thousand).
Contingent Capital II at Dec. 31, 2015 in the amount of EUR 12,500 thousand (previous year EUR 12,500 thousand)

Annual financial statements of adidas AG

Income Statement

EUR thousand

		2015	2014
Sales	(14)	2,416,796	2,142,780
Change in inventory		-667	-698
Total output		2,416,129	2,142,082
Other operating income	(15)	1,477,691	647,043
Cost of materials	(16)	-663,409	-599,996
Personnel expenses	(17)	-488,078	-398,343
Amortization and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	(19)	-96,353	-91,192
Other operating expenses	(19)	-2,323,451	-1,580,837
Income from operations		322,529	118,757
Income from investments in related companies	(20)	436,690	171,211
Profit received under a profit and loss transfer agreement	(21)	13,678	967
Write-downs of long-term financial assets	(22)	0	0
Interest result	(23)	-56,416	-44,196
Income from ordinary activities		716,481	246,739
Taxes on income	(24)	-77,478	-70,646
Other taxes		-249	-227
NET INCOME		638,754	175,866
Retained earnings brought forward		3,887	110,252
Withdrawal from other revenue reserves		0	21,000
RETAINED EARNINGS		642,641	307,118

Notes to the annual financial statements of adidas AG for the year ended December 31, 2015

In the interest of providing a clearer overall picture, certain items in the balance sheet and income statement have been combined as permitted in **§ 265 (7) German Commercial Code** (Handelsgesetzbuch, "HGB"), and have been disclosed and explained separately under the numerical text reference indicated below. The names and domiciles of other companies in which adidas AG holds at least a one-fifth interest, either directly or indirectly, and the disclosures related to these companies can be found in Appendix 3 to these notes.

Due to rounding principles, numbers presented may not sum up exactly to totals provided or rounding differences can be included.

Accounting policies

Acquired intangible fixed assets are recognized at cost and subject to periodic straight-line amortization over their expected useful lives. Internally generated intangible assets are not capitalized.

Tangible fixed assets are recognized at (acquisition or production) cost. All recognizable direct and overhead costs are included in production costs. Items with a finite life are depreciated/amortized over their expected useful lives. Borrowing cost capitalization does not take place.

Buildings are subject to straight-line amortization at adidas AG. The estimated useful life of business premises is 50 years maximum and from two to ten years for technical equipment and machinery, other equipment, and operating and office equipment. Due to the accrual of GEV Grundstücksgesellschaft Herzogenaurach mbH & Co. KG into adidas AG during the 2014 fiscal year, all buildings previously owned by GEV Grundstücksgesellschaft Herzogenaurach mbH & Co. KG are now owned by adidas AG. The useful life of the existing buildings at the "World of Sports" headquarters is 20 years, the other buildings constructed on the "World of Sports" property are depreciated over a useful life of 33 years.

Chattel assets are depreciated on a straight-line basis.

Minor-value assets worth less than EUR 410 are written off in full in the year of their acquisition.

Write-downs to the lower fair value are also recognized if an impairment is anticipated to be other than temporary.

Long-term financial assets are recognized at cost. To the extent necessary, write-downs are made to their lower fair value. If the reasons for the write-down no longer apply, the write-down is reversed to no higher than the historical cost of the asset.

Inventories are measured at the lower of cost or market. Manufacturing costs comprise direct costs that must be capitalized and appropriate portions of overhead costs. Allowances are taken for discernible fashion and technical risks, age structure, and marketability. Borrowing cost capitalization does not take place.

Receivables and other assets are generally recognized at nominal values. Individual adjustments and allowances for doubtful accounts are taken to cover discernible risks.

Derivative financial transactions entered into with banks by Group Treasury (primarily forward currency, commodity futures and currency option transactions) are generally related to underlying transactions with Group companies. Hedge accounting is applied if there is a direct hedging relationship between these transactions. The net hedge presentation method is applied. The fair values of the hedges are matched and changes in value from the hedged risk which offset each other are not recognized. Unrealized losses are recognized in profit or loss only if they are not covered by unrealized gains in the hedge accounting. Financial transactions that are not recognized using hedge accounting are measured individually at fair value. Any resulting losses are recognized in profit or loss. Cash-in-hand is recognized at nominal value.

Prepaid expenses are recognized at nominal value.

Deferred taxes are recognized for temporary differences between the carrying amounts and tax bases for assets, liabilities, prepaid expenses and deferred income. Deferred taxes are calculated based on the combined income tax rate of adidas AG, which is currently 28%. The combined income tax rate comprises corporate income tax, municipal trade tax and the solidarity surcharge.

A net tax burden would be recognized on the balance sheet as a deferred tax liability. There is an option to recognize a deferred tax asset under **§ 274 (1) no. 2 HGB** in the event of a tax benefit granted. In the fiscal year, the Company had a net deferred tax asset, which it did not recognize on its balance sheet.

Subscribed capital is recognized at the nominal amount.

The Company exercised its option to maintain the special tax-allowable reserve as permitted upon the first-time adoption of the German Accounting Law Modernization Act (Bilanzrechtsmodernisierungsgesetz, "BilMoG"). Accounting policies relating to this reserve and its reversal remain the same as previously.

Pension obligations are calculated on the basis of actuarial biometric assumptions (2005 G mortality tables by Prof. Dr. Klaus Heubeck) in accordance with the projected unit credit (PUC) method. The defined benefit obligation (DBO) recognized under the PUC method is defined as the actuarial present value of the pension obligations earned by the employees by the balance sheet date according to the retirement benefit formula and the vested pension amount based on their service in the past. Expected future pension benefit increases are factored in using a 1.0% to 1.5% p.a. growth rate in benefits. The entitlement dynamic lies between 0% and 3% per annum. Fluctuation is assumed to range between 5% and 20%, depending on age. The rate used to discount the pension obligations in accordance with **§ 253 (2) sentence 2 HGB** amounts to 3.89% as of 12/31/2015 (previous year: 4.54%); this rate is the average market rate for the past seven fiscal years for an assumed term of 15 years. The plan assets created in 2014 through the funding of the pension trust association were measured at fair value in accordance with § 255 (4) HGB and offset against the pension obligations.

Other provisions cover all discernible risks and uncertain obligations and are recognized in the settlement amount dictated by prudent business judgment in order to cover future payment obligations. Future price and cost increases are factored in to the extent that there is sufficient objective evidence that they will occur. Provisions with terms in excess of one year are discounted at the average market rate for their respective maturity over the past seven years, in accordance with **§ 253 (2) sentence 1 HGB**. Provisions with terms of less than one year are not discounted.

Provisions for partial and early retirement liabilities, reported under other provisions, are discounted at 2.35 % as of 12/31/2015 (previous year: 3.08 %). This rate is the average market rate for the past seven fiscal years for a residual term of three years.

Securities classified as current assets serve exclusively to satisfy liabilities from partial and early retirement obligations and are isolated from all other creditors. In accordance with the provisions of HGB, these assets must be offset against the liabilities for which they serve as hedges. Analogously to the offsetting of assets against liabilities, the associated income from securities is offset against interest expenses. The assets to be offset are measured at fair

value as determined by their current exchange or market price. Any difference arising between the fair value and historical cost of the assets to be offset is subject to a restriction on distribution.

The effect from the annual adjustment of the discount rate applied to the provisions in accordance with **§ 253 (2) HGB** is recognized immediately in profit and loss.

Liabilities are recognized at their settlement amount.

Revenues are recognized once the price risk has been transferred to the purchaser. This generally occurs upon delivery of the merchandise.

Licensing revenues are recognized in accordance with the underlying contractual agreements. Claims and revenues generally arise whenever the licensee generates sales revenue with adidas products.

Assets and liabilities denominated in a foreign currency are recorded at the mean spot rate as of the respective transaction date. Currency translation losses arising as of the balance sheet date due to the measurement of foreign-denominated assets and liabilities are reported. Currency translation gains from the measurement of current assets and liabilities falling due within less than one year are recorded in profit or loss in accordance with **§ 256a HGB**. Currency translation gains are reported under "other operating income" and currency translation losses are reported under "other operating expenses".

Income from profit and loss transfer agreements is recognized if the amount to be transferred or absorbed can be determined with reasonable certainty, even if the annual financial statements of the subsidiary have not yet been adopted.

Income from long-term equity investments is generally recognized during the period in which a claim to such income arises and it can be reasonably expected that the amounts due will be collected.

1. Fixed assets

Please see Appendix 1 to the notes on the financial statements for the statement of changes in fixed assets pursuant to § 268 (2) HGB.

2. Intangible fixed assets and tangible fixed assets

Intangible fixed assets and tangible fixed assets

EUR thousand

	Dec. 31, 2015	Dec. 31, 2014
Balance as of Jan. 1	548,697	451,598
Additions	116,327	198,576
Disposals	1,317	10,285
Depreciation, amortization and write-downs	96,353	91,192
Reversals	0	0
Balance as of Dec. 31	567,354	548,697

The significant additions primarily relate to payments in advance for software in an amount of EUR 23,343 thousand. Other additions relate to assets under construction in an amount of EUR 22,684 thousand and software in an amount of EUR 16,412 thousand as well as office equipment in an amount of EUR 15,032 thousand and buildings in an amount of EUR 12,427 thousand. The disposals arise from the gross value of EUR 3,208 thousand and are reduced by accumulated depreciation up to the date of disposal in an amount of EUR 1,891 thousand.

3. Long-term financial assets

The increase of EUR 713,262 thousand relates primarily to the purchase of the equity interest in adidas France Sarl, Landersheim, France for an amount of EUR 482,300 thousand and the contribution in kind of adidas Hong Kong Ltd., Hong Kong, China to adidas Beteiligungsgesellschaft mbH, Herzogenaurach, Germany in an amount of EUR 290,000 thousand as well as capital contributions to adidas (Thailand) Co., Ltd., Bangkok, Thailand in an amount of EUR 5,038 thousand and adidas Philippines Inc., Manila, Philippines in an amount of EUR 3,593 for financing of the retail business. The disposals relate to the divestiture of adidas Canada Ltd., Woodbridge, Canada in an amount of EUR 66,669 thousand

and the contribution in kind of adidas Hong Kong Ltd., Hong Kong, China in an amount of EUR 612 thousand.

4. Inventories

Inventories

EUR thousand

	Dec. 31, 2015	Dec. 31, 2014
Raw materials, consumables and supplies	4,314	5,140
Work in progress	80	90
Finished goods and merchandise	43,299	32,569
Inventories	47,693	37,799

Inventories relate to raw materials, consumables, and supplies for production purposes, work in progress in the production process, and merchandise at the Company's own adidas shops, the factory outlets, as well as merchandise of the Fashion Group, i.e., products from collections such as "NEO", "Y3" and "Porsche Design Sport by adidas".

