FINANCIAL STATEMENTS OF adidas AG

for the Year Ended December 31, 2013

CONTENTS

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 2013 Annual Report of the adidas Group.

The Financial Statements and the combined Management Report for adidas AG and the adidas Group for the 2013 financial year are filed with and published in the Federal Gazette.

The Financial Statements of adidas AG as well as the Annual Report for the 2013 financial year are also available for download on the Internet at
http://www.adidas-group.com/en/investors/financial-reports/

Balance Sheet

EUR thousand

		Dec. 31, 2013	Dec. 31, 2012
ASSETS			
FIXED ASSETS	(1)		
Intangible assets	(2)	147,804	151,894
Tangible assets	(2)	303,794	264,398
Financial assets	(3)	3,475,917	3,480,206
		3,927,515	3,896,498
CURRENT ASSETS			
Inventories	(4)	29,339	32,541
Receivables and other assets	(5)	1,928,325	1,976,406
Cash and cash equivalents	(6)	735,598	1,048,306
		2,693,262	3,057,253
PREPAID EXPENSES	(7)	73,652	76,041
		6,694,429	**7,029,792**
EQUITY AND LIABILITIES			
EQUITY			
Subscribed capital	(8)	209,216	209,216
Capital reserves	(8)	1,200,966	1,200,966
Revenue reserves		655,128	655,128
Retained earnings	(9)	424,076	606,495
		2,489,386	2,671,805
UNTAXED RESERVE	(10)	4,719	5,041
PROVISIONS/ACCRUALS	(11)	393,401	361,098
LIABILITIES	(12)	3,806.719	3,991,772
DEFERRED INCOME		204	76
		6,694,429	**7,029,792**

Income Statement

EUR thousand

		2013	2012
Sales	(14)	1,952,467	2,004,541
Change in inventory		1,045	-54
Total output		**1,953,512**	**2,004,487**
Other operating income	(15)	1,164,880	1,269,892
Cost of materials	(16)	-532,143	-573,655
Personnel expenses	(17)	-357,026	-343,419
Amortization and write-downs of intangible fixed assets and depreciation and write-downs of tangible fixed assets	(19)	-80,583	-71,431
Other operating expenses	(19)	-1,980,611	-2,055,398
Income from operations		**168,029**	**230,476**
Income from investments in related companies	(20)	102,486	86,212
Profit received under a profit and loss transfer agreement	(21)	5,832	335,841
Write-downs of long-term financial assets	(22)	-2,841	0
Interest result	(23)	-62,281	-72,135
Income from ordinary activities		**211,225**	**580,394**
Taxes on income	(24)	-111,138	-76,149
Other taxes		-64	-740
NET INCOME		100,023	503,505
Retained earnings brought forward		324,053	102,990
RETAINED EARNINGS		**424,076**	**606,495**

Notes to the annual financial statements of adidas AG for the year ended December 31, 2013

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 ("Company") 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.

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 buildings located on the "World of Sports" grounds, which are beneficially owned by adidas AG by virtue of a use agreement between the property owner GEV Grundstücksgesellschaft Herzogenaurach mbH & Co. KG and adidas AG are depreciated over a useful life of 33 years.

Chattel assets are depreciated on a straight-line basis.

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

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

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

Inventories are measured at the lower of cost or market. Manufacturing costs comprise direct costs that must be capitalized and appropriate portions of overhead costs. Allowances are taken for discernible fashion and technical risks, age structure, and marketability.

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 or 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 losses resulting from these transactions are recognized in profit or loss; gains are not recognized in excess of cost.

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

A net tax burden would be recognized on the balance sheet as a deferred tax liability. There is an option to recognize a deferred tax asset under **§ 274 (1) no. 2 HGB** in the event of any overall 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 amount 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 4.90% as of December 31, 2013 (previous year: 5.06%); 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 settlement amount dictated by prudent business judgment in order to cover future payment obligations. Future price and cost increases are factored in to the extent that there is sufficient objective evidence that they will occur. Provisions with terms in excess of one year are discounted at the average market rate for their respective maturity over the past seven years, in accordance with **§ 253 (2) sentence 1 HGB**.

Provisions for partial and early retirement liabilities, reported under other provisions, are discounted at 3.65% as of December 31, 2013 (previous year: 3.98%). 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 the provisions of HGB, these assets must be offset against the liabilities for which they serve as hedges. Analogously to the offsetting of assets against liabilities, the associated income from securities is offset against interest expenses. The assets to be offset are measured at fair value as determined by their current exchange or market price. Any difference arising between the fair value and historical cost of the assets to be offset is subject to a restriction on distribution.

The effect from the annual adjustment of the discount rate applied to the provisions in accordance with **§ 253 (2) HGB** is recognized immediately in profit and loss 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 reported. Currency translation gains from the measurement of current assets and liabilities falling due within less than one year are recorded in profit or loss in accordance with **§ 256a HGB**. Currency translation gains are reported under "other operating income" and currency translation losses are reported under "other operating expenses".

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

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

1. Fixed assets

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

2. Intangible fixed assets and tangible fixed assets

Intangible fixed assets and tangible fixed assets

EUR thousand

	Dec. 31, 2013	Dec. 31, 2012
Balance as of Jan. 1	**416,292**	**409,053**
Additions	116,187	83,419
Disposals	298	4,761
Depreciation, amortization and write-downs	80,583	71,431
Reversals	0	12
Balance as of Dec. 31	**451,598**	**416,292**

The significant additions concern primarily assets under construction (EUR 33,122 thousand) and licenses for standard software (EUR 22,448 thousand).

3. Long-term financial assets

The change (EUR 4,289 thousand) related primarily to the disposal of the equity interest in Sarragan AG, Cham, Switzerland (EUR 2,841 thousand), which was merged with adidas sport gmbh during the fiscal year.

