

FINANCIAL STATEMENTS OF adidas AG

for the Year Ended December 31, 2012



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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 2012 Annual Report of the adidas Group.

The Financial Statements and the combined Management Report for adidas AG and the adidas Group for the 2012 financial year are filed with and published in the electronic Federal Gazette.

The Financial Statements of adidas AG as well as the Annual Report for the 2012 financial year are also available for download on the Internet at www.adidas-group.com/annualreports.

Annual financial statements of adidas AG

Balance Sheet

EUR thousand

		12/31/2012	12/31/2011
ASSETS			
FIXED ASSETS (1)			
Intangible assets	(2)	151,894	153,899
Tangible assets	(2)	264,398	255,154
Financial assets	(3)	3,480,206	3,429,370
		3,896,498	3,838,423
CURRENT ASSETS			
Inventories	(4)	32,541	30,282
Receivables and other assets	(5)	1,976,406	1,766,666
Cash and cash equivalents	(6)	1,048,306	382,689
		3,057,253	2,179,637
PREPAID EXPENSES	(7)	76,041	28,032
		7,029,792	6,046,092
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital	(8)	209,216	209,216
Capital reserves	(8)	1,200,966	1,145,075
Revenue reserves		655,128	655,128
Retained earnings	(9)	606,495	312,206
		2,671,805	2,321,625
UNTAXED RESERVE	(10)	5,041	5,363
PROVISIONS/ACCRUAL	(11)	361,098	339,482
LIABILITIES	(12)	3,991,772	3,379,490
DEFERRED INCOME		76	132
		7,029,792	6,046,092

Annual financial statements of adidas AG

Income Statement

EUR thousand

		2012	2011
Sales	(14)	2,004,541	1,765,801
Change in inventory		-54	355
Total output		2,004,487	1,766,156
Other operating income	(15)	1,269,892	1,253,802
Cost of materials	(16)	-573,655	-530,846
Personnel expenses	(17)	-343,419	-304,364
Depreciation and amortization of tangible and intangible assets	(18)	-71,431	-69,434
Other operating expenses	(19)	-2,055,398	-2,124,696
Income from operations		230,476	-9,382
Income from investments in related companies	(20)	86,212	147,286
Profit and loss transfer agreement:			
- profits received	(21)	335,841	93,643
- losses absorbed		0	0
Depreciation on financial assets	(22)	0	0
Interest result	(23)	-72,135	-62,475
Income from ordinary activities		580,394	169,072
Taxes on income	(24)	-76,149	-57,709
Other taxes		-740	-246
NET INCOME		503,505	111,117
Retained earnings brought forward		102,990	201,089
RETAINED EARNINGS		606,495	312,206

Notes to the annual financial statements of adidas AG for the year ended December 31, 2012

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.

Accounting policies

Acquired intangible fixed assets are recognized at cost and subject to periodic straight-line amortization over their expected useful lives. The intangible fixed assets acquired in 2009 in the course of the transfer of the brand management function are amortized over a useful life of eight years.

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.

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. The refurbishment costs of buildings comprising the World of Sports headquarters, owned by GEV Grundstücksgesellschaft Herzogenaurach mbH & Co. KG, a company within the adidas AG Group, are depreciated over 20 years. The "Laces" office building located on the "World of Sports" grounds, which is beneficially owned by adidas AG by virtue of a use agreement between the property owner GEV Grundstücksgesellschaft Herzogenaurach mbH & Co. KG and adidas AG has a useful life of 33 years.

Chattel assets are depreciated on a straight-line basis.

Minor-value assets worth less than €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.

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 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 and loss only if they are not covered by unrealized gains in the hedge accounting. Derivative transactions that are not recognized using hedge accounting are measured individually at fair value. Any resulting losses are recognized in profit and loss.

Deferred taxes are recognized for temporary differences between the commercial 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.

Provisions for pensions 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 method (PUC). The provision 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 wage and pension benefit increases are factored in to the provision using a 1% to 2% p.a. growth rate. 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 5.06% as of December, 31 2012 (previous year: 5.13%); this rate was determined and published by the German Bundesbank as the average market rate for the past seven fiscal years for an assumed term of 15 years.

Other provisions cover all discernible risks and uncertain obligations and are recognized in the 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 for partial and early retirement liabilities, reported under other provisions, are discounted at 3.98% as of 12/31/2012 (previous year: 4.08 %). This rate was determined and published by the German Bundesbank as the average market rate for the past seven fiscal years for a residual term of 3 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 HGB, these assets must be offset against the liabilities for which they serve as hedges. Accordingly, the underlying gains on the assets are offset against the losses arising from interest rate effects on the provision. 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 under other interest and similar income or interest and similar expenses.

Internally generated intangible assets are not capitalized.

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 recognized. Currency translation gains from the measurement of current assets and liabilities falling due within less than one year are recorded in profit and loss in accordance with **§ 256a HGB**. Currency translation gains are recognized under "other operating income" and currency translation losses are recognized 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

	12/31/2012	12/31/2011
Balance as of 01/01	409,053	389,331
Additions	83,419	98,012
Disposals	4,761	8,856
Depreciation, amortization and write-downs	71,431	69,434
Reversals	12	0
Balance as of 12/31	416,292	409,053

The significant additions primarily concern purchasing and customizing IT-systems, as well as licenses for standard software (€39,747 thousand).

3. Long-term financial assets

The change of €50,836 thousand relates primarily to the capital increase in adidas Canada Ltd., Concord, Canada (€35,958 thousand) and in adidas Hellas A.E., Thessaloniki, Greece (€10,000 thousand). Furthermore the remaining 10 % share in GEV Grundstücksgesellschaft Herzogenaurach mbH & Co. KG was acquired (€7,385 thousand) and with that the interest was increased from 90 % to 100 %. In addition 90 % of the share in Immobilieninvest und Betriebsgesellschaft Herzo-Base GmbH & Co. KG was disposed (€3,672 thousand). The remaining 10 % of the share (€408 thousand) are reclassified to the other long term investments.

During the year under review, the impairment in adidas Latin America, S.A., Panama City, Panama was reversed by €520 thousand because the reasons for the permanent impairment are no longer present.

4. Inventories

Inventories

EUR thousand

	12/31/2012	12/31/2011
Raw materials, consumables and supplies	4,148	3,691
Work in progress	30	70
Finished goods and merchandise	28,363	26,521
Inventories	32,541	30,282

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 "Y3" and "Porsche Design".

5. Receivables and other assets

Receivables and other assets

EUR thousand

	12/31/2012	12/31/2011
Trade accounts receivable	53,902	53,450
of which with a residual maturity of more than one year	0	0
Receivables from affiliated companies	1,902,553	1,692,814
of which with a residual maturity of more than one year	0	51,597
Other assets	19,951	20,402
of which with a residual maturity of more than one year	101	1,464
Receivables and other assets	1,976,406	1,766,666

The receivables from affiliated companies primarily concern 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 €4,199 thousand in trade accounts receivable. A total of €31,020 thousand in other receivables from affiliated companies was written up and €5,630 thousand was written down.

Other assets include mainly VAT receivables from tax authorities, recognized option premiums, and receivables from credit card institutions.

6. Cash and cash equivalents

Cash and cash equivalents

EUR thousand

	12/31/2012	12/31/2011
Cash-in-hand, bank balances and checks	1,048,306	382,689

7. Prepaid expenses

Prepaid expenses

EUR thousand

	12/31/2012	12/31/2011
Advertising and promotion agreements	481	5,376
Discount on promissory note loan	2,067	500
Convertible bond	49,706	0
Other	23,787	22,156
Prepaid expenses	76,041	28,032

In March 2012, adidas AG issued an in 2019 matured convertible bond with a volume of €500,000 thousand. The convertible loan bears interest of 0.25 % per annum and is convertible into shares of the Company. The value of the conversion right was determined at € 55,891 thousand and as disagio recognized under the prepaid expenses. The disagio is amortized to the earliest possible date of termination by the owner in June 2017. Per year end the disagio amounts to € 49,706 thousand. Other prepaid expenses mainly comprise prepayments for advertising, insurance and maintenance

8. Subscribed capital and capital reserves

The subscribed capital of adidas AG ("the Company") did not change in the year under review compared to December 31, 2011. As of the balance sheet date and on February 22, 2013, the Company's capital amounted to a total of €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. Pursuant to § 71b German Stock Corporation Act (Aktiengesetz, "AktG"), directly or indirectly held own shares are not entitled to dividend payment. The Company did not hold any own shares on the balance sheet date or on February 22, 2012.

The issuance of a convertible bond in March 2012, mature in 2019, increased the capital reserves by €55,890,558.65.