5. Receivables and other assets

Receivables and other assets

EUR thousand

	Dec. 31, 2015	Dec. 31, 2014
Trade accounts receivable	64,878	57,464
of which with a residual maturity of more than one year	0	0
Receivables from affiliated companies	2,047,569	2,223,185
of which with a residual maturity of more than one year	7,943	0
Other assets	44,284	31,414
of which with a residual maturity of more than one year	10,906	343
Receivables and other assets	2,156,731	2,312,063

The receivables from affiliated companies primarily relate to receivables in connection with Group Treasury activities. Group Treasury uses a netting process to balance out any fund surpluses or deficits at subsidiaries through adidas AG and settle payments between subsidiaries. Receivables from affiliated companies include EUR 5,478 thousand in trade receivables. A total of EUR 71,760 thousand in other receivables from affiliated companies was written up and EUR 9,043 thousand was written down.

The other assets essentially include receivables from Eurobond shares repurchased, receivables from tax authorities from value added tax, receivables from withholding taxes, capitalized option premiums, accounts payable with debit balances, receivables from credit card companies and the "World of Living" property, which is not considered to be part of the continuous operations of adidas AG and thus belongs to current assets. This resulted from the merger of the GEV Grundstücksgesellschaft Herzogenaurach mbH & Co. KG with adidas AG in fiscal year 2014.

6. Cash-in-hand, central bank balances, bank balances and checks

Cash and cash equivalents

EUR thousand

	Dec. 31, 2015	Dec. 31, 2014
Cash-in-hand, bank balances and checks	446,768	934,047

7. Prepaid expenses

Prepaid expenses

EUR thousand

	Dec. 31, 2015	Dec. 31, 2014
Advertising and promotion agreements	8,556	3,539
Discount on promissory note loan	0	1,098
Discount from valuation of conversion right attaching to convertible bond	15,522	26,191
Other	58,392	49,130
Prepaid expenses	82,470	79,958

In March 2012, adidas AG issued a convertible bond maturing in 2019 with a value of EUR 500,000 thousand. The convertible bond carries a 0.25 percent p.a. coupon and may be converted into shares in the Company. The value of the conversion right was determined to be EUR 55,891 thousand, which was recorded as a discount under prepaid expenses. The discount will be amortized as of the earliest date possible, i.e. as of the June 2017 redemption by bond holders. As of the balance sheet date, the discount amounted to EUR 15,522 thousand. Other prepaid expenses comprise mainly advance payments for rent, advertising and promotions, insurance premiums and maintenance.

8. Subscribed capital and capital reserves

The nominal capital of adidas AG ('the company') has remained unchanged since December 31, 2014. As at the balance sheet date, and in the period beyond, up to and including February 15, 2016, it amounted to € 209,216,186 divided into 209,216,186 registered no-par-value shares ('registered shares') and is fully paid in.

Each share grants one vote and is entitled to dividends starting from the beginning of the year it was issued. Treasury shares held directly or indirectly are not entitled to dividend payment in accordance with § 71b German Stock Corporation Act (Aktiengesetz – AktG). At the balance sheet date, and in the period beyond, up to and including February 15, 2016, the company holds 9,018,769 treasury shares, corresponding to a notional amount of € 9,018,769 in the nominal capital and consequently 4.31% of the nominal capital.

The table below provides an overview of the changes in equity:

Changes in equity

EUR thousand

	Jan. 1, 2015	Repurchase of treasury shares	Withdrawal from revenue reserves	Dividend	Net profit for the year	Dec. 31, 2015
Subscribed capital	209,216	0	0	0	0	209,216
Par value of treasury shares	-4,889	-4130	0	0	0	-9,019
Capital reserves	1,200,966	0	0	0	0	1,200,966
Revenue reserves*)	339,076	-295,870	0	0	0	43,206
Retained earnings	307,118	0	0	-303,231	638,754	642,641
Equity	2,051,487	-300,000	0	-303,231	638,754	2,087,010

*) Includes legal reserves of EUR 4,036 thousand.

Authorized capital

The Executive Board of adidas AG did not utilise the existing amounts of authorised capital of up to € 95 million in the 2015 financial year or in the period beyond the balance sheet date up to and including February 15, 2016.

The following overview of the existing amounts of authorised capital refers to § 4 sections 2, 3 and 4 of the Articles of Association and consequently does not include the Authorised Capital 2013/II cancelled by the Annual General Meeting on May 7, 2015, which had also not been utilised up to May 7, 2015.

The authorised capital of the company entitles the Executive Board, subject to Supervisory Board approval, to increase the nominal capital

until June 30, 2018

- by issuing new shares against contributions in cash once or several times by no more than € 50 million and, subject to Supervisory Board approval, to exclude residual amounts from shareholders' subscription rights (Authorised Capital 2013/I);

until June 2, 2018

- by issuing new shares against contributions in kind once or several times by no more than € 25 million and, subject to Supervisory Board approval, to exclude shareholders' subscription rights (Authorised Capital 2015);

until June 30, 2018

- by issuing new shares against contributions in cash once or several times by no more than € 20 million and, subject to Supervisory Board approval, to exclude residual amounts from shareholders' subscription rights and to exclude shareholders' subscription rights when issuing the new shares at a value not essentially below the stock market price of shares with the same features; this exclusion of subscription rights can also be associated with the listing of the company's shares on a foreign stock exchange (Authorised Capital 2013/III). The authorisation to exclude subscription rights pursuant to the previous sentence may, however, only be used to the extent that the pro rata amount of the new shares in the nominal capital together with the pro rata amount in the nominal capital of other shares which have been issued by the company since May 8, 2013, subject to the exclusion of subscription rights pursuant to or in accordance with § 186 section 3 sentence 4 AktG on the basis of an authorised capital or following a repurchase, or for which conversion or subscription rights or conversion or subscription obligations were granted after May 8, 2013, through the issuance of convertible bonds and/or bonds with warrants, with subscription rights excluded in accordance with § 186 section 3 sentence 4 AktG, does not exceed 10% of the nominal capital existing on the date of the entry of this authorisation into the commercial register or – if this amount is lower – as of the respective date on which the authorisation is used.

Contingent capital

The following description of the Contingent Capital is based on § 4 sections 5 and 6 of the Articles of Association of the company as well as on the underlying resolutions of the Annual General Meeting held on May 6, 2010 and May 8, 2014. Additional contingent capital does not exist.

Contingent Capital 2010 and Convertible Bond

The nominal capital of the company is conditionally increased by up to € 36,000,000 (Contingent Capital 2010). The Contingent Capital serves the purpose of granting holders or creditors of bonds that were issued up to May 5, 2015 based on the resolution of the Annual General Meeting on May 6, 2010 subscription or conversion rights relating to no more than a total of 36,000,000 shares in compliance with the corresponding conditions of the bonds. The new shares shall be issued at the respective option or conversion price to be established in accordance with the aforementioned authorisation resolution. The new shares shall carry dividend rights from the commencement of the financial year in which the shares are issued. On March 14, 2012, the Executive Board, with the approval of the Supervisory Board, made partial use of the authorisation of the Annual General Meeting from May 6, 2010, and on March 21, 2012 issued a convertible bond due on June 14, 2019 in a nominal value of € 500 million via an offer to institutional investors outside the USA excluding shareholders' subscription rights. In principle, the conversion rights are exercisable between May 21, 2012 and June 5, 2019, subject to lapsed conversion rights as set out under § 6 section 3 or to the excluded periods as defined by § 6 section 4 of the bond terms and conditions, and (subject to an adjustment to the conversion rights resulting from the dilution adjustment regulations set out under § 10 or a change of control in accordance with § 13 of the bond terms and conditions) are convertible into 6,097,243 shares of the company. The conversion price currently amounts to € 82.00 per share. The convertible bond bears an interest rate of 0.25% per annum. Bondholders are entitled to demand early redemption of the bonds as of June 14, 2017. As of July 14, 2017, adidas AG may conduct an early redemption of the bond, if, on 20 of 30 consecutive trading days, the share price of adidas AG exceeds the current conversion price of € 82.00 by at least 30%. The bonds are listed on the Open Market segment of the Frankfurt Stock Exchange.

Moreover, the authorisation to issue bonds with warrants and/or convertible bonds granted on May 6, 2010 was cancelled by resolution of the Annual General Meeting on May 8, 2014.

Contingent Capital 2014

At the balance sheet date, the nominal capital is conditionally increased by up to € 12.5 million divided into not more than 12,500,000 registered shares (Contingent Capital 2014). The contingent capital increase will be implemented only to the extent that holders or creditors of option or conversion rights or the persons obligated to exercise option or conversion duties based on bonds issued by the company or a subordinated Group company, pursuant to the authorisation of the Executive Board granted by the resolution adopted by the Annual General Meeting on May 8, 2014 (Agenda Item 7), up to May 7, 2019 and guaranteed by the company, exercise their option or conversion rights or, if they are obliged to exercise the option or conversion duties, meet their obligations to exercise the warrant or convert the bond, or to the extent that the company exercises its rights to choose to deliver shares in the company for the total amount or a part amount instead of payment of the amount due and insofar as no cash settlement, treasury shares or shares of another public listed company are used to serve these rights. The new shares will be issued at the respective option or conversion price to be established in accordance with the aforementioned authorisation resolution. The new shares will carry dividend rights from the commencement of the financial year in which the shares are issued. The Executive Board is authorised, subject to Supervisory Board approval, to stipulate any additional details concerning the implementation of the contingent capital increase.

The Executive Board of adidas AG did not issue shares from the Contingent Capital 2014 in the 2015 financial year or in the period beyond the balance sheet date up to and including February 15, 2016.

Repurchase of adidas AG shares

The Annual General Meeting on May 8, 2014 granted the Executive Board an authorisation to repurchase treasury shares up to an amount totalling 10% of the nominal capital until May 7, 2019. The authorisation may be used by the company but also by its subordinated Group companies or by third parties on account of the company or its subordinated Group companies or third parties assigned by the company or one of its subordinated Group companies.

Based on the authorisation to repurchase treasury shares granted by the Annual General Meeting on May 8, 2014, the adidas AG Executive Board commenced a share buyback

programme on November 7, 2014. The repurchased shares may either be cancelled (capital reduction) or else be used to meet obligations arising from the potential conversion of the company's € 500 million convertible bond due on June 14, 2019.

Under the granted authorisation, adidas AG repurchased a total of 4,889,142 shares for a total price of € 299,999,987 (excluding incidental purchasing costs), i.e. for an average price of € 61.36 per share, in a first tranche between November 7, 2014 and December 12, 2014 inclusive. This corresponded to a notional amount of € 4,889,142 in the nominal capital and consequently to 2.34% of the nominal capital. On December 12, 2014, the first tranche of the share buyback programme was concluded.