4. Inventories

Inventories

EUR thousand

	Dec. 31, 2013	Dec. 31, 2012
Raw materials, consumables and supplies	3,650	4,148
Work in progress	50	30
Finished goods and merchandise	25,639	28,363
Inventories	**29,339**	**32,541**

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

5. Receivables and other assets

Receivables and other assets

EUR thousand

	Dec. 31, 2013	Dec. 31, 2012
Trade accounts receivable	**63,568**	**53,902**
of which with a residual maturity of more than one year	0	0
Receivables from affiliated companies	**1,846,219**	**1,902,553**
of which with a residual maturity of more than one year	0	0
Other assets	**18,538**	**19,951**
of which with a residual maturity of more than one year	202	101
Receivables and other assets	**1,928,325**	**1,976,406**

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 EUR 4,664 thousand in trade accounts receivable. A total of EUR 36 thousand in other receivables from affiliated companies was written up and EUR 2,870 thousand was written down.

Other assets include mainly VAT receivables from tax authorities, withholding tax receivables, recognized option premiums, accounts payable with debit balances, and receivables from credit card institutions.

6. Cash and cash equivalents

Cash and cash equivalents

EUR thousand

	Dec. 31, 2013	Dec. 31, 2012
Cash-in-hand, bank balances and checks	**735,598**	**1,048,306**

7. Prepaid expenses

Prepaid expenses

EUR thousand

	Dec. 31, 2013	Dec. 31, 2012
Advertising and promotion agreements	3,402	481
Discount on promissory note loan	1,570	2,067
Discount from valuation of conversion right attaching to convertible bond	36,861	49,706
Other	31,819	23,787
Prepaid expenses	**73,652**	**76,041**

In March 2012, adidas AG issued a convertible bond maturing in 2019 with a volume of EUR 500,000 thousand. The convertible bond carries a 0.25 percent p.a. coupon and may be converted into shares in the Company. The value of the conversion right was determined to be EUR 55,891 thousand, which was recorded as a discount under prepaid expenses. The discount will be amortized as of the earliest date possible, i.e., as of the June 2017 redemption by bond holders. As of the balance sheet date, the discount amounted to EUR 36,861 thousand. Other prepaid expenses comprise mainly advance payments for rent, advertising, insurance premiums and maintenance.

8. Subscribed capital and capital reserves

The share capital of adidas AG did not change in the year under review compared to December 31, 2012. As of the balance sheet date and on February 14, 2014, it totaled EUR 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 carries dividend rights from the year in which it is issued. Pursuant to § 71b German Stock Corporation Act (*Aktiengesetz*, "AktG"), directly or indirectly held treasury shares do not carry dividend rights. The Company did not hold any treasury shares on the balance sheet date or on February 14, 2014.

The issue of a convertible bond issue in March 2012, due 2019, increased the capital reserves by EUR 55,890,558.65.

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

Changes in equity
EUR thousand

	Jan. 1, 2013	Dividend	Net profit for the year	Dec. 31, 2013
Subscribed capital	209,216	0	0	209,216
Capital reserves	1,200,966	0	0	1,200,966
Revenue reserves	655,128	0	0	655,128
Retained earnings	606,495	-282,442	100,023	424,076
Equity	**2,671,805**	**-282,442**	**100,023**	**2,489,386**

Authorized capital

The Executive Board of adidas AG did not use the existing authorized capital totaling EUR 95,000,000 in the 2013 fiscal year or after the balance sheet date up to February 14, 2014.

The following discussion of the existing authorized capital does not extend to include the revocation of Authorized Capital 2009/I, 2010 and 2011 resolved by the Annual General Meeting on May 8, 2013, which also was not utilized up to May 8, 2013.

Pursuant to Article 4 paragraphs 2, 3, and 4 of the Articles of Association which, as of the balance sheet date governs the Company's authorized capital, the Executive Board is entitled, subject to Supervisory Board approval, to increase the share capital:

until June 30, 2018

— by issuing new shares against cash contributions, once or severally, by up to a maximum of EUR 50,000,000 and, subject to Supervisory Board approval, to exclude fractional shares from shareholders' subscription rights (Authorized Capital 2013/I);

until June 30, 2016

— by issuing new shares against contributions in kind, once or severally, up to a maximum of EUR 25,000,000 and, subject to Supervisory Board approval, to exclude shareholders' subscription rights (Authorized Capital 2013/II);

until June 30, 2018

— by issuing new shares against cash contributions, once or severally, by up to a maximum of EUR 20,000,000 and, subject to Supervisory Board approval, to exclude shareholders' subscription rights for fractional amounts and when issuing the new shares at an issue price that is not substantially below the market price of shares of the same class; subscription rights may also be excluded in connection with the listing of the Company's shares on a foreign stock exchange (Authorized Capital 2013/III). The authorization to exclude subscription rights pursuant to the last sentence, may, however, only be used to the extent that the pro rata amount of the new shares in the share capital together with the pro rata amount of other shares in the share capital which were issued by the Company after May 8, 2013, subject to the exclusion of subscription rights pursuant to § 186 (3) sentence 4 AktG on the basis of an authorized capital or following a repurchase, or for which conversion or subscription rights or conversion or subscription obligations were granted after May 8, 2013, through issuance of bonds with warrants and/or convertible bonds, with subscription rights excluded pursuant to § 186 (3) sentence 4 AktG, does not exceed 10% of the share capital existing on the date of entry of this authorization into the commercial register or – if this amount is lower – as at the respective date on which the authorization is used.

Contingent capital

The following discussion of contingent capital relates to Article 4 (5) of the Company's Articles of Association and the underlying resolutions of the Annual General Meeting on May 6, 2010. There is no other contingent capital.