The following table summarizes the changes in equity:

Changes in equity

EUR thousand

	01/01/2012	Convertible bond	Dividend	Net profit for the year	12/31/2012
Subscribed capital	209,216	0	0	0	209,216
Capital reserves	1,145,075	55,891	0	0	1,200,966
Revenue reserves	655,128	0	0	0	655,128
Retained earnings	312,206	0	-209,216	503,505	606,495
Equity	2,321,625	55,891	-209,216	503,505	2,671,805

Authorized capital

The Executive Board of adidas AG did not use the existing authorized capital totaling €95,000,000 in the 2011 fiscal year or after the balance sheet date up to February 22, 2013.

The authorized capital of the company, which is set out in § 4 sections 2, 3 and 4 of the Articles of Association as at the balance sheet date, entitles the Executive Board, subject to Supervisory Board approval, to increase the nominal capital:

until June 21, 2014

— by issuing new shares against contributions in cash once or several times by no more than of €50,000,000 and, subject to Supervisory Board approval, to exclude fractional shares from shareholders' subscription rights (Authorized Capital 2009/I);

until July 04, 2014

— by issuing new shares against contributions in kind once or several times by no more than €25,000,000 and, subject to Supervisory Board approval, to exclude shareholders' subscription rights (Authorized Capital 2011);

until July 12, 2015

— by issuing new shares against contributions in cash once or several times by no more than EUR 20,000,000 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 (Authorized Capital 2010). 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 6, 2010, 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 6, 2010, 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 authorization into the commercial register or – if this amount is lower – as of the respective date on which the authorization is used.

Contingent capital

The following description of the Contingent Capital is based on § 4 section 5 of the Articles of Association and the underlying resolutions of the Annual General Meeting on 6 May 2010. There is no other contingent capital.

As of the balance sheet date, the nominal capital is conditionally increased by up to EUR 36,000,000 divided into no more than 36,000,000 registered shares (Contingent Capital 2010).

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 on bonds issued by the company or a group company, pursuant to the authorization of the Executive Board granted by the resolution adopted by the Annual General Meeting of May 6, 2010 up to May 5, 2015 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 partially instead of a payment and insofar as no cash settlement, treasury shares or shares of another public listed company are used to serve these rights. The new shares shall be issued at the respective option or conversion price to be established in accordance with the aforementioned authorization resolution. The new shares shall carry dividend rights from the commencement of the financial year in which the shares are issued.

The Executive Board is authorized, subject to Supervisory Board approval, to stipulate any additional details concerning the implementation of the contingent capital increase.

The Executive Board of adidas AG has not issued any shares from the Contingent Capital in the 2012 fiscal year or after the balance sheet date up to and including February 22, 2013.

Convertible Bond

On March 14, 2012, the Executive Board, with the approval of the Supervisory Board, partially exercised the authorization of the Annual General Meeting dated May 6, 2010, and issued a convertible bond with a nominal value of €500,000,000 in an offering to institutional investors outside the USA under exclusion of the shareholders' subscription rights, due June 14, 2019,. Currently, the convertible bond authorizes the purchase of 5,990,894 shares if the bondholders exercise their conversion rights in full.

The conversion right may be exercised any time in the period from May 21, 2012 to June 5, 2019, subject to the expiration of the conversion right stipulated in § 6 section 3 of the bond terms and conditions respectively the exclusion period stipulated in § 6 section 4 and (subject to an adjustment in the conversion rate due to the in §10 regulated dilution protection conditions respectively a change of control pursuant to §13 of the bond terms and conditions) can be converted into 5,990,894 shares of the Company The conversion rate currently amounts to € 83.46 per share. The convertible bond bears a yearly interest of 0.25 %. The owners of the bond have the right to demand a repayment by July 14, 2017. As of July 14, 2017 adidas AG has the right to repay the convertible bond before maturity, provided the share price of adidas AG exceeds the conversion price of currently € 83.46 with 30% on 20 of 30 consecutive days. The convertible bond is traded on the Regulated Unofficial Market (Freiverkehr) of the Frankfurt Stock Exchange.

Repurchase of own shares

On May 6, 2010, the Annual General Meeting resolved the authorization of the Executive Board to acquire treasury shares of up to 10% of the share capital up to May 5, 2015. The authorization may be exercised by the Company, its subsidiaries or by a third party engaged by the Company or its subsidiaries to act on its or their account.

The authorization was not utilised during the year under review and up to and including February 22, 2013.

Notifications of voting rights

§ 160 (1) no. 8 AktG requires the disclosure of the content of notifications to the Company pursuant to § 21 (1) or (1a) of the German Securities Trading Act (Wertpapierhandelsgesetz, "WpHG") regarding equity interests held in the Company.

The table below contains information regarding the notifications submitted to the Company as of Friday, February 22, 2013. The disclosures in the table were taken from the most recent notifications submitted to the Company. All publications by the Company with regard to notifications of equity interests during the year and as of February 22, 2013, are available on the adidas Group's website: (www.adidas-Group.de/stimmrechtsmitteilungen). Please note that disclosures in the table concerning equity interests in terms of percentage and voting rights may no longer be up-to-date.

Notifications submitted as of February 22, 2013

Notifying party	Notification triggered on	Threshold	Basis under § 22 WpHG	Equity interest in %	Equity interest in voting rights
BlackRock Group Limited, London, United Kingdom ¹⁾	January 28, 2013	Fell below 3%	§ 22 (1) sentence 1 no. 6 in conjunction with § 22 (1) sentence 2	2.998	6,271,706
Thornburg International Value Fund, Wilmington, Delaware, USA ²⁾	January 09, 2013	Fell below 3%	-	2.98	6,244,063
The Capital Group Companies, Inc., Los Angeles, California, USA ³⁾	September 01, 2012	Exceeded 3% and 5%	§ 22 (1) sentence 1 no. 6 in conjunction with § 22 (1) sentence 2 and 3	6.00	12,554,828
BlackRock Advisors Holdings, Inc., New York, NY, USA ⁴⁾	May 04, 2012	Exceeded 3%	§ 22 (1) sentence 1 no. 6 in conjunction with § 22 (1) sentence 2	3.30	6,903,160
BlackRock Advisors Holdings, Inc., New York, NY, USA ⁴⁾	May 04, 2012	Exceeded 3%	§ 22 (1) sentence 1 no. 6 in conjunction with § 22 (1) sentence 2	3.16	6,605,250
BR Jersey International Holdings, L.P., St. Helier, Jersey, Channel Islands ⁴⁾	May 04, 2012	Exceeded 3%	§ 22 (1) sentence 1 no. 6 in conjunction with § 22 (1) sentence 2	3.16	6,605,250
BlackRock Financial Management, Inc., New York,	August 09, 2011	Exceeded 5%	§ 22 (1) sentence 1 no. 6 in conjunction	5.004	10,468,681

USA ⁵⁾			with § 22 (1) sentence 2		
BlackRock Holdco 2, Inc., Wilmington, Delaware, USA ⁵⁾	August 09, 2011	Exceeded 5%	§ 22 (1) sentence 1 no. 6 in conjunction with § 22 (1) sentence 2	5.004	10,468,681
BlackRock, Inc., New York, USA ⁶⁾	July 27, 2011	Exceeded 5%	§ 22 (1) sentence 1 no. 6 in conjunction with § 22 (1) sentence 2	5.04	10,549,445
Garett Thornburg, USA ⁷⁾	July 13, 2011	Exceeded 5%	§ 22 (1) sentence 1 no. 6 in conjunction with § 22 (1) sentence 2 ⁸⁾	5.03	10,527,146
Thornburg Investment Management, Inc., Santa Fe, New Mexico, USA ⁷⁾	July 13, 2011	Exceeded 5%	§ 22 (1) sentence 1 no. 6 ⁸⁾	5.03	10,527,146
Capital Research and Management Company, Los Angeles, USA ⁹⁾	December 19, 2008	Exceeded 5%	§ 22 (1) sentence 1 no. 6	5.01	9,695,127

1) See publication by the Company dated February 4, 2013.

2) See publication by the Company dated January 14, 2013.

3) See publication by the Company dated September 7, 2012.

4) See publication by the Company dated May 14, 2012.

5) See publication by the Company dated October 17, 2012.

6) See publication by the Company dated August 4, 2011.

7) See publication by the Company dated November 17, 2011.

8) Attributed to Thornburg International Value Fund, see publication by the Company dated November 28, 2011.

9) See publication by the Company dated January 7, 2009.

9. Retained earnings

Retained earnings

EUR thousand

Retained earnings as of 12/31/2011	312,206
Distribution of a dividend of €1.00 per ordinary share with a nominal value of €1 of the share capital for the 2011 fiscal year (209,216,186 ordinary shares)	209,216
Retained earnings brought forward	102,990
Net income of adidas AG for the 2012 fiscal year	503,505
Retained earnings as of 12/31/2012	606,495

10. Untaxed reserve

The special reserve established in 2003 in accordance with § 273 HGB (old version) and Section 35 Income Tax Regulations (Einkommensteuer-Richtlinien, "EStR") relating to the construction of the factory outlet was amortized as planned by a €322 thousand in the year under review.

11. Provisions/accruals

Provisions/accruals

EUR thousand

	12/31/2012	12/31/2011
Provisions for pensions and similar obligations	152,054	140,360
Provisions for taxes	28,229	12,803
Other provisions	180,815	186,319
Provisions	361,098	339,482

Following an appropriation to a pension fund in December 2006 for the entitlements of the current members of the Executive Board and two former members of the Executive Board, the pension provisions for pension commitments for the current board members are €0. As a result of this adidas AG has an indirect obligation. Other payments recognized in profit and loss are made to a pension fund to cover the pension entitlements by active members of the Executive Board earned after 2006.

The provisions for the former members of the Executive Board and their survivors totaled €36,379 thousand as of December 31, 2012 (previous year: €36,984 thousand). Additionally, there are €6,193 thousand in indirect obligations (previous year: €6,243 thousand) for the no

provisions have been recognized as these obligations are fully funded by the pension fund. As of the balance sheet date, there are no shortfalls for the indirect obligations. Former members of the Executive Board and their survivors received a total of €3,336 thousand in retirement pay in fiscal year 2012 (previous year: €3,261 thousand).

The largest item in other provisions concerns provisions for personnel of €87,716 thousand (previous year: €90,919 thousand). This amount is primarily attributable to provisions for performance-based remuneration components. Additional significant items in other provisions are provisions for outstanding invoices at €41,427 thousand (previous year: €47,346 thousand) and provisions for marketing of €34,226 thousand (previous year: €32,492 thousand). In addition, other provisions include a provision of €54 thousand for hedges (previous year: €1,026 thousand').

The provisions for early and partial retirement obligations included in other provisions report a settlement amount of €9,620 thousand as of December 31, 2012 (previous year: €9,345 thousand). The fair value of the netted assets is €4,729 thousand as of the balance sheet date (previous year: €4,548 thousand) and historical costs amount to €4,169 thousand (previous year: €4,169 thousand). Any difference arising between the fair value and historical cost of the netted assets is subject to a statutory restriction on distribution.

12. Liabilities

Liabilities

EUR thousand

	12/31/2012				12/31/2011
	Total	Residual term up to 1 year	Residual term 1-5 years	Residual term more than 5 years	Prior year total
Bonds, of which convertible	500,000	0	0	500,000	0
(previous year)		(0)	(0)	(0)	
Liabilities to banks	162,243	2,383	159,860	0	324,805
(previous year)		(163,018)	(161,787)	(0)	
Trade accounts payable	54,236	54,236	0	0	29,798
(previous year)		(29,711)	(87)	(0)	
Liabilities to affiliated companies	3,240,417	3,136,018	104,399	0	2,985,750
(previous year)		(2,678,122)	(307,628)	(0)	
Other liabilities	34,876	32,503	2,199	174	39,137
(previous year)		(35,252)	(3,694)	(191)	
of which for taxes	5,074	5,074			5,003
of which relating to social security	2,242	2,242			1,231
12/31/2012	3,991,772	3,225,140	266,458	500,174	3,379,490
12/31/2011		(2,906,103)	(473,196)	(191)	

The liabilities are unsecured.

The liabilities to affiliated companies primarily concern liabilities from Group Treasury activities. Trade payables to affiliated companies amounted to €10,048 thousand (previous year: €1,229 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 on accounts receivable and salaries and commissions payable.

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

13. Contingent liabilities and other financial commitments

Contingent liabilities

EUR thousand

	12/31/2012	12/31/2011
Warranty obligations	1,563,712	2,148,502
of which for affiliated companies		
- Bank loans	708,152	1,593,079
Letters of credit	20,560	213,820
- Guarantee Agreement	835,000	341,603

The Warranty obligations for bank loans to affiliated companies are from credit lines claimed 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 adidas International Finance B.V., Amsterdam, the Netherlands, and secure a third-party loan.

Due to past experience and 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 €778,578 thousand (previous year: €622,132 thousand) for adidas AG include amounts for the entire foreseeable contractual period for promotion, advertising, rental and leasing agreements as of December 31, 2012. This includes commitments of €33,629 thousand (previous year: €32,421 thousand) to GEV Grundstücksgesellschaft Herzogenaurach mbH und Co. KG, a wholly-owned subsidiary.

Maturities

EUR thousand

in 2013	231,494
2014-2017	428,218
after 2017	118,866
	778,578

The Group acquires approximately 80% of its products in Asia. Since a major portion of the product costs concerns raw materials that the suppliers have to acquire 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 euro's (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 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 intra-Group currency transactions are strategically hedged with banks, normally for a period of between 12 and 24 months, 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 2012, the adidas Group purchased about USD 2.7 billion net to hedge its operating business.

Outstanding financial derivatives

EUR thousand

	12/31/2012	12/31/2011
Notional amounts		
Currency hedging contracts	8,074,166	7,442,592
Interest hedging contracts	0	132,549
	8,074,166	7,575,141

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

EUR thousand

	12/31/2012		12/31/2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets (Other assets)				
Currency hedging contracts	3,963	116,623	5,112	143,286
Interest hedging contracts	0	0	0	0
Liabilities (Other provisions)				
Currency hedging contracts	-4,759	-103,902	-5,312	-86,677
Interest hedging contracts	0	0	0	-860
	-796	12,721	-200	55,749

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, 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 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:

Hedged risk as of the balance sheet date

EUR thousand / Maturity

	Notional	Net change in fair value	Maturity
Currency risk			
Risk			
Forward exchange transactions with subsidiaries	3,710,046	3,991	1 - 14 months
Hedging			
Forward exchange transactions and options with banks	2,551,632	-82	1 - 14 months

14. Sales revenues

adidas AG's business activities are primarily concentrated in one sector, specifically, the development, trading and marketing of sports and leisure articles. Due to the transfer of the brand management function back to adidas AG in 2009 and the associated exploitation of the brand rights, adidas AG generates a significant portion of its revenue from licensing, primarily from affiliated companies.

Sales revenues

EUR thousand

	2012	2011
Breakdown by product group		
Shoes	365,061	359,538
Textiles	436,229	408,000
Sports equipment	69,080	56,606
	870,370	824,144
Other sales revenues	22,763	19,652
Licensing income	1,111,408	922,005
Sales revenues	2,004,541	1,765,801

Of these revenues, €760,185 thousand (previous year: €738,646 thousand) were generated in Germany and €1,244,356 thousand (previous year: €1,027,155 thousand) outside Germany, mainly in Europe.

15. Other operating income

Other operating income mainly consists of foreign currency gains of €940,476 thousand (previous year: €994,149 thousand) and cost transfers to affiliated companies.

Other operating income includes income relating to other periods of €54,554 thousand (previous year: €27,555 thousand). This income consists primarily of income from the reversal of allowances on receivables from affiliated companies of €36,988 thousand (previous year: €4,143 thousand) and income from the reversal of provisions in the amount of €9,843 thousand (previous year: €10,057 thousand).

16. Cost of materials

Cost of materials

EUR thousand

	2012	2011
Cost of raw materials, consumables and supplies, and of purchased merchandise	573,655	530,846
Cost of materials	573,655	530,846

17. Personnel expenses

Personnel expenses

EUR thousand

	2012	2011
Wages and salaries	289,288	258,158
Social security, post-employment and other employee benefit costs	54,131	46,206
of which for old-age pensions	12,330	10,851
Personnel expenses	343,419	304,364

The increase in personnel expense 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

Amortization and write-downs of intangible assets amounted to €42,213 thousand (previous year: €41,037 thousand) related to brand rights transferred from adidas International Marketing B.V., Amsterdam, the Netherlands, and computer software and licenses. Depreciation and write-downs of tangible fixed assets €29,218 (previous year: €28,397 thousand) relates primarily of €11,229 thousand on buildings (previous year: €9,041 thousand) and write-downs on computer hardware of €7,636 thousand (previous year: €7,176 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 €69,297 thousand decrease in these expenses resulted primarily from a reduction of the currency translation losses by €137,776 thousand to €909,191 thousand which is partly compensated by an increase of €37,421 thousand in cost transfers to adidas AG.

20. Income from investments in related companies

Income from adidas AG's investments in related companies amounting to €86,212 (previous year: €147,286 thousand) and essentially concerns dividend payments from subsidiaries in Korea, Kazakhstan, Hong Kong, Columbia and Singapore.

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.

22. Depreciation on long-term financial assets

As in the previous year, no write-downs were recognized on either investments nor loans to affiliated companies in 2012.