On March 6, 2015, the share buyback programme was resumed in the form of a second tranche. In March 2015, 1,140,735 shares were repurchased for an average price of € 71.15, corresponding to a notional amount of € 1,140,735 in the nominal capital and consequently to 0.55% of the nominal capital. In April 2015, the company repurchased 1,032,568 shares for an average price of € 75.07, corresponding to a notional amount of € 1,032,568 in the nominal capital and consequently to 0.49% of the nominal capital. On April 9, 2015, adidas AG (including the shares repurchased in 2014) exceeded the reportable threshold of 3% of the shares in adidas AG as defined by § 26 section 1 sentence 2 German Securities Trading Act (Wertpapierhandelsgesetz - WpHG). The share of voting rights amounted to 3.002% (6,281,429 shares) at that time. In May 2015, the company repurchased 913,606 shares at an average price of € 74.11, corresponding to a notional amount of € 913,606 in the nominal capital and consequently to 0.44% of the nominal capital. Between June 1, 2015 and June 15, 2015, 1,042,718 shares were repurchased for an average price of € 70.60, corresponding to a notional amount of € 1,042,718 in the nominal capital and consequently to 0.50% of the nominal capital. On June 15, 2015, the second tranche of the share buyback programme was concluded. Under the granted authorisation, adidas AG repurchased a total of 4,129,627 shares for a total price of € 299,999,992 (excluding incidental purchasing costs), i.e. for an average price of € 72.65 per share, in a second tranche between March 6, 2015 and June 15, 2015. This corresponded to a notional amount of € 4,129,627 in the nominal capital and consequently to 1.97% of the nominal capital. The company reserves the right to continue with or to resume the share buyback programme in the future in alignment with the published parameters.

Changes in the percentage of voting rights

Pursuant to § 160 section 1 no. 8 AktG, existing shareholdings which have been notified to the company in accordance with § 21 section 1 or section 1a WpHG need to be disclosed.

The following table reflects reportable shareholdings in adidas AG, Herzogenaurach, as at the balance sheet date and up to and including February 15, 2016 which have each been notified to the company in written form. The respective details are taken from the most recent voting rights notification received by the company. All voting rights notifications disclosed by the company in the year under review and up to and including February 15, 2016 are available on the adidas Group website / WWW.ADIDAS-GROUP.COM/S/VOTING-RIGHTS-NOTIFICATIONS. The details on the percentage of shareholdings and voting rights may no longer be up to date.

Notifications submitted as of February 15, 2016

Notifying party	Date of reaching, exceeding or falling below	Reporting threshold	Attributions in accordance with WpHG	Shareholdings in %	Number of voting rights
BlackRock, Inc., Wilmington, DE, USA ¹⁾	February 10, 2016	Exceeding 5 %	§§ 22, 25 sec. 1 no. 1	6.85	14,336,927
Albert Frère / Desmarais Family Trust, Montréal, Canada ²⁾	January 14, 2016	Exceeding 5 %	§ 22	5.0001	10,461,000
FMR LLC, Wilmington, DE, USA ³⁾	December 2, 2015	Exceeding 3 %	§ 22	3.27	6,842,201
Capital Research and Management Company, Los Angeles, CA, USA ⁴⁾	July 22, 2015	Exceeding 3 %	§ 22 sec. 1 sent. 1 no. 6	3.02	6,325,110
The Capital Group Companies, Inc., Los Angeles, CA, USA ⁵⁾	July 22, 2015	Exceeding 3 %	§ 22 sec. 1 sent. 1 no. 6 in conjunction with § 22 sec. 1 sent. 2 and 3	3.02	6,325,110
adidas AG, Herzogenaurach, Germany ⁶⁾	April 9, 2015	Exceeding 3 %		3.002	6,281,429
O. Mason Hawkins, USA ⁷⁾	March 24, 2015	Exceeding 3 %	§ 22 sec. 1 sent. 1 no. 6 in conjunction with § 22 sec. 1 sent. 2	3.01	6,298,523
Southeastern Asset Management, Inc., Memphis, TN, USA ⁷⁾	March 24, 2015	Exceeding 3 %	§ 22 sec. 1 sent. 1 no. 6	3.01	6,298,523

1) The company's disclosure planned for February 18, 2016.

2) See the company's disclosure dated January 22, 2016.

3) See the company's disclosure dated December 10, 2015 and correction dated February 8, 2016.

4) See the company's disclosure dated July 29, 2015.

5) See the company's disclosure dated July 28, 2015.

6) See the company's disclosure dated April 10, 2015.

7) See the company's disclosure dated March 26, 2015.

9. Retained earnings

Retained earnings

EUR thousand

Retained earnings as of December 31, 2014	307,118
Distribution of a dividend of EUR 1.50 per ordinary share in the share capital for the 2014 fiscal year (209,216,186 shares)	303,231
Retained earnings brought forward	3,887
Net income of adidas AG for the 2015 fiscal year	638,754
Withdrawal from other revenue reserves	0
Retained earnings as of December 31, 2015	642,641

10. Special reserve

The special reserve established in 2003 in accordance with § 273 HGB (old version) and Section 35 Income Tax Regulations (Einkommensteuer-Richtlinien, "EStR") for write-downs relating to the construction of the factory outlet was reduced during the year under review by a EUR 322 thousand amortization charge.

11. Provisions/accruals

Provisions/accruals

EUR thousand

	Dec. 31, 2015	Dec. 31, 2014
Provisions for pensions and similar obligations	144,985	114,833
Provisions for taxes	43,355	36,659
Other provisions	256,047	238,116
Provisions/accruals	444,387	389,608

In the provisions for pensions and similar obligations, plan assets were offset against obligations in accordance with § 246 [2] sentence 2 HGB. This related to plan assets of the pension trust association "adidas Pension Trust e.V." The settlement amount of the pension obligations totalled EUR 212,308 thousand as at December 31, 2015 (previous year: EUR 180,047 thousand). The plan assets were measured at fair value in accordance with § 253 [1] sentence 3 HGB. As of the balance sheet date, the fair value of the netted assets is

EUR 67,323 thousand (previous year: EUR 65,214 thousand) and historical costs amount to EUR 65,000 (previous year: EUR 65,000).

Interest expenses from the pensions valuation in an amount of EUR 8,174 thousand have been offset against the interest income from the adidas Pension Trust e.V. of EUR 2,109 thousand.

The pension obligations to three of the active members of the Executive Board and three former members of the Executive Board, who retired after December 31, 2005, are covered by a pension fund in combination with a reinsured pension trust fund. This results in indirect obligations for adidas AG to three active board members in the amount of EUR 17,710 thousand (previous year: EUR 14,554 thousand) and indirect obligations for adidas AG to three former board members in the amount of EUR 10,539 thousand (previous year: EUR 9,786 thousand) for which no provisions have been recognized due to their funding through the pension fund and pension trust fund. As of the balance sheet date, there are no shortfalls for the indirect obligations.

However, pension provisions have been established for the pension entitlements to two of the active members of the Executive Board, which amount to EUR 1,253 thousand before offsetting (previous year: EUR 400 thousand). The provisions for the former members of the Executive Board and their survivors totaled EUR 47,338 thousand before offsetting as of December 31, 2015 (previous year: EUR 45,016 thousand).

The largest item in other provisions concerns provisions for personnel of EUR 102,376 thousand (previous year: EUR 90,041 thousand). This amount is primarily attributable to provisions for performance-based remuneration components. Additional significant items in other provisions are provisions for marketing of EUR 58,634 thousand (previous year: EUR 53,370 thousand) and provisions for outstanding invoices of EUR 52,097 thousand (previous year: EUR 48,799 thousand). Provisions for forward contracts are recognized in profit or loss for unrealized losses on hedges.

Provisions for early and partial retirement obligations were reported under other provisions at a settlement amount of EUR 3,679 thousand as of December 31, 2015 (previous year: EUR 5,679 thousand). The fair value of the netted assets is EUR 5,185 thousand as of the reporting date (previous year: EUR 5,142 thousand) and historical costs amount to EUR 4,316 thousand (previous year: EUR 4,283 thousand).

Any difference arising between the fair value and historical cost of the netted assets is subject to a statutory restriction on distribution. The fair value measurement of assets for

the settlement of obligations for pensions as well as early and partial retirement obligations results in a total amount of EUR 2,298 thousand (previous year: EUR 773 thousand) subject to restriction on distribution within the meaning of § 268 [8] HGB prior to offsetting with the freely distributable provisions as of December 31, 2015.

12. Liabilities

Liabilities

EUR thousand

	Dec. 31, 2015				Dec. 31, 2014
	Total	Residual term up to 1 year	Residual term 1-5 years	Residual term more than 5 years	Prior year total
Bonds	1,500,000	0	500,000	1,000,000	1,500,000
(previous year)		(0)	(500,000)	(1,000,000)	
of which convertible			500,000		
Liabilities to banks	0	0	0	0	103,243
(previous year)		(103,243)	(0)	(0)	
Trade accounts payable	118,808	114,822	3,986	0	74,245
(previous year)		(68,554)	(5,686)	(5)	
Liabilities to affiliated companies	3,296,106	2,979,106	317,000	0	3,219,344
(previous year)		(2,645,796)	(573,548)	(0)	
Other liabilities	64,840	64,840	0	0	72,053
(previous year)		(71,444)	(609)	(0)	
of which from taxes		8,112			6,712
of which relating to social security		2,378			2,403
Dec. 31, 2015	4,979,754	3,158,768	820,986	1,000,000	4,968,885
Dec. 31, 2014		(2,889,037)	(1,079,843)	(1,000,005)	

The liabilities are unsecured.

The liabilities to affiliated companies primarily concern liabilities from Group Treasury activities. Trade payables to affiliated companies amounted to EUR 19,842 thousand (previous year: EUR 4,824 thousand).

Other liabilities include leasing liabilities, tax and customs liabilities, liabilities relating to social security and similar obligations, accrued interest not yet payable, credit balances in accounts receivable, and salaries and commissions payable.

The convertible bond issue in the amount of EUR 500,000 thousand becomes due in 2019 and is divided into 2,500 bearer bonds with equal rights, each in the nominal amount of EUR 200 thousand. The bondholder has the right to convert each bond in full, but not partially, into registered common shares (no-par-value shares) during an exercise period. There is also the right to early settlement in 2017 in compliance with a notice period, which may not be exercised if adidas AG has exercised the right to early settlement.

In 2014 adidas AG issued bonds with a total value of EUR 1,000,000 thousand. The EUR 600,000 thousand Eurobond matures in 2021; the EUR 400,000 thousand Eurobond matures in 2026. Both bonds are listed on the Luxembourg securities exchange in denominations of EUR 1 thousand each.

13. Contingent liabilities and other financial commitments

Contingent liabilities

EUR thousand

	Dec. 31, 2015	Dec. 31, 2014
Warranty obligations	854,798	831,328
of which for affiliated companies		
- Bank loans	137,779	123,548
- Letters of credit	37,584	19,022
- Guarantee agreements	679,435	688,758

The guarantee obligations for bank loans to affiliated companies are from lines of credit drawn on by affiliated companies. adidas AG's letters of credit are mainly import letters of credit in connection with product purchases in the Far East. The guarantee agreements are with various subsidiaries and secure mainly rent contracts.