As of the balance sheet date, the share capital is conditionally increased by up to EUR 36,000,000, divided into up to 36,000,000 registered shares (Contingent Capital 2010). The conditional capital increase will only be implemented to the extent that the holders/creditors of warrants and conversion rights and/or the persons obligated to exercise the warrant or conversion feature from bonds with warrants or convertible bonds issued or guaranteed by the Company or a subordinate Group company prior to May 5, 2015 pursuant to the authorization of the Executive Board by shareholder resolution dated May 6, 2010 exercise their warrant or conversion rights or, if they are obligated to exercise the warrant or conversion feature, fulfill their obligation to exercise the warrant or conversion feature or, if the Company avails itself an option to substitute payment of the monetary amount falling due, in part or in whole, by delivering shares in the Company, to the extent no cash settlement is granted, or own shares or the shares of another listed company may be used to service the obligation. The new shares will be issued at the relevant warrant or conversion price to be determined in accordance with the aforementioned authorization resolution. The new shares carry dividend rights from the beginning of the fiscal year in which they are created. The Executive Board is authorized, subject to Supervisory Board approval, to stipulate the further details concerning the implementation of the conditional capital increase.

The Executive Board of adidas AG has not issued any shares from Contingent Capital 2010 in the 2013 fiscal year or after the balance sheet date up until February 14, 2014.

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 on March 21, 2012 issued a convertible bond with a nominal amount of EUR 500,000,000 in an offering to institutional investors outside the United States, due June 14, 2019, under exclusion of the shareholders' subscription rights. The conversion right may be exercised at any time in the period from May 21, 2012 to June 5, 2019 and (subject to any modification of the conversion ratio as a result of the anti-dilution protections set forth under § 10 of the bond terms or a change of control pursuant to § 13 of the bond terms) converted into 6,016,954 shares in the Company, subject to the expiration of the conversion right stipulated in § 6 section 3 of the bond terms and conditions or of the exclusion period stipulated in § 6 section 4. The exercise price is currently EUR 83.10 per share. The convertible bond has a 0.25% annual coupon. Convertible bond holders receive the right to call the bond on June 14,

2017. adidas AG will have the right to redeem the convertible bond early from July 14, 2017 if the share price of adidas AG exceeds the current conversion price of EUR 83.10 by no less than 30% on 20 out of 30 consecutive trading days. The convertible bond is traded on the Regulated Unofficial Market (*Freiverkehr*) of the Frankfurt Stock Exchange.

Acquisition of treasury 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 exercised during the year under review or by February 14, 2014.

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 February 14, 2014. 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 14, 2014 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 14, 2014

Notifying party	Notification triggered on	Threshold	Basis under § 22 WpHG	Equity interest in %	Equity interest in voting rights
Société Générale, Paris, France[1)]	May 14, 2013	Fell below 5%	§§21, 22,25,25a [2)]	4,32	9,035,100
USB AG, Zurich, Switzerland[3)]	May 14, 2013	Exceeded 5%	§§21, 22,25,25a [4)]	4,73	9,906,287
Garrett Thornburg, USA[5)]	May 10, 2013	Fell below 5%	§ 22 (1) sentence 1 no. 6 in conjunction with § 22 (1) sentence 2	4.81	10,057,706
Thornburg Investment Management, Inc., Santa Fe, NM, USA[5)]	May 10, 2013	Fell below 5%	§ 22 (1) sentence 1 no. 6	4.81	10,057,706
BlackRock Group Limited, London, United Kingdom[2)]	March 20, 2013	Exceeded 3%	§ 22 (1) sentence 1 no. 6 in conjunction with § 22 (1) sentence 2	3.02	6,317,959
The Capital Group Companies, Inc., Los Angeles, CA, USA[7)]	September 1, 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 4, 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[8)]	May 4, 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[8)]	May 4, 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, NY, USA[9)]	August 9, 2011	Exceeded 5%	§ 22 (1) sentence 1 no. 6 in conjunction with § 22 (1) sentence 2	5.004	10,468,681

BlackRock Holdco 2, Inc., Wilmington, Wilmington, DE, USA[9)]	August 9, 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, NY, USA[10)]	July 27, 2011	Exceeded 5%	§ 22 (1) sentence 1 no. 6 in conjunction with § 22 (1) sentence 2	5.04	10,549,445
Capital Research and Management Company, Los Angeles, CA, USA[11)]	December 19, 2008	Exceeded 5%	§ 22 (1) sentence 1 no. 6	5.01	9,695,127

1) See publication by the Company dated May 23, 2013.

2) Notification according to § 25a (1) German Securities Trading Act (WpHG): 4,08% (8.527.141) according to § 25a WpHG (1,74% = 3.642.900 indirect); 0,22% (463.822) according to § 25 WpHG; 0,.02% (44.137) according to § 21, 22 WpHG

3) See publication by the Company dated May 22, 2013

4) Notification according to § 25a (1) German Securities Trading Act (WpHG): 0,98 % (2.050.000) according to § 25a WpHG (Equity Swaps, Futures); 2,38% (4.972.044) according to § 25 WphHG; 1,38% (2.884.243) according to § 21, 22 WpHG.

5) See publication by the Company dated June 18, 2013.

6) See publication by the Company dated March 25, 2013.

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

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

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

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

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

9. Retained earnings

Retained earnings

EUR thousand

Retained earnings as of December 31, 2012	**606,495**
Distribution of a dividend of EUR 1.35 per ordinary share in the share capital for the 2012 fiscal year (209,216,186 shares)	282,442
Retained earnings brought forward	324,053
Net income of adidas AG for the 2013 fiscal year	100,023
Retained earnings as of December 31, 2013	**424,076**

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") for write-downs relating to the construction of the factory outlet was reduced during the year under review by a EUR 322 thousand amortization charge.

11. Provisions/accruals

Provisions/accruals
EUR thousand

	Dec. 31, 2013	Dec. 31, 2012
Provisions for pensions and similar obligations	164,773	152,054
Provisions for taxes	40,743	28,229
Other provisions	187,885	180,815
Provisions/accruals	**393,401**	**361,098**

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 EUR 0. As a result of this, adidas AG has an indirect obligation. Further transfers are made to a pension trust fund to cover the pension entitlements earned by active members of the Executive Board since 2006. These transfers are recognized in profit or loss.

The provisions for former members of the Executive Board and their survivors amounted to EUR 36,545 thousand as of December 31, 2013 (previous year: EUR 36,839 thousand). Additionally, there are EUR 6,099 thousand in indirect obligations (previous year: EUR 6,193 thousand) for which no provisions have been recognized, since 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 EUR 3,421 thousand in retirement pay in fiscal year 2013 (previous year: EUR 3,336 thousand).

The largest item in other provisions concerns provisions for personnel of EUR 90,799 thousand (previous year: EUR 87,716 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 EUR 44,542 thousand (previous year: EUR 41,427 thousand) and provisions for marketing of EUR 41,463 thousand (previous year: EUR 34,226 thousand).

Provisions for early and partial retirement obligations were reported under other provisions at a settlement amount of EUR 6,771 thousand as of December 31, 2013 (previous year: EUR 9,620 thousand). The fair value of the netted assets is EUR 4,726 thousand as of the reporting date (previous year: EUR 4,729 thousand) and historical costs amount to EUR 4,249 thousand (previous year: EUR 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

	Dec. 31, 2013				Dec. 31, 2012
	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	500,000
(previous year)		(0)	(0)	(500,000)	
Liabilities to banks	157,960	55,521	102,439	0	162,243
(previous year)		(2,383)	(159,860)	(0)	
Trade accounts payable	62,336	61,410	895	31	54,236
(previous year)		(54,236)	(0)	(0)	
Liabilities to affiliated companies	3,040,169	2,931,402	108,767	0	3,240,417
(previous year)		(3,136,018)	(104,399)	(0)	
Other liabilities	46,254	45,503	596	155	34,876
(previous year)		(32,503)	(2,199)	(174)	
of which from taxes		8,634			5,074
of which relating to social security		2,384			2,242
Dec. 31, 2013	**3,806,719**	**3,093,836**	**212,697**	**500,186**	**3,991,772**
Dec. 31, 2012		**(3,225,140)**	**(266,458)**	**(500,174)**	

The liabilities are unsecured.

The liabilities to affiliated companies primarily concern liabilities from Group Treasury activities. Trade payables to affiliated companies amounted to EUR 14,357 thousand (previous year: EUR 10,048 thousand).

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

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

13. Contingent liabilities and other financial commitments

Contingent liabilities
EUR thousand

	Dec. 31, 2013	Dec. 31, 2012
Warranty obligations	**1,376,875**	**1,563,712**
of which for affiliated companies		
- Bank loans	608,767	708,152
- Letters of credit	23,465	20,560
- Guarantee Agreement	744,643	835,000

The guarantee obligations for bank loans to affiliated companies are from lines of credit drawn on by affiliated companies. adidas AG's letters of credit are mainly import letters of credit in connection with product purchases in the Far East. The guarantee agreements are with 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 EUR 678,040 thousand (previous year: EUR 716.977 thousand) for adidas AG include amounts for the entire foreseeable contractual period for promotion, advertising, rental and leasing agreements as of December 31, 2013. This includes commitments of EUR 29,257 thousand (previous year: EUR 33,629 thousand) to GEV Grundstücksgesellschaft Herzogenaurach mbH und Co. KG, a wholly-owned subsidiary.

Maturities

EUR thousand

in 2013	224,901
2014-2017	357,363
after 2017	54,880
	637,144

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 euros (EUR), pounds Sterling (GBP), Japanese yen (JPY), and in many other currencies. Currency hedges are entered into to reduce the risk of changes in fair value and in cash flows (currency risks). Most subsidiaries hedge their currency risks through adidas AG, except for those subsidiaries that are unable to hedge through adidas AG due to local currency restrictions, or for whom it is more sensible to hedge locally for economic reasons. Currency risks that are assumed by adidas AG from subsidiaries by entering into inter-Group currency transactions are strategically hedged with banks, 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 2013, the adidas Group purchased about USD 2.6 billion net to hedge its operating business.

Outstanding financial derivatives

EUR thousand

	Dec. 31, 2013	Dec. 31, 2012
Notional amounts		
Currency hedging contracts	9,065,872	8,074,166
Interest hedging contracts	0	0
	9,065,872	**8,074,166**

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

Outstanding financial derivatives

EUR thousand

	Dec. 31, 2013		Dec. 31, 2012	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets (Other assets)				
Currency hedging contracts	2,111	135,073	3,963	116,623
Interest hedging contracts	0	0	0	0
Liabilities (Other provisions)				
Currency hedging contracts	-3,872	-129,061	-4,759	-103,902
Interest hedging contracts	0	0	0	0
	-1,761	**6,012**	**-796**	**12,721**

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

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

The 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 and options with subsidiaries	4,226,677	38,216	1 - 20 months
Hedging			
Forward exchange transactions and options with banks	3,212,837	-35,984	1 - 20 months

14. Sales

adidas AG's business activities are primarily concentrated in one sector, specifically, the development, trading and marketing of sports and leisure articles. In addition, adidas AG generates licensing revenue, primarily from affiliated companies, by exploiting brand rights.

Sales
EUR thousand

	2013	2012
Breakdown by product group		
Shoes	382,463	365,061
Textiles	408,695	436,229
Sports equipment	54,487	69,080
	845,645	870,370
Other sales revenues	18,387	22,763
Licensing income	1,088,435	1,111,408
Sales	**1,952,467**	**2,004,541**

Of these revenues, EUR 741,392 thousand (previous year: EUR 760,185 thousand) were generated in Germany and EUR 1,211,075 thousand (previous year: EUR 1,244,356 thousand) outside Germany, mainly in Europe.

15. Other operating income

Other operating income consists mainly of EUR 847,175 thousand in foreign currency gains (previous year: EUR 940,476 thousand) and cost transfers to affiliated companies.

Other operating income includes income relating to other periods of EUR 27,782 thousand (previous year: EUR 54,554 thousand). This income consists primarily of income from the reversal of provisions of EUR 18,513 thousand (previous year: EUR 9,843 thousand) and income from insurance benefits in the amount of EUR 6,494 thousand (previous year: EUR 3,796 thousand).

16. Cost of materials

Cost of materials
EUR thousand

	2013	2012
Cost of raw materials, consumables and supplies, and of purchased merchandise	532,143	573,655
Cost of materials	**532,143**	**573,655**

17. Personnel expenses

Personnel expenses
EUR thousand

	2013	2012
Wages and salaries	298,485	289,288
Social security, post-employment and other employee benefit costs	58,541	54,131
of which for old-age pensions	13,755	12,330
Personnel expenses	**357,026**	**343,419**

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 EUR 48,017 thousand (previous year: EUR 42,213 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 of EUR 32,566 thousand (previous year: EUR 29,218 thousand) relates primarily to write-downs of EUR 11,136 thousand (previous year: EUR 11,229 thousand) on buildings and write-downs on computer hardware of EUR 8,312 thousand (previous year: EUR 7,636 thousand).

19. *Other operating expenses*

Other operating expenses essentially comprise cost transfers, currency exchange losses, advertising and promotional expenses, legal and consulting fees, services, travel expenses, rental and lease charges, postal and telephone expenses, and outgoing freight. The EUR 74,787 thousand decrease in these expenses resulted primarily from the reduction in currency translation losses by EUR 83,461 thousand to EUR 825,730 thousand and the decrease of EUR 16,233 thousand in legal and advisory expenses. By contrast, marketing expenses increased by EUR 35,064 thousand.

20. *Income from investments in related companies*

Income from adidas AG's investments in related companies amounted to EUR 102,486 thousand (previous year: EUR 86,212 thousand) and essentially concerns dividend payments from subsidiaries in Korea, Kazakhstan, Hong Kong 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. The significant decrease was attributable to the transfer of the relatively low profit from adidas Beteiligungsgesellschaft mbH amounting to EUR 5,734 thousand (previous year: EUR 335,060 thousand).

22. *Write-downs of long-term financial assets*

In 2013, the equity investment in Sarragan AG was written down by EUR 2,841 thousand (previous year: EUR 0 thousand).

23. *Net interest income*

Interest result

EUR thousand

	2013	2012
Income from loans of long-term financial assets	2,589	1,699
of which from affiliated companies	2,589	1,699
Other interest and similar income	25,461	26,405
of which from affiliated companies	22,164	22,470
Interest and similar expenses	-90,331	-100,239
of which to affiliated companies	-50,558	-64,711
Interest result	**-62,281**	**-72,135**

Other interest and similar income contains EUR 241 thousand (previous year: EUR 594 thousand) from the compounding or discounting of provisions. Moreover, interest and similar expenses contains EUR 8,087 thousand (previous year: EUR 7,563 thousand) from the compounding or discounting of provisions. EUR 7,694 thousand (previous year: EUR 7,200 thousand) of that figure relates to pension provisions.

The interest expense from the provision for early and partial retirement obligations of EUR338 thousand (previous year: EUR313 thousand) is offset against the income from fluctuations in the fair value of the assets offset in accordance with § 246 (2) sentence 2 HGB amounting to EUR 83 thousand (previous year: EUR 181 thousand).

24. Taxes on income

Taxes on income include corporate income tax, municipal trade tax and 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. In accordance with the option under **§ 274 (1) sentence 2 HGB**, the Company has opted to forgo recognizing the surplus deferred tax assets.

As of December 31, 2013, adidas AG expects to realize a total of EUR 41,719 thousand in future tax benefits due to temporary accounting differences (previous year: EUR 39,497 thousand). 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 result essentially in relation to Group liabilities.

25. Other disclosures

No. of employees (annual average)

	2013			2012		
	Total	Salaried	Wage	Total	Salaried	Wage
Global Sales	250	250	0	232	232	0
Headquarters						
Corporate Services	1,380	1,253	127	1,225	1,129	96
Marketing	1,041	1,041	0	1,000	1,000	0
Operations	1,301	779	522	1,344	755	589
Market Central	1,202	907	295	1,240	872	368
	5,174			**5,041**		
As of December 31	5,235			5,162		

26. Remuneration of the Executive Board and the Supervisory Board

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

Executive Board

Total remuneration of members of the Executive Board in the 2013 fiscal year was EUR 5,558 thousand (previous year: EUR 6,141 thousand). Please refer to the condensed management report for disclosures pursuant to § 285 sentence 1 no. 9a sentence 5-9 HGB.

The provisions for the pension entitlements (including deferred compensation) of current members of the Executive Board totaled EUR 20,709 thousand as of December 31, 2013 (previous year: EUR 19,403 thousand)

The provisions for the pension entitlements of former members of the Executive Board and their survivors totaled EUR 36,545 thousand as of December 31, 2013 (previous year: EUR 36,839 thousand). Additionally, there are EUR 6,099 thousand in indirect obligations (previous year: EUR 6,193 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 EUR 3,421 thousand in retirement pay in fiscal year 2013 (previous year: EUR3,336 thousand).

Executive Board members did not receive any loans from the Company in fiscal year 2013.

Supervisory Board

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

No loans were granted to members of the Supervisory Board in fiscal year 2013.

Recommendation on appropriation of the net unappropriated profits of adidas AG

The Executive Board of adidas AG recommends that the shareholders approve a dividend of EUR 1.50 per share for 2013.

It is therefore recommended that adidas AG's net unappropriated profits as of December 31, 2013 be appropriated as follows:

Appropriation of retained earnings
EUR thousand

Retained earnings as of December 31, 2013	**424,076**
Distribution of a dividend of EUR 1.50 per no-par value share on the share capital of EUR 209,216,186.00 entitled to dividends for the 2013 fiscal year (209,216,186 shares)	313,824
Amount carried forward	**110,252**

Declaration on the German Corporate Governance Code

On February 13, 2014, 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 on the electronic Federal Gazette.

Herzogenaurach, February 14, 2014 The Executive Board of adidas AG

adidas AG

Statement of changes in fixed assets
Cost

Amounts in EUR thousand (HGB)	Carried forward as of Jan. 1, 2013	Additions	Reclassifi-cations	Dispo-sals	As of Dec. 31, 2013
Intangible assets					
Industrial and similar rights and assets, and licenses in such rights and assets	362,170	35,303	25,004	3,437	419,040
Prepayments and assets under construction	29,891	8,632	-25,004	7	13,512
	392,061	**43,935**	**0**	**3,444**	**432,552**
Tangible assets					
Land, land rights and buildings, including buildings on third-party land	272,002	19,201	4,098	5	295,296
Technical equipment and machinery	28,649	1,767	6	366	30,056
Other equipment, operating and office equipment	190,073	17,488	218	2,618	205,161
Prepayments and assets under construction	17,040	33,796	-4,322	0	46,514
	507,764	**72,252**	**0**	**2,989**	**577,027**
Financial assets					
Shares in affiliated companies	3,416,885	159	0	7,598	3,409,446
Loans to affiliated companies	13,165	4,872	0	10,275	7,762
Equity investments	79,249	0	0	0	79,249
Loans to non-affiliated companies	0	50	0	0	50
	3,509,299	**5,081**	**0**	**17,873**	**3,496,507**
Fixed assets	**4,409,124**	**121,268**	**0**	**24,306**	**4,506,086**

Appendix 1 to the Notes

Cumulative depreciation/amortization and	Carrying amount			
As of Dec. 31, 2013	Net amount as of Dec. 31,	Net amount as of Dec. 31,	Reversals of write-downs during the year	Depreciation/ amortization and write-downs
284,748	134,292	122,003	**0**	48,017
0	13,512	29,891	**0**	**0**
284,748	**147,804**	**151,894**	**0**	**48,017**
87,582	207,714	195,574	**0**	11,434
19,604	10,452	10,938	**0**	1,513
166,047	39,114	40,846	**0**	19,619
0	46,514	17,040	**0**	**0**
273,233	**303,794**	**264,398**	**0**	**32,566**
20,590	3,388,856	3,391,750	**0**	2,841
0	7,762	9,207	**0**	0
0	79,249	79,249	**0**	0
0	50	0	**0**	0
20,590	**3,475,917**	**3,480,206**	**0**	**2,841**
578,571	**3,927,515**	**3,896,498**	**0**	**83,424**

Supervisory Board

Igor Landau, Lugano, Switzerland
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

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, Munich, Germany
Deputy Chairman
Partner, WP Force Solutions GmbH (in the course of incorporation), Bad Homburg, Germany[1)]

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 Chairman 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 Jentzsch, 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, AIL Leasing München AG, Grünwald, Germany

Herbert Kauffmann, Stuttgart, Germany
Management Consultant, Stuttgart, Germany

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

- Chairman of the Supervisory Board, Uniscon universal identity control GmbH, Munich, Germany
- Member of the Supervisory Board, DEUTZ AG, Cologne, Germany[2)]

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
Sales Director 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, Boston/Massachusetts, USA

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

- none

Robin J. 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

Roland Auschel[1], Erlangen, Germany

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

- none

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2013

	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	162	directly	100	-505
2	GEV Grundstücks-Beteiligungsgesellschaft Herzogenaurach mbH	Herzogenaurach (Germany)	EUR	43	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	12.078	18	100	-1.590
6	adidas Verwaltungsgesellschaft mbH (formerly: Reebok-CCM Hockey GmbH)	Herzogenaurach (Germany)	EUR	4.351	106	100	-24
	Europe (incl. Middle East and Africa)						
7	adidas sport gmbh	Cham (Switzerland)	CHF	7.514	directly	100	2.490
8	adidas Austria GmbH	Klagenfurt (Austria)	EUR	6.903	directly 7	95,89 4,11	1.660
9	adidas France S.a.r.l.	Landersheim (France)	EUR	112.755	25	100	10.742
10	adidas International B.V.	Amsterdam (Netherlands)	EUR	6.408.593	directly 9	93,97 6,03	258.227
11	adidas International Trading B.V.	Amsterdam (Netherlands)	EUR	617.179	10	100	181.936
12	adidas International Marketing B.V.	Amsterdam (Netherlands)	EUR	49.375	10	100	194
13	adidas International Finance B.V.	Amsterdam (Netherlands)	EUR	14.177	10	100	878
14	adidas Infrastructure Holding B.V.	Amsterdam (Netherlands)	EUR	0	10	100	-
15	adidas Benelux B.V.	Amsterdam (Netherlands)	EUR	1.918	directly	100	2.287
16	Rockport (Europe) B.V.	Amsterdam (Netherlands)	USD	4.964	98	100	462
17	Hydra Ventures B.V.	Amsterdam (Netherlands)	EUR	-2.461	10	100	-2.222
18	adidas International Property Holding B.V.	Amsterdam (Netherlands)	EUR	59.075	116	100	-221
19	adidas (UK) Limited 1)	Stockport (Great Britain)	GBP	62.212	25	100	12.181
20	adidas (ILKLEY) Limited 1) 5)	Stockport (Great Britain)	GBP	-	19	100	-
21	LARA SPORT (UK) Limited 1) 5)	Stockport (Great Britain)	GBP	-	19	100	-

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2013

	Company and Domicile		Currency	Equity (currency units in thousands)	Share in capital held by 6)	in %	Profit / Loss (currency units in thousands)
22	Sarragan (UK) Limited 1) 5)	Stockport (Great Britain)	GBP	-	19	100	-
23	adidas Trefoil Trading (U.K.) Limited 1) 5)	Stockport (Great Britain)	GBP	-	22	100	-
24	Three Stripes Limited 1) 5)	Stockport (Great Britain)	GBP	-	19 20	50 50	-
25	Reebok International Limited 9)	London (Great Britain)	EUR	1.756.676.401	10 104	65,1 34,9	4.404.689
26	Trafford Park DC Limited (formerly: Reebok Finance Limited)	London (Great Britain)	GBP	125	14	100	125
27	RBK Holdings Limited 5) 9)	London (Great Britain)	GBP	-	104 97	89 11	-
28	Reebok Sports Limited 5)	London (Great Britain)	USD	1.971	25	100	0
29	J.W. Foster & Sons (Athletic Shoes) Limited 5) 9)	London (Great Britain)	GBP	-	25	100	-
30	The Rockport Company Limited 5) 9)	London (Great Britain)	GBP	-	25	100	-
31	Reebok Eastern Trading Limited 5)	London (Great Britain)	USD	3.112	25	100	-
32	Reebok Pensions Management Limited 5) 9)	London (Great Britain)	GBP	-	25	100	-
33	Reebok Europe Holdings	London (Great Britain)	GBP	44.065	25	100	266
34	Adams Golf, U.K. Ltd. 5) 12)	London (Great Britain)	GBP	-	93	100	-
35	Taylor Made Golf Limited 4)	Basingstoke (Great Britain)	GBP	4.337	10	100	2.198
36	Ashworth U.K. Ltd. 5) 4)	Bristol (Great Britain)	GBP	-	35	100	-
37	adidas (Ireland) Limited	Dublin (Ireland)	EUR	2.644	10	100	591
38	adidas International Re Limited	Dublin (Ireland)	EUR	12.023	10	100	2.148
39	Reebok Ireland Limited 5)	Dublin (Ireland)	EUR	56	37	100	-
40	adidas Belgium NV	Brussels (Belgium)	EUR	3.280	15	100	1.143
41	Five Ten Europe NV 5)	Wavre (Belgium)	EUR	-15	107	100	57
42	adidas Espana S.A.U.	Zaragoza (Spain)	EUR	28.459	4	100	6.354
43	adidas Finance Spain S.A.U.	Zaragoza (Spain)	EUR	34.548	104	100	423

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2013

	Company and Domicile		Currency	Equity (currency units in thousands)	Share in capital held by 6)	in %	Profit / Loss (currency units in thousands)
44	Global Merchandising, S.L.	Madrid (Spain)	EUR	-24	10	100	160
45	adidas Italy S.p.A	Monza (Italy)	EUR	48.891	10	100	7.837
46	adidas Portugal - Artigos de Desporto, S.A.	Lisbon (Portugal)	EUR	10.306	10	100	775
47	adidas Business Services Lda.	Maia (Portugal)	EUR	275	10 directly	98 2	93
48	adidas Norge AS	Lillestrom (Norway)	NOK	19.959	directly	100	2.026
49	Reebok-CCM Hockey AS	Gressvik (Norway)	NOK	2.381	48	100	-1.805
50	adidas Sverige AB	Solna (Sweden)	SEK	85.191	directly	100	16.139
51	adidas Finance Sverige AB	Solna (Sweden)	SEK	572.431	106	100	9.570
52	Reebok-CCM Hockey AB	Malung (Sweden)	SEK	74.344	50	100	-11.314
53	adidas Suomi Oy	Helsinki (Finland)	EUR	1.754	10	100	650
54	Reebok-CCM Hockey Oy	Forssa (Finland)	EUR	9.807	10	100	-2.064
55	adidas Danmark A/S	Århus (Denmark)	DKK	17.211	10	100	4.696
56	adidas CR s.r.o.	Prague (Czech Republic)	CZK	100.641	directly	100	26.917
57	adidas Budapest Kft.	Budapest (Hungary)	HUF	589.134	directly	100	-434.999
58	adidas Bulgaria EAD	Sofia (Bulgaria)	BGN	13.094	directly	100	4.102
59	LLC "adidas, Ltd."	Moscow (Russia)	RUB	31.736.351	8	100	4.554.566
60	adidas Poland Sp.z o.o.	Warsaw (Poland)	PLN	40.899	directly	100	13.488
61	adidas Finance Poland S.A.	Warsaw (Poland)	PLN	94.585	104	100	1.884
62	adidas Romania S.R.L.	Bucharest (Romania)	RON	19.925	10	100	3.032
63	adidas Baltics SIA	Riga (Latvia)	EUR	1.301	10	100	295
64	adidas Slovakia s.r.o.	Bratislava (Slovak Republic)	EUR	2.223	directly	100	289
65	adidas Trgovina d.o.o.	Ljubljana (Slovenia)	EUR	799	directly	100	581

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2013

	Company and Domicile		Currency	Equity (currency units in thousands)	Share in capital held by 6)	in %	Profit / Loss (currency units in thousands)
66	SC "adidas-Ukraine"	Kiev (Ukraine)	UAH	600.150	directly	100	126.065
67	adidas LLP	Almaty (Republic of Kazakhstan)	KZT	3.231.522	directly	100	1.821.115
68	adidas Serbia d.o.o.	New Belgrade (Serbia)	RSD	1.123	10	100	29.713
69	adidas Croatia d.o.o.	Zagreb (Croatia)	HRK	24.445	10	100	1.974
70	adidas Hellas A.E.	Athens (Greece)	EUR	10.724	directly	100	5.678
71	adidas (Cyprus) Limited	Nicosia (Cyprus)	EUR	-188	directly	100	-1.075
72	adidas Spor Malzemeleri Satis ve Pazarlama A.S.	Istanbul (Turkey)	TRY	216.472	10	100	60.272
73	adidas Emerging Market L.L.C.	Dubai (United Arab Emirates)	USD	51.826	indirectly 9	51 49	5.890
74	adidas Emerging Markets FZE	Dubai (United Arab Emirates)	USD	63.530	10	100	51.938
75	adidas Levant Limited	Dubai (United Arab Emirates)	JOD	2.733	74	55	2.280
76	adidas Levant Limited - Jordan	Amman (Jordan)	JOD	2.203	75	100	2.103
77	adidas Imports & Exports Ltd.	Cairo (Egypt)	EGP	924	78	100	-1.938
78	adidas Sporting Goods Ltd.	Cairo (Egypt)	EGP	70.741	10 11	90 10	23.497
79	adidas Egypt Ltd. 5)	Cairo (Egypt)	USD	-1.831	directly	100	-
80	Reebok Israel Ltd. (formerly: adidas Israel Ltd.)	Holon (Israel)	ILS	7.923	directly	100	-661
81	Life Sport Ltd.	Holon (Israel)	ILS	69.513	10	51	34.508
82	adidas (South Africa) (Pty) Ltd.	Cape Town (South Africa)	ZAR	169.719	directly	100	31.581
	North America						
83	adidas North America, Inc.	Portland, Oregon (USA)	USD	4.674.772	10	100	61.357
84	adidas America, Inc.	Portland, Oregon (USA)	USD	85.772	83	100	9.500
85	adidas International, Inc.	Portland, Oregon (USA)	USD	58.745	83	100	5.484
86	adidas Team, Inc. 5)	Portland, Oregon (USA)	USD	-1.013	83	100	-858
87	Taylor Made Golf Co., Inc. 11)	Carlsbad, California (USA)	USD	124.800	83	100	12.231

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2013

	Company and Domicile		Currency	Equity (currency units in thousands)	Share in capital held by 6)	in %	Profit / Loss (currency units in thousands)
88	Ashworth, LLC. 5) 11)	Carlsbad, California (USA)	USD	-	87	100	-
89	The Reebok Worldwide Trading Company, LLC	Wilmington, Delaware (USA)	USD	14.448	104	100	1.101
90	Adams Golf, LLC 12) (formerly: Adams Golf, Inc.)	Plano, Texas (USA)	USD	57.113	87	100	3.202
91	Adams Golf Holding Corp. 5) 12)	Plano, Texas (USA)	USD	-	90	100	-
92	Adams Golf GP Corp. 5) 12)	Plano, Texas (USA)	USD	-	90	100	-
93	Adams Golf, Ltd. 5) 12)	Plano, Texas (USA)	USD	-	91 92	99 1	-
94	Adams Golf IP, L.P. 5) 12)	Plano, Texas (USA)	USD	-	91 92	99 1	-
95	Adams Golf Mgmt. Corp. 5) 12)	Plano, Texas (USA)	USD	-	92	100	-
96	WGU, LLC 5) 12)	Plano, Texas (USA)	USD	-	93	100	-
97	Reebok Securities Holdings LLC 2)	Wilmington, Delaware (USA)	USD	-	104	100	-
98	The Rockport Company, LLC	Wilmington, Delaware (USA)	USD	30.448	104	100	1.779
99	Textronics, Inc.	Wilmington, Delaware (USA)	USD	10.556	85	100	-3.435
100	Ashworth Acquisition Corp. 5) 11)	Wilmington, Delaware (USA)	USD	-	88	100	-
101	Putter, LLC 5) 11)	Montgomery, Alabama (USA)	USD	-	100	100	-
102	Onfield Apparel Group, LLC 5) 7)	Dover, Delaware (USA)	USD	-	104 103	99 1	-
103	Reebok Onfield, LLC 5) 7)	Dover, Delaware (USA)	USD	-	104	100	-
104	Reebok International Ltd. 2)	Canton, Massachusetts (USA)	USD	-1.102.976	83	100	-62.813
105	Sports Licensed Division of the adidas Group, LLC 7)	Boston, Massachusetts (USA)	USD	99.648	104 97	99 1	-3.839
106	Reebok-CCM Hockey U.S., Inc. 8)	Montpelier, Vermont (USA)	USD	56.754	104	100	-2.681
107	Stone Age Equipment, Inc.	Redlands, California (USA)	USD	17.451	84	100	-2.830
108	adidas Canada Ltd.	Concord, Ontario (Canada)	CAD	135.248	directly	100	-9.671
109	Sport Maska Inc.	New Brunswick (Canada)	CAD	22.394	10	100	-5.289

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2013

	Company and Domicile		Currency	Equity (currency units in thousands)	Share in capital held by 6)	in %	Profit / Loss (currency units in thousands)
	Asia						
110	adidas Sourcing Limited	Hong Kong (China)	USD	285.929	11	100	274.048
111	adidas Services Limited	Hong Kong (China)	USD	9.240	10	100	671
112	adidas Hong Kong Ltd.	Hong Kong (China)	HKD	210.837	directly	100	105.704
113	Smedley Industries (Hong Kong) Limited 5) 8)	Hong Kong (China)	HKD	-	106	100	-
114	Reebok Trading (Far East) Limited	Hong Kong (China)	USD	42.797	104	100	6.900
115	adidas (Suzhou) Co. Ltd.	Suzhou (China)	CNY	222.145	4	100	28.623
116	adidas Sports (China) Co. Ltd.	Suzhou (China)	CNY	4.709.623	4	100	1.850.273
117	adidas (China) Ltd.	Shanghai (China)	CNY	190.097	10	100	113.174
118	Zhuhai adidas Technical Services Limited	Zhuhai (China)	USD	17.093	110	100	1.027
119	adidas Logistics (Tianjin) Co., