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First Half Year 2010 Results:

Currency-neutral Group sales grow 7% in the first half year
Net income attributable to shareholders reaches record level
adidas Group increases 2010 financial outlook

- **adidas brand currency-neutral sales increase 13% in the second quarter**
- **Reebok brand currency-neutral sales grow 16% in the second quarter**
- **Comparable Retail store sales increase 8% on a currency-neutral basis in the first half of 2010**
- **First half Group gross and operating margin increase 3.7 and 5.6 percentage points respectively**
- **Group inventories decrease 11% on a currency-neutral basis**

adidas Group currency-neutral sales increase at double-digit rate in the second quarter
During the second quarter of 2010, Group revenues increased 11% on a currency-neutral basis. Currency-neutral revenues in Western Europe increased 13% supported by strong growth in the football category. Currency-neutral sales in European Emerging Markets increased 25% driven by double-digit growth in both the Wholesale and Retail segments. Group sales in North America grew 8% on a currency-neutral basis, driven by a 7% sales increase for adidas and a 30% sales increase for Reebok in the region during the second quarter. Currency-neutral sales in Greater China declined 18% due to the continued efforts to reduce inventories in the market. Currency-neutral sales in Other Asian Markets and in Latin America were up 11% and 27% on a currency-neutral basis, respectively. Currency translation effects had a positive impact on segmental sales in euro terms. Group revenues grew 19% to € 2.917 billion in the second quarter of 2010 from € 2.457 billion in 2009.

Second quarter diluted EPS at € 0.60
The Group's gross margin increased 4.0 percentage points to 48.9% (2009: 45.0%) in the second quarter mainly due to lower input costs, less clearance sales and a larger share of higher-margin Retail sales as well as positive currency effects, particularly related to the Russian rouble. Group gross profit increased 29% to € 1.427 billion (2009: € 1.105 billion). Other operating expenses as a percentage of sales were stable compared to the prior year at 43.9%. Higher marketing expenses were offset by a decline in operating overhead expenditures as a percentage of sales. As a result of the higher gross margin, the Group's operating margin increased 3.8 percentage points to 6.7% in the second quarter of 2010 versus 2.9% in 2009. Operating profit

increased 172% to € 195 million in the second quarter of 2010 compared to € 72 million in 2009. In the second quarter of 2010, the Group's net income attributable to shareholders amounted to € 126 million (2009: € 9 million). Diluted earnings per share for the second quarter increased significantly to € 0.60 (2009: € 0.06)

"We had an outstanding first half year driven by the FIFA World Cup 2010™ and the resurgence of the Reebok brand in North America," commented Herbert Hainer, adidas Group CEO. "Sales momentum at both adidas and Reebok accelerated in the second quarter with currency-neutral sales increasing 13% and 16% respectively."

adidas Group currency-neutral sales increase 7% in the first half of 2010

In the first half of 2010, Group revenues increased 7% on a currency-neutral basis driven by growth in Wholesale, Retail and Other Businesses. Currency translation effects had a positive impact on sales in euro terms. Group revenues grew 11% to € 5.590 billion in the first half of 2010 from € 5.034 billion in 2009.

First half Group sales increase driven by the Wholesale and Retail segments

The adidas Group's sales increase in the first half of 2010 was driven by double-digit growth in the Retail segment as well as higher sales in the Wholesale segment and in Other Businesses. Currency-neutral **Wholesale** revenues increased 6% during the period driven by higher adidas and Reebok sales. Currency-neutral **Retail** sales increased 16% versus the prior year as a result of double-digit adidas and Reebok sales growth. Revenues in **Other Businesses** increased 3% on a currency-neutral basis due to sales growth at TaylorMade-adidas Golf.

Currency translation effects had a positive impact on segmental sales in euro terms. **Wholesale** revenues increased 10% to € 3.826 billion in the first half of 2010 from € 3.480 billion in 2009. **Retail** sales increased 20% to € 1.061 billion versus € 886 million in the prior year. Sales in **Other Businesses** grew 7% to € 703 million in the first half of 2010 (2009: € 657 million).

	1st Half Year 2010	**1st Half Year 2009**	**Change y-o-y in euro terms**	**Change y-o-y currency-neutral**
	€ in millions	€ in millions	in %	in %
Wholesale	**3,826**	3,480	10	6
Retail	**1,061**	886	20	16
Other Businesses	**703**	657	7	3
Total[1)]	**5,590**	**5,034**	**11**	**7**

First half year net sales growth by segment
1) Including HQ/Consolidation.

Currency-neutral sales increase in nearly all regions

In the first half of 2010, currency-neutral adidas Group sales increased in all regions except Greater China. Revenues in **Western Europe** increased 8% primarily as a result of double-digit sales increases in the UK, Germany and Spain. In **European Emerging Markets**, Group sales increased 13% on a currency-neutral basis due to growth in most of the region's markets, in particular Russia. Sales for the adidas Group in **North America** increased 10% on a currency-neutral basis due to strong increases in both the USA and Canada. Sales in **Greater China** decreased 16% on a currency-neutral basis. Currency-neutral revenues in **Other Asian Markets** grew 4% due to increases in most markets. In **Latin America**, sales grew 23% on a currency-neutral basis, with double-digit increases in most of the region's major markets.

Currency translation effects had a positive impact on regional sales in euro terms. Group revenues in **Western Europe** increased 10% to € 1.772 billion in the first half of 2010 from € 1.618 billion in 2009. In **European Emerging Markets**, sales grew 15% to € 633 million in the first half of 2010 from € 549 million in 2009. Sales in **North America** increased 12% to € 1.312 billion from € 1.169 billion in 2009. Revenues in **Greater China** decreased 16% to € 403 million in the first half of 2010 from € 481 million in 2009. In **Other Asian Markets**, sales increased 14% to € 868 million versus € 764 million in the prior year. Revenues in **Latin America** grew 36% to € 601 million from € 443 million in the prior year.

	1st Half Year 2010	**1st Half Year 2009**	**Change y-o-y in euro terms**	**Change y-o-y currency-neutral**
	€ in millions	€ in millions	in %	in %
Western Europe	**1,772**	1,618	10	8
European Emerging Markets	**633**	549	15	13
North America	**1,312**	1,169	12	10
Greater China	**403**	481	(16)	(16)
Other Asian Markets	**868**	764	14	4
Latin America	**601**	443	36	23
Total[1)]	**5,590**	**5,034**	**11**	**7**

First half year net sales growth by region
1) Including HQ/Consolidation.

Group gross margin increases 3.7 percentage points

The gross margin of the adidas Group increased 3.7 percentage points to 48.8% in the first half of 2010 (2009: 45.1%). This development was mainly due to lower input costs, less clearance sales and a larger share of higher-margin Retail sales. Positive currency effects related to the appreciation of the Russian rouble also had a minor effect on Group gross margin. As a result, gross profit for the adidas Group grew 20% in the first half of 2010 to € 2.727 billion versus € 2.269 billion in the prior year.

Operating margin increases 5.6 percentage points

The operating margin of the adidas Group increased 5.6 percentage points to 8.1% in the first half of 2010 (2009: 2.6%). The operating margin increase was primarily due to the higher gross margin as well as lower other operating expenses as a percentage of sales. As a result, Group operating profit increased 251% to € 454 million versus € 129 million in 2009. Other operating expenses as a percentage of sales decreased 1.6 percentage points to 42.8% in the first half of 2010 from 44.3% in 2009. In absolute terms, other operating expenses increased 7% to € 2.390 billion in the first half of 2010 (2009: € 2.232 billion). Thereof, sales and marketing working budget expenditures amounted to € 756 million, which represents an increase of 20% versus the prior year level (2009: € 630 million). The increase was primarily related to higher expenditures to support adidas presence at the 2010 FIFA World Cup™. As a result of the higher Group sales base, however, sales and marketing working budget expenditures as a percentage of sales increased only 1.0 percentage points to 13.5% (2009: 12.5%).

Financial income up 217%

Financial income increased 217% to € 23 million in the first half of 2010 from € 7 million in the prior year, mainly due to positive exchange rate effects.

Financial expenses decrease 41%

Financial expenses decreased 41% to € 58 million in the first half of 2010 (2009: € 99 million). The non-recurrence of prior year negative exchange rate effects as well as lower interest expenses contributed to the decline.

Income before taxes increases strongly

Income before taxes (IBT) as a percentage of sales increased 6.8 percentage points to 7.5% in the first half of 2010 from 0.7% in 2009. This was primarily a result of the Group's operating margin increase and lower financial expenses. IBT for the adidas Group increased to € 419 million from € 37 million in 2009.

Net income attributable to shareholders reaches record level

The Group's net income attributable to shareholders increased to € 295 million in the first half of 2010 from € 13 million in 2009. This is the highest ever first half result achieved by the adidas Group. Higher operating profit was the primary reason for this development. The Group's tax rate decreased 37.2 percentage points to 29.5% in the first half of 2010 (2009: 66.8%), mainly due to a more favourable regional earnings mix compared to the prior year. Net income attributable to non-controlling interests amounted to € 0 million in the first half of 2010 versus negative € 1 million in 2009.

Earnings per share increase to € 1.41

Following the full conversion of the Group's convertible bond in the fourth quarter of 2009, the Group has no dilutive potential shares anymore. As a result, diluted earnings per share equal basic earnings per share. In the first half of 2010, basic and diluted earnings per share amounted to € 1.41. In the prior year period, basic earnings per share amounted to € 0.07 and diluted earnings per share to € 0.10. The weighted average number of shares used in the calculation was 209,216,186 in the first half of 2010. In the prior year period, the number amounted to 193,515,512 for the calculation of basic earnings per share and 209,259,974 for the calculation of diluted earnings per share.

Group inventories decrease 11% currency-neutral

Group inventories remained stable at € 2.049 billion at the end of June 2010 versus € 2.041 billion in 2009. On a currency-neutral basis, inventories declined 11%. This was mainly a result of clearance of excess inventories at all of the Group's brands throughout the last twelve months, primarily in the second half of 2009.

Accounts receivable increase 3% currency-neutral

At the end of June 2010, Group receivables increased 16% to € 1.999 billion (2009: € 1.729 billion). On a currency-neutral basis, receivables grew 3%. This development compares to a currency-neutral Group sales increase of 11% in the second quarter of 2010, reflecting the strict discipline in implementing the Group's trade terms and improved collection of receivables as the economic situation in most markets continued to improve.

Net borrowings down € 1.642 billion

Net borrowings at June 30, 2010 amounted to € 1.090 billion, which represents a decrease of € 1.642 billion, or 60%, versus € 2.732 billion at the end of June 2009. Lower working capital requirements and the complete conversion of the Group's € 400 million convertible bond in the fourth quarter of 2009 were the main reasons for the net debt decline. This positive development was partly offset by negative currency translation effects in an amount of € 35 million. Consequently, the Group's ratio of net borrowings over 12-month rolling EBITDA decreased to 1.0 at the end of June 2010 versus 2.9 in the prior year.

Management increases 2010 sales outlook for Wholesale and Retail segments

Following the stronger than expected first half performance and improved visibility in the second half of the year, Management has decided to partially increase the financial outlook published in May. Management continues to expect **adidas Group** sales to increase at a mid-single-digit rate on a currency-neutral basis in 2010. Positive impacts from the 2010 FIFA World Cup™, high exposure to fast-growing emerging markets as well as strong improvements at the Reebok brand are forecasted to support Group sales growth. Management now projects currency-neutral **Wholesale** segment revenues to increase at a mid-single-digit rate compared to the prior year (previously: low- to mid-single-digit). Order backlog development as well as positive retailer and trade show feedback support Management's growth expectations for the remainder of 2010. adidas Group currency-neutral **Retail** segment sales are projected to grow at a low-double-digit rate in 2010. Expansion of the Group's own-retail store base will be the primary driver of the revenue increase. Comparable store sales are now expected to increase at a mid-single-digit rate (previously: low- to mid-single-digit rate) compared to the prior year. In 2010, revenues of **Other Businesses** are expected to increase at a low-single-digit rate on a currency-neutral basis.

Earnings per share now expected to increase to a level between € 2.50 and € 2.62

In 2010, the adidas Group gross margin is now forecasted to increase to a level approaching 47.5% versus 45.4% in 2009 (previously: increase to a level between 46.5% and 47.5%). Improvements are expected in all segments. Group gross margin will benefit from lower sourcing costs as a result of reduced material costs and lower capacity utilisation among suppliers. This effect is expected to moderate in the second half of the year. Also, a higher share of sales from the Retail segment, which carry a higher gross margin, is forecasted to support Group gross margin development. In addition, lower levels of clearance sales due to reduced inventory levels compared to the prior year as well as the appreciation of the Russian rouble are forecasted to contribute to margin increases. However, these positive effects are expected to be partly offset by ongoing price pressures from a competitive retail environment, in particular in more mature markets, and less favourable hedging terms compared to the prior year.

The Group's other operating expenses as a percentage of sales are expected to decrease modestly (2009: 42.3%). Sales and marketing working budget expenses as a percentage of sales are expected to increase versus the prior year to support adidas presence at the 2010 FIFA World Cup™ as well as to sustain Reebok's growth strategy in muscle toning and conditioning. However, this increase will be more than offset by lower operating overhead expenditures as a percentage of sales.

As a result of gross margin improvements as well as lower other operating expenses as a percentage of sales, the operating margin for the adidas Group is now expected to be around 7.5% (2009: 4.9%; previously: around 7.0%). Financial expenses are projected to decline as a result of a lower average level of net borrowings in 2010 compared to the prior year. The Group tax rate is expected to be slightly below the prior year level (2009: 31.5%). As a result of these developments, earnings per share are now expected to increase strongly to a level between € 2.50 and € 2.62 (2009 diluted earnings per share: € 1.22; previously: increase to a level between € 2.05 and € 2.30).

Herbert Hainer stated: "The record first half performance and the financial strength of our Group provides us with plenty of firepower to accelerate our marketing and investment offensive in the coming quarters. Whether it's toning, lightweight technologies or lifestyle, our brands are right on the consumer pulse. The energy we are creating in the market this year will be an important catalyst in propelling our Group to new heights in the years to come."

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Please visit our corporate website: www.adidas-Group.com

adidas AG Consolidated Income Statement (IFRS)

€ in millions	2nd quarter 2010	2nd quarter 2009	Change
Net sales	2,917	2,457	*18.7 %*
Cost of sales	1,490	1,352	*10.2 %*
Gross profit	**1,427**	**1,105**	*29.2 %*
(% of net sales)	48.9%	45.0%	*4.0 pp*
Royalty and commission income	24	24	*(0.1) %*
Other operating income	25	22	*15.8 %*
Other operating expenses	1,281	1,079	*18.8 %*
(% of net sales)	43.9%	43.9%	*0.0 pp*
Operating profit	**195**	**72**	*172.3 %*
(% of net sales)	6.7%	2.9%	*3.8 pp*
Financial income	11	3	*314.0 %*
Financial expenses	30	47	*(34.7) %*
Income before taxes	**176**	**28**	*521.7 %*
(% of net sales)	6.0%	1.2%	*4.9 pp*
Income taxes	50	20	*145.0 %*
(% of income before taxes)	28.1%	71.3%	*(43.2) pp*
Net income	**126**	**8**	-
(% of net sales)	4.3%	0.3%	*4.0 pp*
Net income attributable to shareholders	**126**	**9**	-
(% of net sales)	4.3%	0.3%	*4.0 pp*
Net income attributable to non-controlling interests	**(0)**	**(1)**	*78.1 %*
Basic earnings per share (in €)	**0.60**	**0.04**	-
Diluted earnings per share (in €)	**0.60**	**0.06**	-

Net Sales

€ in millions	2nd quarter 2010	2nd quarter 2009	Change	Change (currency-neutral)
Wholesale	1,928	1,605	*20.1 %*	*12.1 %*
Retail	602	486	*23.8 %*	*16.7 %*
Other Businesses	387	362	*6.9 %*	*(0.8) %*
Western Europe	827	719	*15.0 %*	*13.0 %*
European Emerging Markets	343	256	*34.3 %*	*25.5 %*
North America	727	637	*14.3 %*	*7.6 %*
Greater China	205	234	*(12.5) %*	*(17.9) %*
Other Asian Markets	484	383	*26.5 %*	*10.8 %*
Latin America	330	226	*46.2 %*	*27.4 %*
adidas	2,103	1,750	*20.2 %*	*12.5 %*
Reebok	435	350	*24.4 %*	*15.8 %*
TaylorMade-adidas Golf	269	255	*5.6 %*	*(1.5) %*
Rockport	58	55	*5.4 %*	*(2.6) %*
Reebok-CCM Hockey	52	44	*18.1 %*	*6.1 %*

Rounding differences may arise in percentages and totals.

adidas AG Consolidated Income Statement (IFRS)

€ in millions	1st half year 2010	1st half year 2009	Change
Net sales	5,590	5,034	*11.0 %*
Cost of sales	2,863	2,765	*3.5 %*
Gross profit	**2,727**	**2,269**	*20.2 %*
(% of net sales)	48.8%	45.1%	*3.7 pp*
Royalty and commission income	45	44	*3.0 %*
Other operating income	72	48	*48.8 %*
Other operating expenses	2,390	2,232	*7.1 %*
(% of net sales)	42.8%	44.3%	*(1.6) pp*
Operating profit	**454**	**129**	*251.2 %*
(% of net sales)	8.1%	2.6%	*5.6 pp*
Financial income	23	7	*217.3 %*
Financial expenses	58	99	*(41.1) %*
Income before taxes	**419**	**37**	-
(% of net sales)	7.5%	0.7%	*6.8 pp*
Income taxes	124	25	*402.6 %*
(% of income before taxes)	29.5%	66.8%	*(37.2) pp*
Net income	**295**	**12**	-
(% of net sales)	5.3%	0.2%	*5.0 pp*
Net income attributable to shareholders	**295**	**13**	-
(% of net sales)	5.3%	0.3%	*5.0 pp*
Net income attributable to non-controlling interests	**0**	**(1)**	*164.9 %*
Basic earnings per share (in €)	**1.41**	**0.07**	-
Diluted earnings per share (in €)	**1.41**	**0.10**	-

Net Sales

€ in millions	1st half year 2010	1st half year 2009	Change	Change (currency-neutral)
Wholesale	3,826	3,480	*10.0 %*	*6.3 %*
Retail	1,061	886	*19.8 %*	*16.5 %*
Other Businesses	703	657	*6.9 %*	*2.9 %*
Western Europe	1,772	1,618	*9.5 %*	*7.9 %*
European Emerging Markets	633	549	*15.4 %*	*12.9 %*
North America	1,312	1,169	*12.3 %*	*10.5 %*
Greater China	403	481	*(16.1) %*	*(16.5) %*
Other Asian Markets	868	764	*13.6 %*	*4.3 %*
Latin America	601	443	*35.6 %*	*23.1 %*
adidas	4,101	3,667	*11.8 %*	*8.2 %*
Reebok	811	724	*12.1 %*	*8.7 %*
TaylorMade-adidas Golf	492	449	*9.6 %*	*5.7 %*
Rockport	114	115	*(1.0) %*	*(3.9) %*
Reebok-CCM Hockey	73	68	*6.6 %*	*(1.6) %*

Rounding differences may arise in percentages and totals.

adidas AG Consolidated Balance Sheet (IFRS)

€ in millions	Jun. 30 2010	Jun. 30 2009	Change	Dec. 31 2009
Cash and cash equivalents	594	176	237.2%	775
Short-term financial assets	90	128	(29.8)%	75
Accounts receivable	1,999	1,729	15.6%	1,429
Other current financial assets	311	157	98.9%	160
Inventories	2,049	2,041	0.4%	1,471
Income tax receivables	91	81	11.7%	89
Other current assets	428	467	(8.4)%	360
Assets classified as held for sale	79	27	188.6%	126
Total current assets	**5,641**	**4,806**	**17.4%**	**4,485**
Property, plant and equipment	816	868	(6.0)%	723
Goodwill	1,610	1,492	7.9%	1,478
Trademarks	1,575	1,367	15.2%	1,342
Other intangible assets	161	186	(13.6)%	160
Long-term financial assets	93	98	(4.4)%	91
Other non-current financial assets	124	42	191.3%	58
Deferred tax assets	463	422	9.7%	412
Other non-current assets	125	126	(0.5)%	126
Total non-current assets	**4,967**	**4,601**	**8.0%**	**4,390**
Total assets	**10,608**	**9,407**	**12.8%**	**8,875**
Short-term borrowings	292	603	(51.5)%	198
Accounts payable	1,464	1,060	38.2%	1,166
Other current financial liabilities	107	111	(3.8)%	101
Income taxes	247	244	1.3%	194
Provisions	400	321	24.7%	320
Accrued liabilities	823	580	42.0%	625
Other current liabilities	268	202	32.8%	232
Liabilities classified as held for sale	1	0	n.a.	0
Total current liabilities	**3,602**	**3,121**	**15.4%**	**2,836**
Long-term borrowings	1,482	2,433	(39.1)%	1,569
Other non-current financial liabilities	23	13	81.0%	25
Pensions and similar obligations	167	133	25.8%	157
Deferred tax liabilities	515	430	19.6%	433
Non-current provisions	23	30	(24.1)%	29
Non-current accrued liabilities	35	20	69.2%	22
Other non-current liabilities	25	34	(24.6)%	28
Total non-current liabilities	**2,270**	**3,093**	**(26.6)%**	**2,263**
Share capital	209	194	8.1%	209
Reserves	948	(122)	-	212
Retained earnings	3,572	3,117	14.6%	3,350
Shareholders' equity	4,729	3,189	48.3%	3,771
Non-controlling interests	7	4	69.8%	5
Total equity	**4,736**	**3,193**	**48.3%**	**3,776**
Total liabilities and equity	**10,608**	**9,407**	**12.8%**	**8,875**
Additional balance sheet information				
Operating working capital	2,583	2,710	(4.7)%	1,734
Working capital	2,038	1,685	20.9%	1,649
Net total borrowings	1,090	2,732	(60.1)%	917
Financial leverage	23.1%	85.7%	(62.6) PP	24.3%

Rounding differences may arise in percentages and totals.