Other liabilities relate to absolute guarantees of adidas AG with affiliated companies. Comfort letters in unlimited amounts for the benefit of seven (in previous year eight) affiliated companies were issued as of December 31, 2015. The risk of these being utilized is deemed to be low. Since the liabilities assumed arise in the normal course of business and due to the adidas Group's current strong financial position, the risk that these will be called on is considered extremely slight.

Other financial commitments

Other financial commitments of EUR 1,262,411 thousand (previous year: EUR 610,515 thousand) for adidas AG include amounts for the entire foreseeable contractual period for promotion, advertising, rental and leasing agreements as of December 31, 2015.

Maturities

EUR thousand

in 2016	199,739
2017-2020	456,834
after 2020	605,838
	1,262,411

The Group purchases more than 80% of its products in Asia. Since a major portion of the product costs concerns raw materials that the suppliers have to purchase in US dollars (USD), billings to the adidas Group are also made in USD. In contrast, sales by Group companies to customers are mainly in euros (EUR), pounds Sterling (GBP), Japanese yen (JPY), and in many other currencies. Currency hedges are entered into to reduce the risk of changes in fair value and in cash flows (currency risks). Most subsidiaries hedge their currency risks through adidas AG, except for those subsidiaries that are unable to hedge through adidas AG due to local currency restrictions, or for whom it is more sensible to hedge locally for economic reasons. Currency risks that are assumed by adidas AG from subsidiaries by entering into inter-Group currency transactions are strategically hedged with banks for a period of up to 24 months in advance using forward exchange transactions, currency swaps, currency options, or a combination of currency options, which provide protection and, at the same time, the opportunity to profit from future beneficial foreign exchange rate movements on financial markets. In 2015, the adidas Group purchased about USD 3.6 billion net to hedge its operating business.

Due to procurement of the majority of goods in the Far East and the adidas Group's global operations, the worldwide distribution of goods is an important component of the Group's business. At the current time – due to continuing low commodity prices – no hedging of commodity futures takes place. This strategy is reviewed regularly.

Outstanding financial derivatives

EUR thousand

	Dec. 31, 2015	Dec. 31, 2014
Notional amounts		
Currency hedging contracts	12,656,125	10,061,965
Interest hedging contracts	0	0
Commodities price hedges	0	15,626
	12,656,125	10,077,591

The notional volume of option structures is included only once in the notional amounts.

Outstanding financial derivatives

EUR thousand

	Dec. 31, 2015		Dec. 31, 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets (Other assets)				
Currency hedging contracts	0	192,764	0	245,782
Interest hedging contracts	0	0	0	0
Commodities price hedges	0	0	0	3,357
Liabilities (Provision for contingent losses)				
Currency hedging contracts	-27,177	-191,144	-35,200	-270,771
Interest hedging contracts	0	0	0	0
Commodities price hedges	0	0	0	-3,357
	-27,177	1,620	-35,200	-24,989

Notional amounts represent the gross total of all call and put contracts for derivative financial transactions. Fair values of forward exchange transactions are determined based on current ECB reference exchange rates or reference exchange rates of local central banks, together with forward premiums or discounts. The fair values (gains and losses) of the currency hedging contracts are presented as gross values.

Currency options are measured using market quotes or option pricing models (Garman-Kohlhagen model).

The fair value of the commodity futures is determined based on the current commodity price taking into account forward premiums or discounts.

The notional amounts of outstanding financial derivatives in foreign currency are translated into euros at year-end closing rates.

The carrying values are taken from the balance sheet.

The table below provides an overview of the risks hedged. The underlying transactions within a portfolio are secured with one or more hedging instruments (portfolio hedge):

Hedged risk as of the balance sheet date

EUR thousand / Maturity

	Notional	Net change in fair value	Maturity
Currency risk			
Risk			
Forward exchange transactions and options with subsidiaries	5,181,001	-106,739	1 - 20 months
Hedging			
Forward exchange transactions and options with banks	4,236,428	107,370	1 - 20 months

The difference in the notional amount relates to internal forward exchange transactions without an external hedge. The foreign currency requirement of one subsidiary is covered with the excess of the same foreign currency of another subsidiary (natural hedge).

14. Sales

adidas AG's business activities are primarily concentrated in one sector, specifically the development, trading and marketing of sports and leisure articles. In addition, adidas AG generates a substantial portion of its revenues from licensing income, primarily from affiliated companies.

Sales

EUR thousand

	2015	2014
Breakdown by product group		
Shoes	579,049	403,841
Textiles	374,024	476,881
Sports equipment	70,776	65,165
	1,023,849	945,887
Other sales revenues	21,545	20,127
Licensing income	1,371,402	1,176,766
Sales	2,416,796	2,142,780

Of these revenues, EUR 967,742 thousand (previous year: EUR 830,796 thousand) were generated in Germany and EUR 1,449,054 thousand (previous year: EUR 1,311,984 thousand) outside Germany, mainly in Europe.

15. Other operating income

Other operating income consists mainly of EUR 685,617 thousand in foreign currency gains (previous year: EUR 243,004 thousand) and cost transfers to affiliated companies.

Other operating income includes income relating to other periods of EUR 376,372 thousand (previous year: EUR 86,790 thousand). This income derives primarily from the transfer of the assets of adidas Hong Kong Ltd., Hong Kong, China at fair value to adidas Beteiligungsgesellschaft mbH, Herzogenaurach, Germany in the amount of EUR 289,388 thousand. Furthermore, it includes income from the release of bad debt provisions in the amount of EUR 72,164 thousand (previous year: EUR 23,035 thousand) and the reversal of provisions in the amount of EUR 11,755 thousand (previous year: EUR 21,385 thousand).

16. Cost of materials

Cost of materials

EUR thousand

	2015	2014
Cost of raw materials, consumables and supplies, and of purchased merchandise	663,409	599,996
Cost of materials	663,409	599,996

17. Personnel expenses

Personnel expenses

EUR thousand

	2015	2014
Wages and salaries	397,775	333,888
Social security, post-employment and other employee benefit costs	90,303	64,455
of which for old-age pensions	35,198	16,245
Personnel expenses	488,078	398,343

The increase in personnel expenses was due to higher employee headcounts and higher salaries than in the previous year due to salary increases.

18. Amortization and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets

The amortization and write-downs of intangible assets of EUR 54,692 thousand (previous year: EUR 54,619 thousand) relates to trademark rights as well as to computer software and licenses. Depreciation and write-downs of tangible fixed assets of EUR 41,661 thousand (previous year: EUR 36,573 thousand) relates primarily to write-downs of EUR 14,160 thousand (previous year: EUR 13,358 thousand) on buildings and write-downs on computer hardware of EUR 6,464 thousand (previous year: EUR 6,516 thousand).

19. Other operating expenses

Other operating expenses essentially comprise cost transfers, currency exchange losses, advertising and promotional expenses, legal and consulting fees, services, travel expenses, rental and lease charges, postal and telephone expenses, and outgoing freight. The EUR 742,613 thousand increase in these expenses essentially results from the increase in currency exchange losses by EUR 540,949 thousand to EUR 784,557 thousand. The counter-effect is reflected in other operating income. Additionally, cost transfers increased by EUR 134,970 thousand and advertising and promotional expenses rose by EUR 49,906 thousand. Other operating expenses include expenses not relating to the accounting period in an amount of EUR 33,090 thousand. EUR 32,119 thousand relates to the divestiture of adidas Canada, Woodbridge, Canada and EUR 938 thousand relates to future removal costs for office buildings, plants and retail shops.

20. Income from investments in related companies

Income from adidas AG's investments in related companies amounted to EUR 436,690 thousand (previous year: EUR 171,211 thousand) and essentially relates to dividend payments from subsidiaries in the Netherlands, Hong Kong, Thailand and New Zealand.

21. Profits received/losses absorbed in accordance with a profit and loss transfer agreement

A profit and loss transfer agreement exists with adidas Insurance & Risk Consultants GmbH, Herzogenaurach, as well as with adidas Beteiligungsgesellschaft mbH, Herzogenaurach. The increase was attributable to the transfer of the higher profit from adidas Beteiligungsgesellschaft mbH amounting to EUR 13,389 thousand (previous year: EUR 853 thousand).

22. Write-downs of long-term financial assets

No equity investments or loans to affiliated companies were written down in 2015.

23. Interest result

Interest result

EUR thousand

	2015	2014
Income from loans of long-term financial assets	432	2,032
of which from affiliated companies	432	2,032
Other interest and similar income	24,948	23,789
of which from affiliated companies	22,935	21,286
Interest and similar expenses	-81,796	-70,018
of which to affiliated companies	-40,610	-35,784
Interest result	-56,416	-44,196

Other interest and similar income includes EUR 0 thousand (previous year: EUR 319 thousand) from the compounding of provisions, while interest and similar expenses includes EUR 6,299 thousand (previous year: 8,360 thousand) from the discounting of provisions, of which EUR 6,065 thousand (previous year: EUR 8,074 thousand) relates to the interest expense in connection with the pension provisions.

The interest expense from the provision for early and partial retirement obligations of EUR 175 thousand (previous year: EUR 230 thousand) is offset against the income from fluctuations in the fair value of the assets to be offset in accordance with § 246 (2) sentence 2 HGB amounting to EUR 10 thousand (previous year: EUR 382 thousand).

24. Taxes on income

Taxes on income include municipal trade tax and withholding tax on interest and licensing income resulting from the collection of licensing fees outside Germany.

Taxes on income does not include any gains or losses from deferred taxes. Overall, deferred tax liabilities were more than offset by deferred tax assets. In accordance with the option under **§ 274 (1) sentence 2 HGB**, the Company has opted to forgo recognizing the surplus deferred tax assets.

As of December 31, 2015, adidas AG expects to realize a total of EUR 31,715 thousand in future tax benefits due to temporary accounting differences (previous year: EUR 34,035 thousand). This amount was calculated based on a combined income tax rate of 28%.

Deferred tax assets result primarily from Group receivables, intangible assets and forward exchange transactions. Deferred tax liabilities result essentially in relation to land, Group liabilities and shares in affiliated companies.

25. Other disclosures

No. of employees (annual average)

	2015			2014		
	Total	Salaried	Wage	Total	Salaried	Wage
Global Sales	349	349	0	310	310	0
Headquarters						
Corporate Services	1,622	1,495	127	1,541	1,415	126
Marketing	1,313	1,312	1	1,111	1,111	0
Operations	1,552	834	718	1,446	802	644
Market Central	940	844	96	1,001	844	157
	5,776			5,409		
As of December 31	6,004			5,235		

26. Remuneration of the Executive Board and the Supervisory Board

Remuneration of the Executive Board and the Supervisory Board of adidas AG

Executive Board

Total remuneration of members of the Executive Board in the 2015 fiscal year was EUR 7,414 thousand (previous year: EUR 14,222 thousand).

Pension commitments

EUR thousand

	Service cost		Accumulated pension obligation for the pension commitments excluding deferred compensation	
	Dec. 31, 2015	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2014
Executive Board members incumbent as at Dec. 31, 2015				
Herbert Hainer (Chief Executive Officer)	813	692	9,617	8,367
Roland Auschel	316	227	643	227
Glenn Bennett	282	150	4,192	2,977
Eric Liedtke	305	173	610	173
Robin J. Stalker	483	224	3,901	3,210
Total	2,199	1,466	18,963	14,954

Further information is contained in the compensation report in the combined management report.

Former members of the Executive Board and their survivors received a total of EUR 3,524 thousand in benefits in fiscal year 2015 (previous year: EUR 4,062 thousand). The overall payments for 2014 include the follow-up bonus of Erich Stamminger in the amount of EUR 603 thousand, granted at the time of his departure.

Executive Board members did not receive and do not hold any loans from the Company in fiscal year 2015.

Supervisory Board

The annual remuneration for members of the Supervisory Board in accordance with the Articles of Association was EUR 1,150 thousand. In addition, attendance fees in a total amount of EUR 73 thousand were paid.

As in previous years, no loans were granted to members of the Supervisory Board in fiscal year 2015.

Recommendation on appropriation of the net unappropriated profits of adidas AG

The Executive Board of adidas AG recommends that the shareholders approve a dividend of EUR 1.60 per share for 2015.

It is therefore recommended that adidas AG's net unappropriated profits as of December 31, 2015 be appropriated as follows:

Appropriation of retained earnings

EUR thousand

Retained earnings as of December 31, 2015	642,641
Distribution of a dividend of EUR 1.60 per no-par value share on the share capital of EUR 209,216,186.00 entitled to dividends for the 2015 fiscal year (209,216,186 shares) reduced by held treasury shares (9,018,769 shares)	320,316
Amount carried forward	322,325

Declaration on the German Corporate Governance Code

On November 4, 2015, the Executive Board and Supervisory Board of adidas AG made an intra-year change to the Declaration of Compliance in accordance with **§ 161 AktG** issued on February 12, 2015 and made it permanently available to the shareholders. On February 15, 2016, the Executive Board and Supervisory Board of adidas AG issued the annually updated Declaration of Compliance in accordance with **§ 161 AktG** and made it permanently available to the shareholders. The full text of the Declaration of Compliance is available on the Company's website.

Disclosures pursuant to § 285 no. 10 HGB and § 285 no. 17 HGB

The disclosures pursuant to **§ 285 no. 10 HGB** are contained in Appendix 2 to the notes to the financial statements.

In accordance with **§ 285 no. 17 HGB**, the Company has opted not to include a disclosure of the total audit fee charged by the auditor in this report, since such disclosures are already contained in the consolidated financial statements of the adidas Group.

In its function as the ultimate parent, adidas AG, Herzogenaurach (Local Court of Fürth, HRB 3868), prepares consolidated financial statements, which are published on the electronic Federal Gazette.

Herzogenaurach, February 15, 2016

The Executive Board of adidas AG

adidas AG

Statement of changes in fixed assets for 2015

Amounts in EUR thousand (HGB)	Aquisition and production costs				31.12.2015
	01.01.2015	Additions	Disposals	Reclassifications	
I. Intangible assets					
1. Trademarks and similar rights and licences to such rights	427.220	19.949	-293	24.488	471.364
2. Prepayments and assets under construction	30.488	23.343	-42	-24.416	29.373
	457.708	43.292	-335	72	500.737
II. Tangible assets					
1. Land, land rights and buildings	449.248	14.285	-431	15.715	478.817
2. Technical equipment and machinery	32.250	4.847	-92		37.005
3. Other equipment, operating and office equipment	227.368	31.219	-2.326	711	256.972
4. Prepayments and assets under construction	23.682	22.684	-24	-16.498	29.844
	732.548	73.035	-2.873	-72	802.638
III. Financial assets					
1. Shares in affiliated companies	3.430.260	781.031	-67.281	0	4.144.010
2. Loans to affiliated companies	13.179	0	-488	0	12.691
3. Equity investments	79.249	0	0	0	79.249
4. Loans to non-affiliated companies	200	0	0	0	200
	3.522.888	781.031	-67.769	0	4.236.150
Fixed Assets	4.713.144	897.358	-70.977	0	5.539.525

Appendix 1 to the notes

Accumulated depreciation						Bookvalues	
01.01.2015	Additions	Disposals	Write-up	Reclassifications	31.12.2015	31.12.2015	31.12.2014
328.401	54.692	-103	0	9	382.999	88.365	98.819
0	0	0	0		0	29.373	30.488
328.401	54.692	-103	0	9	382.999	117.738	129.307
105.298	16.110	-135	0	0	121.273	357.544	343.950
21.939	2.634	-42	0	0	24.531	12.474	10.311
185.921	22.917	-1.611	0	-9	207.218	49.754	41.447
0	0	0	0	0	0	29.844	23.682
313.158	41.661	-1.788	0	-9	353.022	449.616	419.390
20.590	0	0	0	0	20.590	4.123.420	3.409.670
0	0	0	0	0	0	12.691	13.179
0	0	0	0	0	0	79.249	79.249
0	0	0	0	0	0	200	200
20.590	0	0	0	0	20.590	4.215.560	3.502.298
662.149	96.353	-1.891	0	0	756.611	4.782.914	4.050.995

Supervisory Board

Igor Landau

Chairman

residing in Lugano, Switzerland

Pensioner, Member of the Board of Directors, Sanofi-Aventis S.A., Paris, France

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- Member of the Board of Directors, Sanofi-Aventis S.A., Paris, France

Sabine Bauer*

Deputy Chairwoman

residing in Erlangen, Germany

Full-time member of the Works Council Herzogenaurach, adidas AG

Chairwoman of the Central Works Council, adidas AG

Chairwoman of the European Works Council, adidas AG

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- none

Willi Schwerdtle

Deputy Chairman

residing in Munich, Germany

Independent Management Consultant as well as Partner, WP Force Solutions GmbH, Bad Homburg v.d. Höhe, Germany

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- Member of the Supervisory Board, Eckes AG, Nieder-Olm, Germany
- Chairman of the Supervisory Board, Windeln.de AG, Munich, Germany¹⁾

Dieter Hauenstein*

residing in Herzogenaurach, Germany

Full-time member of the Works Council Herzogenaurach, adidas AG

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- none

* Employee representative.

1) Since April 21, 2015.

2) Until September 18, 2015.

3) Until January 12, 2016.

Dr. Wolfgang Jäger*

residing in Bochum, Germany

Managing Director in charge of Public Relations and Scholarships, Hans-Böckler-Stiftung, Düsseldorf, Germany

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- none

Dr. Stefan Jentsch

residing in London, Great Britain

Corporate Finance Consultant/Partner, Perella Weinberg Partners UK LLP, London, Great Britain

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- Member of the Supervisory Board, Sky Deutschland AG, Unterföhring, Germany²
- Deputy Chairman of the Supervisory Board, AIL Leasing München AG, Grünwald, Germany

Herbert Kauffmann

residing in Stuttgart, Germany

Independent Management Consultant, Stuttgart, Germany

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- Chairman of the Supervisory Board, Unicon universal identity control GmbH, Munich, Germany³
- Member of the Supervisory Board, DEUTZ AG, Cologne, Germany

Katja Kraus

residing in Hamburg, Germany

Managing Partner, Jung von Matt/sports GmbH, Hamburg, Germany

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- none

* Employee representative.

1) Since April 21, 2015.

2) Until September 18, 2015.

3) Until January 12, 2016.

Kathrin Menges

residing in Neuss, Germany

Executive Vice President Human Resources and Infrastructure Services, Henkel AG & Co. KGaA, Düsseldorf, Germany

Membership in control bodies pursuant to § 285 sec. 10 HGB:

Mandates within the Henkel Group

- Member of the Supervisory Board, Henkel Central Eastern Europe GmbH, Vienna, Austria
- Member of the Supervisory Board, Henkel Nederland B.V., Nieuwegein, The Netherlands
- Member of the Board of Directors, Henkel Norden AB, Stockholm, Sweden
- Member of the Board of Directors, Henkel Norden Oy, Vantaa, Finland

Roland Nosko*

residing in Wolnzach, Germany

Trade Union Official, IG BCE, Headquarter Nuremberg, Nuremberg, Germany

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- Deputy Chairman of the Supervisory Board, CeramTec GmbH, Plochingen, Germany

Hans Ruprecht*

residing in Herzogenaurach, Germany

Vice President Customer Service Central Europe West, adidas AG

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- none

Heidi Thaler-Veh*

residing in Uffenheim, Germany

Member of the Central Works Council, adidas AG

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- none

* Employee representative.

1) Since April 21, 2015.

2) Until September 18, 2015.

3) Until January 12, 2016.

Executive Board

Herbert Hainer, Herzogenaurach, Germany

Chief Executive Officer

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- Deputy Chairman of the Supervisory Board, FC Bayern München AG, Munich, Germany
- Member of the Supervisory Board, Allianz Deutschland AG, Munich, Germany
- Member of the Supervisory Board, Deutsche Lufthansa AG, Cologne, Germany

Glenn Bennett, Boston/Massachusetts, USA

Executive Board member in charge of Global Operations

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- none

Robin J. Stalker, Oberreichenbach, Germany

Chief Financial Officer

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- Member of the Supervisory Board, Schaeffler AG, Herzogenaurach, Germany

Eric Liedtke, Nuremberg, Germany

Executive Board member in charge of Global Brands

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- none

Roland Auschel, Erlangen, Germany

Executive Board member in charge of Global Sales

Membership in control bodies pursuant to § 285 sec. 10 HGB:

- none

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2015

Company and Domicile	Currency	Equity (currency units in thousands)	Share in capital held by 1)	in %	Profit / Loss (currency units in thousands)
Germany					
1 adidas Insurance & Risk Consultants GmbH 2)	EUR	26	directly	100	-
2 adidas Beteiligungsgesellschaft mbH 2)	EUR	681.990	directly	100	-
3 adidas CDC Immobilieninvest GmbH	EUR	11.764	13	100	-41
4 adidas Verwaltungsgesellschaft mbH 3)	EUR	4.340	90	100	-6
Europe (incl. Middle East and Africa)					
5 adidas sport gmbh	CHF	6.093	directly	100	1.976
6 adidas Austria GmbH	EUR	6.561	directly	95,89 4,11	1.280
7 runtastic GmbH	EUR	3.531	9	100	335
8 adidas France S.a.r.l.	EUR	173.955	directly	100	51.815
9 adidas International B.V.	EUR	6.865.097	directly	93,97 6,03	1.056.330
10 adidas International Trading B.V.	EUR	1.026.266	9	100	476.517
11 adidas International Marketing B.V.	EUR	50.773	9	100	-1.026
12 adidas International Finance B.V.	EUR	21.081	9	100	7.471
13 adidas International Property Holding B.V.	EUR	45.634	101	100	-14.492
14 adidas Infrastructure Holding B.V.	EUR	(17)	9	100	-17
15 adidas Benelux B.V.	EUR	3.066	directly	100	3.109
16 Hydra Ventures B.V.	EUR	(5.291)	9	100	-1.253
17 adidas (UK) Limited	GBP	56.045	9	100	17.046
18 Refuel (Brand Distribution) Limited	GBP	6.409	19	100	237
19 Reebok International Limited 9)	EUR	445.529	88	100	-24.723
20 Trafford Park DC Limited	GBP	581	14	100	230
21 RBK Holdings Limited 3) 9)	GBP	-	88 82	89 11	-

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2015

Company and Domicile	Currency	Equity (currency units in thousands)	Share in capital held by 1)	in %	Profit / Loss (currency units in thousands)
22 The Rockport Company Limited 3) 9)	GBP	-	19	100	-
23 Reebok Pensions Management Limited 3) 9)	GBP	-	19	100	-
24 Reebok Europe Holdings	GBP	25.912	19	100	342
25 Luta Limited 9)	GBP	-	19	100	-
26 Adams Golf, U.K. Ltd. 3) 6)	GBP	-	79	100	-
27 Taylor Made Golf Limited 4)	GBP	(11.208)	9	100	-10.642
28 Ashworth U.K. Ltd. 3) 4)	GBP	-	27	100	-
29 adidas (Ireland) Limited	EUR	2.794	9	100	709
30 adidas International Re Limited	EUR	18.988	9	100	197
31 Reebok Ireland Limited 3)	EUR	56	29	100	-
32 adidas Belgium NV	EUR	2.546	15	100	719
33 Five Ten Europe NV 3)	EUR	(46)	91	100	-10
34 adidas España S.A.U.	EUR	31.950	2	100	8.770
35 adidas Finance Spain S.A.U.	EUR	35.868	88	100	289
36 Global Merchandising, S.L.	EUR	2.788	9	100	1.530
37 adidas Italy S.p.A.	EUR	47.926	9	100	10.569
38 adidas Portugal - Artigos de Desporto, S.A.	EUR	5.458	9	100	741
39 adidas Business Services Lda.	EUR	457	9	98	-68
40 adidas Norge AS	NOK	25.380	directly	2	5.598
41 Reebok-CCM Hockey AS	NOK	5.792	40	100	1.901
42 adidas Sverige AB	SEK	66.242	directly	100	14.992
43 adidas Finance Sverige AB	SEK	271.964	90	100	4.167

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2015

Company and Domicile	Currency	Equity (currency units in thousands)	Share in capital held by 1)	in %	Profit / Loss (currency units in thousands)
44 Reebok-CCM Hockey AB	SEK	73.608	42	100	-14.699
45 adidas Suomi Oy	EUR	1.492	9	100	468
46 Reebok-CCM Hockey Oy	EUR	4.765	9	100	-2.981
47 adidas Danmark A/S	DKK	20.512	9	100	8.341
48 adidas CR s.r.o.	CZK	118.920	directly	100	39.939
49 adidas Budapest Kft.	HUF	454.451	directly	100	147.322
50 adidas Bulgaria EAD	BGN	11.521	directly	100	2.543
51 LLC "adidas, Ltd."	RUB	29.597.109	6	100	-1.873.437
52 adidas Poland Sp.z o.o.	PLN	44.149	directly	100	13.921
53 adidas Finance Poland S.A.	PLN	96.979	88	100	957
54 adidas Romania S.R.L.	RON	18.701	9	100	5.186
55 adidas Battics SIA	EUR	2.092	9	100	490
56 adidas Slovakia s.r.o.	EUR	1.668	directly	100	941
57 adidas Trgovina d.o.o.	EUR	588	directly	100	213
58 SC "adidas-Ukraine"	UAH	843.911	directly	100	225.592
59 adidas LLP	KZT	3.476.068	directly	100	854.718
60 adidas Serbia d.o.o.	RSD	547.548	9	100	292.857
61 adidas Croatia d.o.o.	HRK	30.673	9	100	3.828
62 adidas Hellas A.E.	EUR	13.766	directly	100	709
63 adidas (Cyprus) Limited	EUR	179	directly	100	216
64 adidas Spor Maizemeleri Satıs ve Pazarlama A.S.	TRY	335.670	9	100	57.384
65 adidas Emerging Markets L.L.C	USD	13.706	indirectly 8	51 49	4.777

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2015

Company and Domicile	Currency	Equity (currency units in thousands)	Share in capital held by 1)	in %	Profit / Loss (currency units in thousands)
66 adidas Emerging Markets FZE	USD	89.239	9	100	62.667
67 adidas Levant Limited	JOD	2.945	66	55	2.342
68 adidas Levant Limited - Jordan	JOD	2.347	67	100	2.247
69 adidas Imports & Exports Ltd.	EGP	20	70	100	-1.473
70 adidas Sporting Goods Ltd.	EGP	117.211	9 10	90 10	31.746
71 adidas Egypt Ltd. 3)	USD	(1.831)	directly	100	-
72 Reebok Israel Ltd.	ILS	9.187	directly	100	809
73 Life Sport Ltd.	ILS	89.796	9	51	39.309
74 adidas (South Africa) (Pty) Ltd.	ZAR	201.971	directly	100	30.962
North America					
75 adidas North America, Inc.	USD	5.232.854	9	100	182
76 adidas America, Inc.	USD	131.187	75	100	23.437
77 adidas International, Inc.	USD	68.767	75	100	3.713
78 adidas Team, Inc. 3)	USD	(1.013)	75	100	-
79 Taylor Made Golf Co., Inc. 6)	USD	(84.512)	75	100	-102.046
80 Ashworth, LLC. 3) 6)	USD	-	79	100	-
81 The Reebok Worldwide Trading Company, LLC	USD	15.708	88	100	718
82 Reebok Securities Holdings LLC 10)	USD	-	88	100	-
83 Textronics, Inc.	USD	11.497	77	100	472
84 Ashworth Acquisition Corp. 3) 6)	USD	-	80	100	-
85 Putter, LLC 3) 6)	USD	-	84	100	-
86 Onfield Apparel Group, LLC 3) 7)	USD	-	88 87	99 1	-
87 Reebok Onfield, LLC 3) 7)	USD	-	88	100	-

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2015

Company and Domicile	Currency	Equity (currency units in thousands)	Share in capital held by 1)	in %	Profit / Loss (currency units in thousands)
88 Reebok International Ltd. 10)	USD	(1,057,441)	75	100	44,685
89 Sports Licensed Division of the adidas Group, LLC 7)	USD	83,525	88	99	-9,820
90 Reebok-CCM Hockey U.S., Inc. 8)	USD	50,473	88	100	41,563
91 Stone Age Equipment, Inc.	USD	14,918	76	100	-1,200
92 Spartanburg DC, Inc.	USD	9,665	76	100	-118
93 adidas Canada Ltd.	CAD	196,343	9	100	-47,539
94 Sport Maska Inc.	CAD	178,624	9	100	-544
Asia					
95 adidas Sourcing Limited	USD	143,068	10	100	413,563
96 adidas Services Limited	USD	11,107	9	100	105
97 adidas Hong Kong Ltd.	HKD	365,454	2	100	238,806
98 Smedley Industries (Hong Kong) Limited 3) 8)	HKD	-	90	100	-
99 Reebok Trading (Far East) Limited	USD	31,091	88	100	7
100 adidas (Suzhou) Co. Ltd.	CNY	(225,225)	2	100	2,278
101 adidas Sports (China) Co. Ltd.	CNY	8,837,583	2	100	2,173,702
102 adidas (China) Ltd.	CNY	572,969	9	100	268,906
103 Zhuhai adidas Technical Services Limited	CNY	12,283	95	100	-6,005
104 adidas Logistics (Tianjin) Co., Ltd.	CNY	131,248	14	100	5,659
105 adidas Business Services (Dalian) Limited	CNY	5,331	9	100	4,148
106 adidas Japan K.K.	JPY	11,024,465	9	100	1,510,013
107 Taylor Made Golf Co., Ltd.	JPY	4,119,035	9	100	-2,112,064
108 adidas Korea Ltd.	KRW	213,052,012	directly	100	107,032,282
109 Taylor Made Korea Ltd.	KRW	3,054,558	directly	100	-8,920,636

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2015

Company and Domicile	Currency	Equity (currency units in thousands)	Share in capital held by 1)	in %	Profit / Loss (currency units in thousands)
110 adidas Korea Technical Services Limited	KRW	3.830.325	95	100	330.059
111 adidas India Private Ltd. 5)	INR	4.185.651	directly 9	10,68 89,32	-517.527
112 adidas India Marketing Pvt. Ltd. 5)	INR	-	111 9	98,99 1,01	-
113 adidas Technical Services Pvt. Ltd.	USD	3.410	95	100	97
114 Reebok India Company	INR	(22.194.862)	124	93,15	-496.401
115 PT adidas Indonesia	IDR	170.326.667	9 directly	99 1	30.769.079
116 adidas (Malaysia) Sch. Bhd.	MYR	44.093	60 directly 9	60 40	22.874
117 adidas Philippines Inc.	PHP	624.689	directly	100	163.631
118 adidas Singapore Pte. Ltd.	SGD	10.515	directly	100	1.227
119 adidas Taiwan Limited	TWD	1.171.313	9	100	746.238
120 adidas (Thailand) Co., Ltd.	THB	976.853	directly	100	291.738
121 adidas Australia Pty Limited	AUD	65.084	9	100	8.389
122 adidas New Zealand Limited	NZD	6.305	directly	100	4.947
123 adidas Vietnam Company Limited	VND	10.627.500	9	100	52.653.495
124 Reebok (Mauritius) Company Limited	USD	2.194	88 81	99 1	-
Latin America					
125 adidas Argentina S.A.	ARS	1.016.276	9 2	51,73 48,27	172.960
126 Reebok Argentina S.A.	ARS	41.236	10 9	73,86 26,13	33.889
127 A SPA do Brasil Ltda. 3)	BRL	127	95	100	-42
128 adidas do Brasil Ltda.	BRL	54.816	2	100	-254.138
129 adidas Franchise Brasil Servicos Ltda.	BRL	9.426	128	100	6.948
130 Reebok Produtos Esportivos Brasil Ltda.	BRL	(86.450)	9	99,99	-28.788
131 adidas Chile Limitada	CLP	94.456.521	directly 1	99 1	13.506.797
132 adidas Colombia Ltda.	COP	13.526.824	directly	100	15.181.991
133 adidas Perú S.A.C.	PEN	73.595	directly 131	99,21 0,79	25.111
134 adidas de Mexico, S.A. de C.V.	MXN	(86.778)	directly	100	45.051
135 adidas Industrial, S.A. de C.V.	MXN	197.465	directly	100	30.597

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2015

Company and Domicile	Currency	Equity (currency units in thousands)	Share in capital held by 1)	in %	Profit / Loss (currency units in thousands)
136 Reebok de Mexico, S.A. de C.V. 3)	MXN	(477.289)	directly	100	-48.837
137 adidas Latin America, S.A.	USD	(57.243)	directly	100	-35.924
138 Concept Sport, S.A.	USD	1.016	9	100	227
139 adidas Market LAM, S.A. 3)	USD	0	9	100	0
140 3 Stripes S.A. (adidas Uruguay) 3)	UYU	(436)	directly	100	-
141 Tafibal S.A.	UYU	(62.540)	directly	100	-71.266
142 Raelit S.A.	UYU	(4.079)	directly	100	-10.638
143 Reebok Central America S.A. 10)	HNL	-	88	99,6	-
144 adidas Corporation de Venezuela, S.A. 3)	VEF	(17)	81	0,4	-
145 adisport Corporation	USD	(2.700)	9	100	-1.164

- 1) The number refers to the number of the company
- 2) Profit and loss transfer agreement
- 3) Company with no active business
- 4) Sub-group Taylor Made Golf Limited
- 5) Sub-group adidas India Private Ltd.
- 6) Sub-group Taylor Made Golf Co., Inc.
- 7) Sub-group Sports Licensed Division of the adidas Group, LLC
- 8) Sub-group Reebok-CCM Hockey U.S., Inc.
- 9) Sub-group Reebok International Limited
- 10) Sub-group Reebok International Ltd.

Auditor's report

We have audited the annual financial statements, comprising the balance sheet, income statement and the notes to the financial statements, together with the bookkeeping system and the management report, of adidas AG, Herzogenaurach, for the financial year from January 1 to December 31, 2015. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's Executive Board. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with Section 317 of the German Commercial Code [HGB] and German generally accepted standards for the audit of financial statements promulgated by the German Institute of Public Auditors [IDW]. Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Executive Board, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Munich, February 15, 2016

KPMG AG
Wirtschaftsprüfungsgesellschaft

[original German version signed by:]

Braun
Wirtschaftsprüfer
[German Public Auditor]

Wolper
Wirtschaftsprüfer
[German Public Auditor]

Responsibility Statement

To the best of our knowledge, and in accordance with the applicable reporting principles, the annual financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the company, and the Management Report, which has been combined with the Group Management Report, includes a fair review of the development and performance of the business and the position of the company, together with a description of the material opportunities and risks associated with the expected development of the company.

Herzogenaurach, February 15, 2016

The Executive Board

Supervisory Board Report

IGOR LANDAU

Chairman of the Supervisory Board

Dear Shareholders,

We look back on 2015 as a very successful financial year. Thanks to strong brands and partnerships in the world of sport, as well as first-class innovations, the adidas Group was able to achieve strong sales and earnings growth. Despite the continuing weakness of the golf market worldwide and the resulting unsatisfactory business development of TaylorMade-adidas Golf, on a Group level the sales and earnings targets set at the beginning of the year were exceeded. The strong momentum currently experienced by adidas and Reebok around the globe has contributed significantly towards this. In addition to some initial visible successes in North America, this primarily reflects double-digit growth rates in Western Europe, Greater China and numerous other emerging markets in which the Group is superbly positioned. Additionally, in the past year, the company introduced its new strategic business plan 'Creating the New' until 2020.

Through a substantial increase in the brands' desirability, the Group aims to significantly improve sales and earnings over the next five years. And in the short term as well, in light of upcoming product launches and the presence of our brands at numerous high-profile sports events, our Group is extremely well positioned to continue growing profitably this year.

Supervision and advice in dialogue with the Executive Board

In the year under review, we again performed all our tasks laid down by law, the Articles of Association and the Rules of Procedure carefully and conscientiously. We regularly advised the Executive Board on the management of the company and diligently and continuously supervised its management activities, assuring ourselves of the legality, expediency and regularity thereof.

The Executive Board involved us directly in all of the Group's fundamental decisions. After in-depth consultation and examination of the detailed information submitted to us by the Executive Board, we approved individual transactions where required by law.

The Executive Board informed us extensively and in a timely manner through written and oral reports at our Supervisory Board meetings. This information covered all relevant aspects of the Group's business strategy, business planning, including finance, investment and personnel planning, the course of business and the Group's financial position and profitability. We were also kept up to date on matters relating to the risk situation, risk management and compliance as well as all major decisions and business transactions.

The Executive Board always explained immediately and in a detailed manner any deviations in business performance from the established plans, and the Supervisory Board as a whole discussed these matters in depth.

The Executive Board regularly provided us with comprehensive reports for the preparation of our meetings. We thus always had the opportunity to critically analyse the Executive Board's reports and resolution proposals within the committees and within the Supervisory Board as a whole and to put forward suggestions before resolving upon the Executive Board's proposals after in-depth examination and consultation. In the periods between our meetings, the Executive Board also provided us with extensive, timely monthly reports on the current business situation.

In the year under review, we held five regular meetings of the entire Supervisory Board as well as one extraordinary meeting by way of a conference call. Apart from two of these meetings which one Supervisory Board member and one meeting which two Supervisory Board members were prevented from attending due to other business appointments which could not be postponed, all members of the Supervisory Board attended the meetings. The average attendance rate at meetings of the entire Supervisory Board was therefore just under 93%. All the committee meetings, with the exception of one Audit Committee meeting at which one member was absent, were fully attended. The external auditor, KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), attended all regular meetings of the Supervisory Board, insofar as no Executive Board matters were dealt with. KPMG also attended all meetings of the Audit Committee. The employee representatives held separate meetings to prepare and discuss agenda items for all meetings of the entire Supervisory Board.

In the periods between meetings, the Supervisory Board Chairman and the Audit Committee Chairman maintained regular contact with the Chief Executive Officer and the Chief Financial Officer, conferring on matters such as corporate strategy, business development and planning, the risk situation and risk management as well as compliance. In addition, the Executive Board immediately informed the Supervisory Board Chairman about any significant events of fundamental importance for the management and for evaluating the situation and development of the company.

Topics for the entire Supervisory Board

Our consultations and examinations focused on the following topics:

Situation and business development

The development of sales and earnings, the employment situation as well as the financial position of the Group and the business development of the Group's individual business areas and markets were presented to us in detail by the Executive Board following the close of the respective quarter and were discussed regularly. Further ongoing topics for discussion were the possible impact of global economic developments as well as the development of our individual brands and markets.

In February 2015, the Executive Board presented us with details of the new strategic business plan Creating the New until 2020, established on the three key strategic pillars of Speed, Cities and Open Source. At our meeting in March, we reviewed and dealt intensively with the KPMG-certified 2014 annual financial statements and consolidated financial statements, including the combined management report for adidas AG and the Group, as well as the Executive Board's proposal regarding the appropriation of retained earnings. At this meeting as well as the meeting in May, we dealt in detail with the subject of retail profitability.

At the meetings held in August and November, the Executive Board provided us with comprehensive information on the continuing weakness of the golf market worldwide and the resulting unsatisfactory business development for TaylorMade-adidas Golf in the 2015 financial year. The Executive Board provided us at both these meetings with an extensive

outlook on the expected sales development of the golf business and informed us regarding the restructuring measures already undertaken. Following intensive discussions, we then approved the same. In November, the Executive Board reported on the major changes to the business model resulting from the Speed pillar of the 2020 strategic business plan. Furthermore, the Executive Board reported extensively on the measures the company had since taken to redress the allegations of, in some cases, adverse working conditions under the temporary work agencies used by the company at the Central Distribution Centre (CDC) in Rieste, Germany.

Transactions requiring Supervisory Board approval

In accordance with statutory regulations and the Rules of Procedure of the Supervisory Board, certain transactions and measures require a formal resolution or the prior approval of the Supervisory Board.

The topic of our February meeting was, after thorough discussion, the resolution on the 2015 Budget and Investment Plan presented by the Executive Board. In March, we resolved upon the resolutions to be proposed to the 2015 Annual General Meeting, including the proposal regarding the appropriation of retained earnings for the 2014 financial year as well as the proposal to approve the compensation system for the members of the Executive Board.

At the meetings in March and November, the Executive Board reported on the investment into the extension of office buildings at the World of Sports on the Herzogenaurach campus, which we approved in November after in-depth consultation and discussion. At our meeting in May, we discussed the strategic and financial advantages of acquiring the hitherto rented, strategically important distribution centre in Chekhov, Russia, which we approved in the interest of optimising profitability. At the August meeting, we discussed in detail the Executive Board's planned acquisition of all shares in runtastic GmbH, Austria which, with its comprehensive app portfolio, enables the company to further expand its digital marketing. We then approved the acquisition at a purchase price of € 220 million.

Composition of the Executive Board

At our meeting in May, we dealt extensively with the new law on the equal representation of women and men in leadership positions and discussed in detail the target figure for the future representation of women on the Executive Board of the company. Although primarily professional expertise, skills and experience as well as personality will remain decisive for the Supervisory Board in selecting a member to the Executive Board, at our meeting in August we resolved upon the target of appointing at least one woman as member of the Executive Board of adidas AG by June 30, 2017 at the latest.

At our November meeting, after in-depth consultation we resolved to renew Roland Auschel's mandate as member of the Executive Board and to extend his Executive Board service contract. With this personnel decision, we acknowledged his performance and ensured continuity on the Executive Board.

At our meeting in January 2016, we extensively discussed the resolution proposal prepared by the General Committee on the appointment of a successor for the long-standing Chief Executive Officer Herbert Hainer. Following in-depth consultation, we resolved to appoint Kasper Rorsted as full member of the Executive Board with effect from August 1, 2016 and as Chief Executive Officer with effect from October 1, 2016. As Kasper Rorsted is already available to assume his new position from this summer, Herbert Hainer agreed to relinquish his Executive Board mandate effective September 30, 2016.

Executive Board compensation

All matters regarding Executive Board compensation were prepared comprehensively by the General Committee, as provided for in the Rules of Procedure of the Supervisory Board, and then submitted to the Supervisory Board as a whole for resolution. Each year at our February meeting of the entire Supervisory Board, the main subject is Executive Board compensation. At this meeting, following an in-depth review of the performance of the Executive Board members and the achievement of targets set for the Long Term Incentive Plan 2012/2014 ('LTIP 2012/2014') and for the 2014 Performance Bonus Plan respectively, we resolved upon the bonuses to be granted to the Executive Board members based on these plans. At this meeting, we discussed in detail the introduction of a cap for any potential severance payment upon premature termination of Executive Board tenure and then resolved to limit any such compensatory payment to a maximum of twice the (contractually defined) overall annual

compensation, however not to exceed payment claims for the remaining period of the service contract. Regarding the minor benefits granted to Executive Board members, we also introduced a cap of 5% of the sum of the annual fixed salary plus the (potential) Performance Bonus. At our meeting in March, we discussed in detail the targets and key criteria for the new Long Term Incentive Plan LTIP 2015/2017 that is measured over a three-year period and the 2015 Performance Bonus Plan as well as the individual bonus target amounts, and then resolved upon them for each Executive Board member.

In line with the German Corporate Governance Code (hereinafter referred to as the 'Code'), in the year under review we commissioned an external, independent compensation expert to review the Executive Board compensation system and the individual compensation of the Executive Board members. The review found that the compensation structure is oriented towards sustainable development of the company and that it meets statutory requirements as well as those of the Code. It furthermore found that the target compensation of the Executive Board members is considered appropriate as defined by the German Stock Corporation Act (Aktiengesetz – AktG) and the Code, but also that a comparison with other companies reveals above all a need to address the pensions granted to the Executive Board members. Also regarding the fixed annual compensation of some individual members of the Executive Board, the review showed that there is room for a moderate increase in order to ensure competitive compensation. At the meetings of the General Committee and of the Supervisory Board as a whole in October and November, the members of the Supervisory Board considered in detail the results of the review and agreed with the assessment of the compensation expert. The Supervisory Board therefore resolved upon the necessary adjustments to the annual fixed salary with effect from the 2016 financial year as well as upon a change in the structure of the pensions granted.

At our meeting in February 2016, we considered in depth the performance of each Executive Board member in the year under review and then resolved upon the 2015 Performance Bonuses to be granted to them.

Detailed information concerning Executive Board compensation can be found in the Compensation Report.

Corporate governance

The Supervisory Board regularly monitors the application and further development of the corporate governance regulations within the company, in particular the implementation of the regulations of the Code. At the meeting in February, we discussed in depth the introduction of a severance payment cap and the inclusion of corresponding provisions in all new or extended Executive Board service contracts in the future. At the same meeting, we furthermore decided to also include a cap on other minor benefits in all new or extended Executive Board service contracts in the future, thus implementing a further recommendation of the Code. As Supervisory Board elections had taken place in May 2014, at the February meeting we also discussed again and updated the objectives the Supervisory Board had set for its composition in the 2013 calendar year. Additionally, we included inter alia the objective that a woman must be represented on the Nomination Committee.

At our meeting in August, we discussed the amendments made to the Code by the Government Commission on the German Corporate Governance Code on May 5, 2015 concerning the professionalisation of the Supervisory Board. We furthermore resolved on the implementation of an efficiency examination by means of a questionnaire and involving an external consultant.

At our November meeting, we resolved upon an intra-year amendment to the Declaration of Compliance from February 12, 2015. The amendment was necessary in light of our resolution to convert the hitherto defined benefit pension plans into defined contribution pension plans for the Executive Board members who were first appointed on or after October 1, 2013.

At our meeting in February 2016, we discussed in depth the contents of the Declaration of Compliance which must be issued each year. By way of circular resolution, we resolved upon the Declaration on February 15, 2016, which we then made permanently available to our shareholders on our website. **www.adidas-group.com/s/corporate-governance**.

In the year under review, no conflicts of interest arose with regard to the Executive Board members. With the exception of the following matter, there were also no conflicts of interest within the Supervisory Board.

In the first quarter of 2015, following extensive discussions at its meetings, the Supervisory Board gave its approval to one project-specific consulting contract and two project-specific, fixed-term service contracts with two companies in which in each case one Supervisory Board member has an interest. In order to avoid conflicts of interest, the two Supervisory Board members concerned participated neither in the respective discussions nor in the resolutions. The consulting contract was terminated by the company with effect from June 30, 2015. As the fixed-term service contracts expired at the end of the year under review, in December 2015 and under exclusion of the Supervisory Board member concerned, by way of circular resolution we approved the conclusion of a new framework contract starting in January 2016.

Further information on corporate governance at the adidas Group can be found in the Corporate Governance Report including the Declaration on Corporate Governance.

Efficient committee work

In order to perform our tasks in an efficient manner, in addition to the six Supervisory Board standing committees, we also established the project-related ad hoc committee 'Relay', which we dissolved at the November meeting of the Supervisory Board upon completion of the project. The committees prepare resolutions of the Supervisory Board as well as topics for Supervisory Board meetings. Within the legally permissible framework and in appropriate cases, we have furthermore delegated the Supervisory Board's authority to pass certain resolutions to individual committees. With the exception of the Audit Committee, the Supervisory Board Chairman also chairs all the standing committees. The committee chairpersons inform the Supervisory Board about the content and results of the committee meetings at the subsequent meeting of the entire Supervisory Board.

/ The **Steering Committee** did not meet in the year under review.

/ The **General Committee** held eight meetings in the 2015 financial year. One additional meeting, dealing with topics of the year under review, took place in February 2016.

The main focus of the meetings of the General Committee was the preparation of the resolutions of the Supervisory Board as a whole, detailed individually above. For the resolution of the Supervisory Board on the variable compensation components, the General

Committee dealt comprehensively with the performance of the Executive Board members in the 2014 and 2015 financial years, and furthermore prepared proposals for the new performance criteria and individual target bonuses for the variable compensation components applicable as of the 2015 financial year, such as the LTIP 2015/2017 and the 2015 Performance Bonus Plan. The committee furthermore prepared the resolution of the Supervisory Board on reviewing the appropriateness of Executive Board compensation and on setting a target figure for the future representation of women on the Executive Board. Based on detailed analyses and sector comparisons conducted by an external compensation consultant, the General Committee prepared a resolution proposal for restructuring the Executive Board pension scheme. Starting in February, in consultation with a high-profile external executive search firm, the General Committee dealt intensively with the search for a suitable successor for the long-standing Chief Executive Officer Herbert Hainer. Based on a requirements profile developed by the Supervisory Board, the General Committee met with several selected candidates in person and convinced itself of their qualifications and suitability before, following in-depth discussions at its meeting in November, preparing a resolution proposal for the Supervisory Board.

/ The **Audit Committee** held five meetings in the year under review. One additional meeting, dealing with topics of the year under review, took place in February 2016. The Chief Financial Officer and the auditor were present at all meetings and reported to the committee members in detail.

In addition to the supervision of the accounting process, the committee's work focused on the comprehensive review of the first quarter report, the first half year report and the report on the first nine months together with the Chief Financial Officer and the auditor before the respective dates of publication, also the preliminary examination of the annual financial statements and the consolidated financial statements for 2014, including the combined management report of adidas AG and the Group, as well as the Executive Board's proposal regarding the appropriation of retained earnings. Following an in-depth review of the audit reports with the auditor, the committee decided to recommend that the Supervisory Board approve the 2014 annual financial statements and consolidated financial statements. In addition, after obtaining the auditor's declaration of independence, the Audit Committee prepared the Supervisory Board's proposal to the Annual General Meeting concerning the selection of the auditor of the annual financial statements and the consolidated financial

statements for 2015. Following extensive discussion by the committee, the priority topics for the audit of the 2015 annual financial statements and consolidated financial statements were determined and the audit assignment was granted together with the corresponding audit fee.

As in previous years, the meeting in September focused on examining the efficiency of the internal audit system, the internal control system and the risk and compliance management system. In the context of this examination, the committee members reviewed in depth the main risk factors for the Group, the applied control methods and reporting systems and the efficiency thereof with the aid of written and oral reports. In the course of the following comprehensive discussions, inter alia with the auditor, the committee members assured themselves of the effectiveness of the systems and discussed possibilities for improvement. Furthermore, the 2015 audit report and the draft of the 2016 audit plan of Internal Audit were discussed in detail. Additionally, the committee resolved upon the implementation of an efficiency examination of its activities, the results of which were presented to the committee at its meeting in November.

The reporting of the Chief Compliance Officer was a topic at every meeting of the Audit Committee. At the September meeting, he reported extensively on the independent audit conducted at the Central Distribution Centre in Rieste in order to bring clarity regarding accusations of, in some cases, adverse working conditions, and about the countermeasures to be taken.

/ The **Finance and Investment Committee** held six meetings in the year under review, two of which were held by way of a conference call.

At the meetings in the first quarter, the committee extensively discussed the commencement of a second tranche of a share buyback programme based on the authorisation granted by the Annual General Meeting in May 2014, and approved the proposal of the Executive Board to repurchase up to a maximum of six million shares in the period between March 6 and July 3, 2015 at an overall purchase price of up to € 300 million. At the August meeting, the committee discussed in detail the potential acquisition of runtastic GmbH, Austria, and recommended that the Supervisory Board approve the acquisition at an overall purchase price of € 220 million.

Following extensive discussions, at the November and December meetings the committee members granted approval for certain capital increases for Group subsidiaries.

/ The **Mediation Committee**, established in accordance with the German Co-Determination Act (Mitbestimmungsgesetz – MitbestG), had no reason to convene in 2015.

/ The **Nomination Committee** did not meet in the year under review.

/ The **'Relay' Committee**, which was established for the sale of the Rockport brand, did not meet in the year under review.

Examination of the 2015 annual financial statements and consolidated financial statements:

KPMG audited the 2015 consolidated financial statements prepared by the Executive Board in accordance with § 315a German Commercial Code (Handelsgesetzbuch – HGB) in compliance with IFRS and issued an unqualified opinion thereon. The auditor also approved without qualification the 2015 annual financial statements of adidas AG, prepared in accordance with HGB requirements, and the combined Management Report for adidas AG and the Group. The financial statements, the proposal put forward by the Executive Board regarding the appropriation of retained earnings and the auditor's reports were distributed by the Executive Board to all Supervisory Board members in a timely manner. We examined the documents in depth, with a particular focus on legality and regularity, in the presence of the auditor at the Audit Committee meeting held on February 26, 2016 and at the Supervisory Board's March 2, 2016 financial statements meeting, during which the Executive Board explained the financial statements in detail. At both meetings, the auditor reported the material results of the audit with a focus on the priority topics of the year under review as agreed with the Audit Committee and was available for questions and the provision of additional information. The auditor did not report any significant weaknesses with respect to the internal control and risk management system relating to the accounting process. We also discussed in depth with the Executive Board the proposal concerning the appropriation of retained earnings, which provides for a dividend of € 1.60 per dividend-entitled share and adopted the proposal under consideration of the Group's financial situation and future prospects as well as the expectations of our shareholders. Based on our own examinations

of the annual and consolidated financial statements, we came to the conclusion that there are no objections to be raised. At our financial statements meeting, therefore, following the recommendation of the Audit Committee, we approved the audit results and the financial statements prepared by the Executive Board. The annual financial statements of adidas AG were thus approved.

Changes on the Supervisory Board

In the 2015 financial year, there were no changes on the Supervisory Board.

Expression of thanks

On behalf of the Supervisory Board, I wish to thank the Executive Board and all adidas Group employees around the world for their tremendous personal dedication and their ongoing commitment, and I also thank the employee representatives for their good collaboration.

For the Supervisory Board

IGOR LANDAU

Chairman of the Supervisory Board

March 2016