23. Interest result

Interest result

EUR thousand

	2012	2011
Income from loans of long-term financial assets	1,699	424
of which from affiliated companies	1,699	424
Other interest and similar income	26,405	31,958
of which from affiliated companies	22,470	24,668
Interest and similar expenses	-100,239	-94,857
of which to affiliated companies	-64,711	-54,976
Net interest income (loss)	-72,135	-62,475

Other interest and similar income contains €594 thousand (previous year: €356 thousand) from the compounding or discounting of provisions. Interest and similar expenses includes €7,563 thousand (previous year: €7,059 thousand), of which €7,200 thousand (previous year: €6,690 thousand) is attributable to interest expense in connection with the pension provisions.

The interest expense from the provision for early and partial retirement obligations of €313 thousand (previous year: €320 thousand) is offset against the income from fluctuations in the fair value of assets offset in accordance with § 246 (2) sentence 2 HGB amounting to €181 thousand (previous year: €179 thousand).

24. Taxes on income

Taxes on income relate primarily to trade tax as well as withholding tax on 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.

The Company opted not to recognize the surplus deferred tax assets in accordance with **§ 274 (1) sentence 2 HGB**.

As of December 31, 2012, adidas AG expects to realize a total of €39.497 thousand (previous year: €39,799 thousand) in future tax benefits due to temporary accounting differences. This amount was calculated based on a combined income tax rate of 28%.

Deferred tax assets result primarily from Group receivables, pension provisions and intangible assets. Deferred tax liabilities arise essentially in relation to Group liabilities and shares in affiliated companies (partnerships).

25. Other disclosures

No. of employees (annual average)

	2012			2011		
	Total	Salaried	Wage	Total	Salaried	Wage
Global Sales	232	232	0	194	194	0
Headquarters						
Corporate Services	1,225	1,129	96	1,070	985	85
Marketing	1,000	1,000	0	887	887	0
Operations	653	637	16	575	556	19
Market Central	1,240	872	368	966	748	218
Uffenheim	317	49	268	266	48	218
Scheinfeld	374	69	305	328	79	249
	5,041			4,286		
as of December 31	5,162			4,511		

26. Remuneration of the Executive Board and the Supervisory Board

Executive Board

Total remuneration of members of the Executive Board in the 2012 fiscal year was €6,141 thousand (previous year: €14,556 thousand). Please refer to the condensed management report for disclosures pursuant to § 285 sentence 1 no. 9a sentence 5-9 HGB.

Due to the adjustment of the financial statements 2011 in connection with the financial irregularities at Reebok India Company, an adjustment of the underlying financial measures related to the performance bonuses for the 2011 fiscal year and the previous years was made. The Board will therefore repay part of their performance bonuses granted in the

amount of € 445,549 to the Company. The remuneration specified for the fiscal year 2011 is reduced by the reimbursement of the board members' performance bonus.

The provisions for the pension entitlements of former members of the Executive Board and their survivors totaled €36,839 thousand as of December 31, 2012 (previous year: €36,984 thousand). Additionally, there are €6,193 thousand in indirect obligations (previous year: €6,243 thousand) for which no provisions have been recognized since these obligations are fully funded by the pension fund.

Former members of the Executive Board and their survivors received a total of €3,336 thousand in retirement pay in fiscal year 2012 (previous year: €3,261 thousand).

Executive Board members did not receive any loans from the Company in fiscal year 2012.

Supervisory Board

The annual remuneration for members of the Supervisory Board in accordance with the Articles of Association was €920 thousand.

No loans were granted to members of the Supervisory Board in fiscal year 2012.

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 €1.35 per share for 2012.

It is therefore recommended that adidas AG's net unappropriated profits as of December 31, 2012 be appropriated as follows:

Appropriation of retained earnings

EUR thousand

Retained earnings as of 12/31/2012	606,495
Distribution of a dividend of €1.35 per no-par value share on the share capital of €209,216,186.00 entitled to dividends for the 2012 fiscal year (209,216,186 no-par value shares)	282,442
Amount carried forward	324,053

Declaration on the German Corporate Governance Code

On February 13, 2013, the Executive Board and Supervisory Board of adidas AG issued an updated Declaration of Conformity in accordance with **§ 161 AktG** and made it accessible to the shareholders on a permanent basis. The wording of the Declaration of Conformity may be found on the Company's website.

Disclosures pursuant to § 285 sentence 1 no. 10 HGB and § 285 no. 17 HGB

The disclosures pursuant to **§ 285 sentence 1 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 in the Federal Gazette.

Herzogenaurach, February 22, 2013

The Executive Board of adidas AG

adidas AG

	Acquisition and production costs				Accumulated depreciation	Book values		Write-up for the year	Depreciation for the year	
	Balance on 01.01.2012	Additions		Disposals		Balance on 31.12.2012	Net book value 31.12.2012			Net book value 31.12.2011
		Reclassifications	Disposals							
euros in thousands (HGB)										
<u>Intangible assets</u>										
Trademarks and similar rights and licences to such rights	325.306	20.761	19.369	3.266	362.170	122.003	125.515	12	42.213	
Geleistete Anzahlungen u. Anl. i. Bau	28.384	23.396	-19.132	2.757	29.891	29.891	28.384	0	0	
	353.690	44.157	237	6.023	392.061	151.894	153.899	12	42.213	
<u>Tangible assets</u>										
Land, land rights and buildings, including buildings	262.244	4.781	6.430	1.453	272.002	195.849	195.901	0	11.229	
Technical equipment and machinery	26.857	2.049	0	257	28.649	10.938	11.118	0	2.076	
Other equipment, fixtures and fittings	169.139	21.009	90	165	190.073	41.115	35.755	0	15.913	
On-account payments and construction in progress	12.380	11.423	-6.757	6	17.040	17.040	12.380	0	0	
	470.620	39.262	-237	1.881	507.764	264.942	255.154	0	29.218	
<u>Financial assets</u>										
Investments in affiliated companies	3.366.819	50.066	0	0	3.416.885	3.391.750	3.341.164	520	0	
Loans to affiliated companies	19.290	0	0	6.125	13.165	9.207	9.365	5.967	0	
Other long-term investments	78.841	408	0	0	79.249	79.249	78.841	0	0	
	3.464.950	50.474	0	6.125	3.509.299	3.480.206	3.429.370	6.487	0	
Fixed assets	4.289.260	133.893	0	14.029	4.409.124	3.897.042	3.838.423	6.499	71.431	

Supervisory Board

Igor Landau, Paris, France

Chairman

Former Chief Executive Officer of Aventis S.A., Paris, France

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

- Member of the Supervisory Board, Allianz SE, Munich, Germany
- Member of the Board of Directors, Sanofi-Aventis S.A., Paris, France
- Member of the Board of Directors, HSBC France S.A., Paris, France¹⁾

Sabine Bauer*, Erlangen, Germany

Deputy Chairwoman

Chairwoman of the Central Works Council, adidas AG

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

- none

Willi Schwerdtle, Hofheim am Taunus, Germany

Deputy Chairman

Management Consultant, Hofheim am Taunus, Germany

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

- Member of the Supervisory Board, Eckes AG, Nieder-Olm, Germany

Dieter Hauenstein*, Herzogenaurach, Germany

Deputy Chairman²⁾ of the Works Council Herzogenaurach, adidas AG

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

- none

Dr. Wolfgang Jäger* , Bochum, Germany

Managing Director, Hans-Böckler-Stiftung, Düsseldorf, Germany

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

- none

Dr. Stefan Jentsch, Kronberg, Germany

Partner, Perella Weinberg Partners UK LLP, London, Great Britain

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

- Member of the Supervisory Board, Sky Deutschland AG, Unterföhring, Germany
- Deputy Chairman of the Supervisory Board, ALL Leasing München AG, Grünwald, Germany³¹

Herbert Kauffmann, Stuttgart, Germany

Management Consultant, Stuttgart, Germany

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

- Chairman of the Supervisory Board, Unicon universal identity control GmbH, Munich, Germany

Roland Nosko*, Wolnzach, Germany

Trade Union Official, IG BCE, Headquarter Nuremberg, Germany

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

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

Alexander Popov, Moscow, Russia

Chairman, RFSO "Lokomotiv", Moscow, Russia

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

- none

Hans Ruprecht*, Herzogenaurach, Germany

Head of Customer Service Central Europe West, adidas AG

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

- none

Heidi Thaler-Veh*, Uffenheim, Germany

Member of the Central Works Council, adidas AG

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

- none

Christian Tourres, Lungern, Switzerland

Former Member of the Executive Board of adidas AG

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

- none

Executive Board

Herbert Hainer, Herzogenaurach, Germany **Chief Executive Officer**

Membership in control bodies pursuant to § 285 para. 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, Portland/Oregon, USA

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

- none

Robin Stalker, Oberreichenbach, Germany

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

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

Erich Stamminger, Nuremberg, Germany

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

- none

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2012

Company and Domicile	Currency	Equity (currency units in thousands)	Share in capital held by 6)	in %	Profit / Loss (currency units in thousands)
Germany					
1 GEV Grundstücksgesellschaft Herzogenaurach mbH & Co. KG Herzogenaurach (Germany)	EUR	861	directly	100	-1,094
2 GEV Grundstücks-Beteiligungsgesellschaft Herzogenaurach mbH Herzogenaurach (Germany)	EUR	41	directly	100	2
3 adidas Insurance & Risk Consultants GmbH 10) Herzogenaurach (Germany)	EUR	26	directly	100	-
4 adidas Beteiligungsgesellschaft mbH 10) Herzogenaurach (Germany)	EUR	354,103	directly	100	-
5 adidas CDC Immobilieninvest GmbH Herzogenaurach (Germany)	EUR	-1,331	24	100	-1,201
6 World of Commerce Management GmbH Herzogenaurach (Germany)	EUR	-	directly	100	-
7 World of Commerce GmbH & Co. KG Herzogenaurach (Germany)	EUR	-1,115	directly	100	-1,071
8 Hotel Herzo-Base GmbH & Co. (KG 5) Herzogenaurach (Germany)	EUR	-	directly	100	-
9 Herzo-Base Management GmbH 5) Herzogenaurach (Germany)	EUR	-	directly	100	-
10 Factory Outlet Herzo-Base GmbH & Co. KG 5) Herzogenaurach (Germany)	EUR	-	directly	100	-
11 Reebok-CCM Hockey GmbH 5) Kirchheim-Heimstetten (Germany)	EUR	-	105	100	-
Europe (incl. Middle East and Africa)					
12 adidas sport gmbh Cham (Switzerland)	CHF	7,829	directly	100	2,065
13 Sarragan AG 5) Cham (Switzerland)	CHF	-2,461	directly	100	432
14 adidas Austria GmbH Klagenfurt (Austria)	EUR	7,043	directly	95,89 4,11	1,667
15 adidas France S.a.r.l. Landersheim (France)	EUR	102,013	31	100	317
16 adidas International B.V. Amsterdam (Netherlands)	EUR	6,141,268	directly	93,97 6,03	287,189
17 adidas International Trading B.V. Amsterdam (Netherlands)	EUR	659,464	16	100	249,371
18 adidas International Marketing B.V. Amsterdam (Netherlands)	EUR	52,666	16	100	7,435
19 adidas International Finance B.V. Amsterdam (Netherlands)	EUR	13,406	16	100	1,292
20 adidas Benelux B.V. Amsterdam (Netherlands)	EUR	4,482	directly	100	3,233
21 Reebok International Finance B.V. 5) Amsterdam (Netherlands)	USD	573	117	100	-1
22 Rockport (Europe) B.V. Amsterdam (Netherlands)	USD	4,502	107	100	521
23 Hydra Ventures B.V. Amsterdam (Netherlands)	EUR	-240	16	100	-101
24 adidas International Property Holding B.V. Amsterdam (Netherlands)	EUR	-4	16	100	-16
25 adidas (UK) Limited 1) Stockport (Great Britain)	GBP	50,030	31	100	14,427
26 adidas (ILKLEY) Limited 1 5) Stockport (Great Britain)	GBP	-	25	100	-

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2012

Company and Domicile	Currency	Equity (currency units in thousands)	Share in capital held by 6)	in %	Profit / Loss (currency units in thousands)
27 LARA SPORT (UK) Limited 1) 5)	GBP	-	25	100	-
28 Sarragan (UK) Limited 1) 5)	GBP	-	25	100	-
29 adidas Trefoil Trading (U.K.) Limited 1) 5)	GBP	-	28	100	-
30 Three Stripes Limited 1) 5)	GBP	-	25	50	-
			26	50	
31 Reebok International Limited 9)	EUR	1,299,101	16	65,1	28.517
			117	34,9	
32 Reebok Finance Limited 5) 9)	GBP	-	117	100	-
33 RBK Holdings Limited 5) 9)	GBP	-	117	89	-
			106	11	
34 Reebok Sports Limited 5)	USD	1,634	31	100	0
35 J.W. Foster & Sons (Athletic Shoes) Limited 5) 9)	GBP	-	31	100	-
36 The Rockport Company Limited 5) 9)	GBP	-	31	100	-
37 Reebok Eastern Trading Limited 5)	USD	3,112	31	100	-
38 Reebok Pensions Management Limited 5) 9)	GBP	-	31	100	-
39 Reebok Europe Holdings	GBP	43,799	31	100	888
40 Adams Golf, U.K. Ltd. 5) 13)	GBP	-	100	100	-
41 Taylor Made Golf Limited 4)	GBP	2,117	16	100	3,060
42 Ashworth U.K. Ltd. 4)	GBP	-	41	100	-
43 adidas (Ireland) Limited	EUR	2,853	16	100	734
44 adidas International Re Limited	EUR	9,875	16	100	687
45 Reebok Ireland Limited 5)	EUR	56	43	100	-
46 adidas Belgium NV	EUR	2,787	20	100	635
47 Five Ten Europe NV	EUR	798	120	100	55
48 adidas Espana S.A.U.	EUR	28,105	4	100	7,092
49 adidas Finance Spain S.A.U.	EUR	34,125	117	100	167
50 Global Merchandising, S.L.	EUR	-184	16	100	-187
51 adidas Italy S.p.A	EUR	44,076	16	100	3,197
52 adidas Portugal - Artigos de Desporto, S.A.	EUR	12,032	16	100	831
53 adidas Business Services Lda.	EUR	171	16	98	53
			directly	2	

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2012

Company and Domicile	Currency	Equity (currency units in thousands)	Share in capital held by 6)	in %	Profit / Loss (currency units in thousands)
54 adidas Norge AS	NOK	17.934	directly	100	7.873
55 Reebok-CCM Hockey AS	NOK	4.186	54	100	-984
56 adidas Sverige AB	SEK	83.987	directly	100	12.822
57 adidas Finance Sverige AB	SEK	562.862	105	100	14.481
58 Reebok-CCM Hockey AB	SEK	84.659	56	100	-18.422
59 adidas Suomi Oy	EUR	1.714	16	100	610
60 Reebok-CCM Hockey Oy	EUR	11.872	16	100	181
61 adidas Danmark A/S	DKK	12.515	16	100	-1.477
62 adidas CR s.r.o.	CZK	113.725	directly	100	20.625
63 adidas Budapest Kft.	HUF	1.424.133	directly	100	100.994
64 adidas Bulgaria EAD	BGN	13.554	directly	100	5.499
65 LLC "adidas. Ltd."	RUB	27.341.461	14	100	6.135.050
66 adidas Poland Sp.z.o.o.	PLN	38.244	directly	100	7.864
67 adidas Finance Poland S.A.	PLN	92.700	117	100	3.071
68 adidas Romania S.R.L.	RON	19.093	16	100	3.261
69 adidas Baltics SIA	EUR	1.006	16	100	365
70 adidas Slovakia s.r.o.	EUR	2.334	directly	100	629
71 adidas Trgovina d.o.o.	EUR	968	directly	100	699
72 SC "adidas-Ukraine"	UAH	475.111	directly	100	117.013
73 adidas LLP	KZT	5.834.515	directly	100	5.668.993
74 adidas Serbia d.o.o.	RSD	792.126	16	100	40.017
75 adidas Croatia d.o.o.	HRK	22.315	16	100	3.391
76 adidas Hellas A.E.	EUR	5.046	directly	100	4.151
77 adidas (Cyprus) Limited	EUR	1.887	directly	100	125
78 adidas Spor Malzemeleri Satıs ve Pazarlama A.S.	TRY	194.200	16	100	50.584
79 a-RET Tekstil ve Deri Ürünleri Ticaret A.S. 5)	TRY	935	17	100	-39
80 adidas Emerging Market L.L.C.	USD	45.936	indirectly	51	4.800
			15	49	

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2012

Company and Domicile	Currency	Equity (currency units in thousands)	Share in capital held by 6)	in %	Profit / Loss (currency units in thousands)
81 adidas Emerging Markets FZE	USD	54,591	16	100	39,093
82 adidas Levant Limited	JOD	2,618	81	55	1,617
83 adidas Levant Limited - Jordan	JOD	2,380	82	100	2,293
84 adidas Imports & Exports Ltd.	EGP	3,026	85	100	4,236
85 adidas Sporting Goods Ltd.	EGP	50,167	16	90	13,546
86 adidas Egypt Ltd. 5)	USD	-1,831	directly	100	-
87 adidas Israel Ltd. 5)	ILS	8,354	directly	100	76
88 Life Sport Ltd.	ILS	35,535	16	51	23,492
89 adidas (South Africa) (Pty) Ltd.	ZAR	138,138	directly	100	34,252
North America					
90 adidas North America, Inc.	USD	4,613,542	16	100	101,988
91 adidas America, Inc.	USD	75,941	90	100	8,863
92 adidas International, Inc.	USD	53,261	90	100	3,083
93 adidas Team, Inc. 5)	USD	-155	90	100	-
94 Taylor Made Golf Co., Inc. 11)	USD	112,565	90	100	39,149
95 Ashworth, LLC. 11)	USD	-	94	100	-
96 The Reebok Worldwide Trading Company, LLC	USD	13,346	117	100	488
97 Adams Golf Inc. 13)	USD	53,742	94	100	-27,805
98 Adams Golf Holding Corp. 13)	USD	-	97	100	-
99 Adams Golf GP Corp. 13)	USD	-	97	100	-
100 Adams Golf, Ltd. 13)	USD	-	98	99	-
101 Adams Golf IP, L.P. 13)	USD	-	99	1	-
102 Adams Golf Mgmt. Corp 13)	USD	-	99	99	-
103 WGU, LLC 13)	USD	-	99	100	-
104 Reebok-CCM Hockey, Inc. 8)	USD	156,604	100	100	-
105 Sports Holdings Corp.	USD	-18,339	117	100	407
106 Reebok Securities Holdings LLC 2)	USD	-	104	100	-
	USD	-	117	100	-

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2012

Company and Domicile	Currency	Equity (currency units in thousands)	Share in capital held by 6)	in %	Profit / Loss (currency units in thousands)
107 The Rockport Company, LLC	USD	28,669	117	100	3,022
108 Textronics, Inc.	USD	13,991	92	100	613
109 Ashworth Acquisition Corp. 5) 11)	USD	-	95	100	-
110 Ashworth Store I, Inc. 5) 11)	USD	-	95	100	-
111 Ashworth Store II, Inc. 5) 11)	USD	-	95	100	-
112 Sunice Holdings, Inc. 5) 11)	USD	-	95	100	-
113 Putter, LLC 5) 11)	USD	-	109	100	-
114 SLM Trademark Acquisition Corp. 5) 8)	USD	-	104	100	-
115 Onfield Apparel Group, LLC 5) 7)	USD	-	117	99	-
116 Reebok Onfield, LLC 5) 7)	USD	-	116	1	-
117 Reebok International Ltd. 2)	USD	-1,040,298	117	100	-
118 Sports Licensed Division of the adidas Group, LLC 7)	USD	-103,486	90	100	-45,415
119 Reebok-CCM Hockey U.S., Inc.	USD	5,993	117	99	-11,490
120 Stone Age Equipment, Inc.	USD	20,281	106	1	-2,571
121 Technikka Conexion LLC	USD	0	104	64	-
122 adidas Canada Ltd.	CAD	141,222	105	36	-2,499
123 R.C. Investments Ltd.	CAD	2,243	91	100	0
124 CCM Holdings (1983) Inc.	CAD	6,317	directly	100	-5,287
125 Sport Maska Inc.	CAD	37,187	directly	100	-
126 SLM Trademark Acquisition Canada Corporation 5) 8)	CAD	-	117	100	-
Asia					
127 adidas Sourcing Limited	USD	262,158	126	100	-2,303
128 adidas Services Limited	USD	8,568	104	100	-
129 adidas Hong Kong Ltd.	HKD	185,133	17	100	237,570
130 Smedley Industries (Hong Kong) Limited 5) 8)	HKD	-	16	100	1,519
131 Reebok Trading (Far East) Limited	USD	35,898	directly	100	97,605
132 Reebok (China) Services Limited 5)	USD	7,099	104	100	-
133 adidas (Suzhou) Co. Ltd.	CNY	193,521	117	100	2,238
			131	100	-315
			4	100	-4,019

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2012

Company and Domicile	Currency	Equity (currency units in thousands)	Share in capital held by 6)	in %	Profit / Loss (currency units in thousands)
134 adidas Sports (China) Co. Ltd.	CNY	2,859,626	4	100	1,704,204
135 adidas (China) Ltd.	CNY	76,923	16	100	75,450
136 Zhuohai adidas Technical Services Limited	USD	16,066	127	100	4,261
137 adidas Logistics (Tianjin) Co., Ltd.	CNY	88,020	24	100	823
138 adidas Business Services (Dalian) Limited	CNY	-520	16	100	-7,843
139 adidas Japan K.K.	JPY	6,599,469	31	100	1,314,628
140 Taylor Made Golf Co., Ltd.	JPY	7,618,724	31	100	1,480,706
141 Adams Golf Japan, Inc. 5) 13)	JPY	-	100	100	-
142 adidas Korea Ltd.	KRW	129,242,972	directly	100	72,577,321
143 Taylor Made Korea Ltd.	KRW	27,146,401	directly	100	4,046,357
144 adidas Korea Technical Services Limited	KRW	3,127,588	127	100	301,408
145 adidas India Private Ltd. 3)	INR	2,211,189	directly	10,74	86,245
146 adidas India Marketing Pvt. Ltd. 3)	INR	-	145	89,26	-
147 adidas Technical Services Pvt. Ltd.	USD	1,202	127	1,01	91
148 Reebok India Company	INR	-21,182,280	159	93,15	8,805,504
149 PT adidas Indonesia	IDR	68,797,889	16	99	34,940,488
150 adidas (Malaysia) Sdn. Bhd.	MYR	47,488	directly	1	29,989
151 adidas Philippines Inc.	PHP	363,829	16	40	87,087
152 adidas Singapore Pte. Ltd.	SGD	20,245	directly	100	9,370
153 adidas Taiwan Limited	TWD	684,856	16	100	491,350
154 adidas Holding (Thailand) Co., Ltd.	THB	-56,051	indirectly	51	-236
155 adidas (Thailand) Co., Ltd.	THB	681,819	directly	49	196,661
156 adidas Australia Pty. Limited	AUD	63,065	16	100	1,584
157 adidas New Zealand Limited	NZD	9,028	directly	100	1,793
158 adidas Vietnam Company Limited	VND	-22,960,772	16	100	497,844
159 Reebok (Mauritius) Company Limited	USD	2,194	117	99	-
			96	1	

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2012

Company and Domicile	Currency	Equity (currency units in thousands)	Share in capital held by 6)	in %	Profit / Loss (currency units in thousands)
Latin America					
160 adidas Argentina S.A. Buenos Aires (Argentina)	ARS	274.304	16 4	95 5	48.839
161 Reebok Argentina S.A. Buenos Aires (Argentina)	ARS	9.248	16 17	26.13 73.86	18.360
162 adidas do Brasil Ltda. 12) São Paulo (Brazil)	BRL	373.041	4	100	75.347
163 ASPA do Brasil Ltda. 5) São Paulo (Brazil)	BRL	253	127	100	249
164 adidas Trading Paraná Ltda. 12) Pinhais (Brazil)	BRL	-	162	100	-
165 Reebok Produtos Esportivos Brasil Ltda. Jundiaí (Brazil)	BRL	-3.065	16	99,99	-22.100
166 adidas Chile Ltda. Santiago de Chile (Chile)	CLP	14.476.557	directly 3	99 1	7.216.975
167 adidas Colombia Ltda. Bogotá (Columbia)	COP	27.415.779	directly	100	4.707.444
168 adidas de Mexico, S.A. de C.V. Mexico City (Mexico)	MXN	-173.975	directly	100	-297.029
169 adidas Industrial, S.A. de C.V. Mexico City (Mexico)	MXN	122.528	directly	100	40.664
170 Reebok de Mexico, S.A. de C.V. 5) Mexico City (Mexico)	MXN	-355.352	directly	100	8.582
171 adidas Latin America, S.A. Panama City (Panama)	USD	4.844	directly	100	10.463
172 Concept Sport, S.A. Panama City (Panama)	USD	3.677	16	100	687
173 adidas Market LAM, S.A. Panama City (Panama)	USD	0	16	100	0
174 3 Stripes S.A. (adidas Uruguay) 5) Montevideo (Uruguay)	UYU	-436	directly	100	-
175 Reebok Central America S.A. 2) San Pedro Sula (Honduras)	HNL	-	117 96	99,6 0,4	-
176 adidas Corporation de Venezuela, S.A. 5) Caracas (Venezuela)	VEF	-17	directly	100	-
177 adisport Corporation San Juan (Puerto Rico)	USD	-2.252	16	100	267

- 1) Sub-group adidas UK
- 2) Sub-group Reebok International Ltd.
- 3) Sub-group India
- 4) Sub-group Taylor Made UK
- 5) Companies with no active business
- 6) The number refers to the number of the company
- 7) Sub-group Onfield
- 8) Sub-group Reebok-CCM Hockey, Inc.
- 9) Sub-group Reebok International Limited
- 10) Profit and loss transfer agreement
- 11) Sub-group Taylor Made Golf Co., Inc.
- 12) Sub-group adidas Brazil
- 13) Sub-group Adams Golf Inc.

Auditors' Report

We have audited the annual financial statements, comprising the balance sheet, the income statement, and the notes to the annual financial statements, together with the bookkeeping system and its report on the position of the Company and the Group of adidas AG, Herzogenaurach, for the business year from January 1 to December 31, 2012. 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 § 317 HGB (Handelsgesetzbuch "German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the *Institut der Wirtschaftsprüfer* (Institute of Public Auditors in Germany, "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 of 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 statutory regulations and give a true and fair view of the net assets, financial position and results of operations of adidas AG in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements, and on the whole, provides a suitable understanding of the Company's position and suitably presents the risks and opportunities of future development."

Munich, February 25, 2013

KPMG AG
Wirtschaftsprüfungsgesellschaft

[original German version signed by:]

Braun	Wolper
Wirtschaftsprüfer	Wirtschaftsprüfer
(German Public Auditor)	(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 22, 2013

The Executive Board

Supervisory Board Report

IGOR LANDAU

Chairman of the Supervisory Board

Dear Shareholders,

We look back on 2012 as an extremely successful year. Thanks to strong brands as well as innovative products and marketing campaigns, the adidas Group was able to grow in all markets, achieving record sales as well as record operating cash flow. The visibility of the adidas brand at the year's major sports events and the market share gains of TaylorMade-adidas Golf were key highlights. The Group was, however, not without challenges in 2012, with the continuation of the sovereign debt crisis in Europe and the discovery of commercial irregularities at Reebok India Company being particular headwinds. Nevertheless, these issues have been proactively and resolutely managed. With a strong balance sheet, the Group is well positioned to enjoy another year of progress in 2013.

Supervision and advice in dialogue with the Executive Board

In the past year, we again regularly advised the Executive Board on the management of the company and carefully and continuously supervised its management activities, assuring ourselves of the legality, expediency and regularity thereof.

We were directly involved 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 and 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 regularly provided us with detailed reports for the preparation of our meetings. We thus always had the opportunity to critically analyse the reports and resolution proposals within the committees and within the Supervisory Board as a whole and, after in-depth examination and consultation, to put forward any suggestions we might have before resolving upon the Executive Board's resolution proposals. In the periods between our meetings, the Executive Board kept us continuously informed about the current business situation by means of monthly reports.

We held five Supervisory Board meetings in 2012. In addition, we held a meeting in February 2013, at which we discussed matters relating to the 2012 financial year. Apart from one meeting, which two members were not able to attend due to urgent business appointments that could not be postponed, all Supervisory Board members attended all meetings in the year under review. The average attendance rate at Supervisory Board meetings was just under 97%. All the committee meetings were fully attended. The external auditor, KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), attended all meetings of the Supervisory Board, insofar as they did not deal with Executive Board matters. KPMG attended all meetings of the Audit Committee. The employee representatives held separate meetings to prepare agenda items for the 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 with respect to matters such as corporate strategy, business development and planning, the risk situation and risk management as well as compliance and major business transactions.

The consultations and examinations of the entire Supervisory Board focused on the following topics:

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 individual markets were presented to us in detail by the Executive Board at every Supervisory Board meeting following the close of the respective quarter and were subsequently discussed together. At each meeting, we placed considerable focus on the possible impact of global economic developments and the

development of individual brands. We dealt intensively with the business development of the Reebok brand and its future strategic orientation. The Executive Board informed us that Reebok's sales were forecasted to be below original expectations and explained the main reasons for the decline, pointing out that this was expected to be offset by the very positive sales development of the other brands. At our meeting in November, we discussed the future strategic positioning of one of the smaller business segments, for which we established the ad hoc committee "Project 99".

The KPMG-certified 2011 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, were discussed and examined in the presence of the Executive Board and the auditor on March 6, 2012.

At our meeting in August, the Executive Board provided us with detailed information on the compliance case that had arisen in connection with Reebok India Company. We discussed this matter in detail under the aspects of compliance, risk management and the potential impact on the previous year's consolidated financial statements as well as on the business development for the year under review.

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.

At our meeting on March 6, 2012, we discussed and resolved upon the resolutions to be proposed to the 2012 Annual General Meeting, including the proposal regarding the appropriation of retained earnings for the 2011 financial year. At this meeting, following in-depth discussion, we also approved the sale of land belonging to GEV Grundstücksgesellschaft Herzogenaurach mbH & Co. KG ("GEV KG") to the town of Herzogenaurach ("the Town") and the purchase of the remaining share in GEV KG held by the Town. At the same meeting, we dealt intensively with the possible issuance of a convertible bond by adidas AG in an amount of up to € 500 million. We delegated granting approval of the issuance of the convertible bond and determination of the terms and conditions, within the framework approved by the Supervisory Board, to the ad hoc committee "Convertible Bond/Bond with Warrants", which was established at this meeting. Furthermore, following a

detailed presentation by the Executive Board relating to the planned expansion of the Group's golf segment, we discussed the possibility of acquiring Adams Golf, Inc., the market leader in the hybrid sector. In order to pursue this project efficiently, we formed the "Apple" committee, which was responsible for final approval of the acquisition that was subsequently completed in June 2012.

At our meetings in August and November, respectively, we also discussed in detail and approved a capital injection for Reebok India Company in an amount of up to € 300 million and for adidas Canada Limited in an amount of CAD 50 million (approximately € 39 million).

Matters relating to the Executive Board

A key topic of our meeting on February 8, 2012, was the variable compensation components payable to the Executive Board. Following in-depth discussion, we resolved upon the General Committee's proposals for the amount of the 2011 Performance Bonus to be granted to each member of the Executive Board and the LTIP Bonus 2009/2011 to be granted for the three-year period from 2009 to 2011. Furthermore, following in-depth consultation, we resolved upon the key performance criteria for granting the 2012 Performance Bonus, together with the individual short-term targets, as well as the Performance Bonus target amount relevant for each Executive Board member, as proposed by the General Committee. As the LTIP 2009/2011 had expired at the end of the 2011 financial year, we also discussed and approved the General Committee's proposal to set up a new compensation plan with long-term incentive effect covering the three-year period from 2012 to 2014 ("LTIP 2012/2014"). When determining the two variable compensation components, we took into account that the compensation incentive of the 2012 Performance Bonus Plan shall not exceed the compensation incentive resulting from the sustainability-oriented variable compensation component, the LTIP 2012/2014. The Annual General Meeting approved the changed compensation system on May 10, 2012.

At our meeting on November 7, 2012, following detailed discussion of the proposal submitted by the General Committee, we resolved upon an appropriate increase in the Chief Executive Officer's fixed annual salary, which had remained unchanged for the past three years, to become effective from spring 2013. We took this decision in particular in light of his outstanding personal performance and the excellent position of the Group.

Key topics at our meeting in February 2013 as well as of our circular resolution were the

Performance Bonuses for the 2012 financial year and for the previous years. We dealt with the impact on the degree of target achievement for the Performance Bonuses as determined in the previous years, resulting from adjustments made to the 2011 consolidated financial statements in the context of the 2012 consolidated financial statements (SEE NOTE 03, P. 203). We discussed in-depth the proposal prepared by the General Committee, based on the adjusted figures, and subsequently resolved upon a redetermination of the Performance Bonuses for the 2011 financial year and the previous years, including a corresponding obligation for repayment by the Executive Board, while upholding the LTIP Bonus 2009/2011, the latter requiring no redetermination. The Executive Board members and the Chairman of the General Committee were already in agreement prior to the meeting that the Performance Bonuses should be partially repaid. We further resolved upon the proposal submitted by the General Committee with regard to the 2012 Performance Bonus.

Further information on compensation for the 2012 financial year can be found in the Compensation Report SEE COMPENSATION REPORT, P. 56.

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 recommendations of the German Corporate Governance Code (the "Code"). In addition to our February meetings, at which corporate governance is usually the focal point, at our August meeting, we dealt with the implementation of the efficiency examinations scheduled for the year under review and resolved to conduct these examinations by means of a questionnaire and the involvement of an external consultant. Another topic of this meeting was the amendments to the Code which were adopted by the Government Commission on the German Corporate Governance Code on May 15, 2012. The Code now recommends, inter alia, that in the objectives the Supervisory Board resolves upon with regard to its composition, it shall specify the number of independent Supervisory Board members it considers adequate. At our meeting on February 12, 2013, we reviewed the objective we had resolved upon in February 2011, which also covers this topic, with the result that, taking into account the employment contracts of the employee representatives, we continue to uphold our objective that all Supervisory Board members shall be independent as defined by the Code. Our other key objectives relating to the composition of the Supervisory Board also continue to apply. At this meeting, following in-depth consultation and the recommendation

of the Audit Committee, which is also responsible for corporate governance topics, we then resolved upon the 2013 Declaration of Compliance. The deviation from the Code contained in the 2012 Declaration of Compliance – Supervisory Board compensation does not have any performance-related component – which we had resolved upon at our meeting on February 8, 2012, is no longer included in the 2013 Declaration of Compliance as the new version of the Code no longer contains the recommendation to include a performance-related component for Supervisory Board members. The Declarations of Compliance were made permanently available to shareholders on the corporate website at: WWW.ADIDAS-GROUP.COM/CORPORATE_GOVERNANCE.

There was no indication of any conflicts of interest on the part of the members of the Executive and Supervisory Boards which would require immediate disclosure to the Supervisory Board and would also require reporting to the Annual General Meeting.

There are no direct advisory or other service relationships between the company and a member of the Supervisory Board.

Further information on corporate governance at the adidas Group can be found in the Corporate Governance Report including the Declaration on Corporate Governance SEE CORPORATE GOVERNANCE REPORT INCLUDING THE DECLARATION ON CORPORATE GOVERNANCE, P. 51.

Efficient committee work

In order to perform our tasks in an efficient manner, we have five Supervisory Board standing committees SEE SUPERVISORY BOARD, P. 44 and also four project-related ad hoc committees, which were established in 2009 and 2012. These committees have the task of preparing topics and resolutions of the Supervisory Board. In appropriate cases, and within the legal framework, we have delegated the Supervisory Board's authority to pass resolutions to individual committees. With the exception of the Audit Committee, the Supervisory Board Chairman also chairs all the standing committees. The respective chairman always informed the Supervisory Board about the content and results of the committee meetings at the subsequent meeting of the entire Supervisory Board.

The committees' work in the year under review is summarised as follows:

– The **Steering Committee**, which is authorised to pass resolutions on behalf of the entire Supervisory Board in particularly urgent cases, did not meet in the year under review.

– The **General Committee**, which prepares the resolutions of the Supervisory Board on Executive Board related matters, held three meetings in 2012, two of them by way of a conference call. An additional meeting dealing with the determination of the Executive Board members' variable compensation for 2012 as well as with possible changes to the previous years' variable compensation took place in February 2013. At its meeting on February 8, 2012, the committee discussed the amount of the Performance Bonus to be granted to each Executive Board member for the 2011 financial year, based on the key financial figures available at the time. Furthermore, the General Committee focused on the Executive Board's achievement of the targets of the LTIP Bonus 2009/2011 and developed detailed resolution proposals to be presented to the Supervisory Board concerning the amount of the 2011 Performance Bonus and the LTIP Bonus 2009/2011. Another topic of this meeting was the discussion on the 2012 Performance Bonus Plan and the LTIP 2012/2014. At its meeting on February 29, 2012, the General Committee prepared the corresponding resolution proposals to be submitted to the Supervisory Board. At its meeting on October 29, 2012, the General Committee discussed an appropriate increase in the Chief Executive Officer's annual fixed salary, which had remained unchanged for three years, and prepared a corresponding resolution proposal for the Supervisory Board. At its meeting in February 2013, the committee members thoroughly discussed reassessing the Performance Bonuses for the 2011 financial year and the prior years based on the financial figures relevant for the amount of the Performance Bonuses, given that certain relevant figures had been adjusted in the context of restating the 2011 consolidated financial statements. The restated prior year figures did not necessitate an adjustment of the LTIP Bonus 2009/2011. In its resolution proposal to the Supervisory Board, the committee recommended a redetermination of the Performance Bonuses as well as determining the amounts to be repaid by the Executive Board members. After consulting accordingly, the General Committee also resolved upon the resolution proposal to be submitted to the Supervisory Board with respect to the Performance Bonus to be paid to each Executive Board member for the 2012 financial year based on the determined degree of individual target achievement.

– The **Audit Committee** held five meetings in 2012, and also one meeting in March 2013, dealing with topics of the year under review. The Chief Financial Officer and the auditor were present at all meetings and reported to the committee members in detail.

The committee members examined the annual financial statements and the consolidated

financial statements for 2011, 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 and, following an in-depth review of the audit reports with the auditor, recommended that the Supervisory Board approve the annual financial statements and the consolidated financial statements. After obtaining the auditor's declaration of independence, the Audit Committee submitted a recommendation to the Supervisory Board with respect to its proposal to the Annual General Meeting concerning the selection of the auditor of the annual financial statements and the consolidated financial statements. Following the selection of the auditor at the Annual General Meeting in May 2012, the Audit Committee duly commissioned the auditor to carry out the audit on the annual financial statements and the consolidated financial statements for 2012. Together with the auditor, the Audit Committee established the priority topics for the audit and dealt with the audit fees. In the course of its examination of the auditor's independence, the Audit Committee obtained information on the measures taken by the auditor to guarantee independence and assured itself that the auditor does not face any conflicts of interest.

The members of the Audit Committee also focused on the detailed examination of the quarterly financial reports and the first half year report, together with the Chief Financial Officer and the auditor, prior to their publication.

At one Audit Committee meeting, the committee members focused solely on the topic of risk management and the internal control system as well as the compliance system. In this context, the committee members dealt in particular with the main risk factors for the Group and the related control measures as well as the expansion of the compliance organisation and compliance management. The committee members critically analysed the audit results of the Internal Audit function and approved the audit plan for 2012/2013. As part of their examination of the effectiveness of the internal control system and the internal audit system, the committee members reviewed in depth the applied methods and systems and the effectiveness thereof with the aid of written and oral reports. In the course of the following detailed discussions, inter alia with the auditor, they assured themselves of the effectiveness of the systems.

In the context of the regular reporting of the Chief Compliance Officer on material compliance issues, the committee dealt intensively with the case that had arisen at Reebok India Company and the consequences thereof.

- The **Mediation Committee**, established in accordance with the German Co-Determination

Act (Mitbestimmungsgesetz – MitbestG), had no reason to convene in 2012. As there are no forthcoming Supervisory Board elections, the **Nomination Committee** also did not meet.

– **Ad hoc committees:**

- The ad hoc “Committee for Real Estate Projects”, which was established in 2009, and the “Project 99” committee did not meet in the year under review.
- At a meeting held by way of a conference call, the “Apple” committee dealt intensively with the acquisition of Adams Golf, Inc., USA, and approved the acquisition in lieu of the Supervisory Board within the scope defined by the Supervisory Board.
- The “Convertible Bond/Bond with Warrants” committee held two meetings by way of a conference call, during which it dealt intensively with the decision whether to issue a convertible bond in an amount of up to € 500 million, excluding shareholders' subscription rights, and also with the terms and conditions of the convertible bond. After an in-depth review of the comprehensive information provided by the Executive Board, the committee approved the issuance of the convertible bond with the terms and conditions proposed by the Executive Board.

The chairmen of the committees reported to the Supervisory Board on the results of the meetings in detail and in a timely manner, in oral and sometimes written form.

Examination of the adidas AG 2012 annual financial statements and consolidated financial statements

KPMG audited the 2012 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 2012 annual financial statements of adidas AG, prepared in accordance with HGB requirements, as well as 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 March 1, 2013 and at the Supervisory Board's March 6, 2013 financial statements meeting, during which the Executive Board explained the financial statements in detail. We were informed in detail regarding the

corrections made to the 2011 consolidated financial statements, which the Audit Committee had already dealt with in depth at its meeting. Key to these meetings were also the Executive Board's commentaries and the subsequent discussions concerning the goodwill impairment necessary for the 2012 financial year. 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 € 1.35 per dividend-entitled share and adopted it in light of the Group's good 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 as well as of the corrections to the 2011 consolidated financial statements, we are convinced that there are no objections to be raised. Following the recommendation of the Audit Committee, at our financial statements meeting, we therefore approved the audit results, including the audit of the corrections made to the 2011 consolidated financial statements, and the financial statements prepared by the Executive Board. The annual financial statements of adidas AG were thus approved.

Expression of thanks

The Supervisory Board wishes to thank the Executive Board and all adidas Group employees around the world for their tremendous personal dedication, their performance and their ongoing commitment, and we also thank the employee representatives for their good collaboration.

For the Supervisory Board

IGOR LANDAU

Chairman of the Supervisory Board

March 2013

adidas AG

Adi-Dassler-Str. 1
91074 Herzogenaurach
Germany
www.adidas-Group.com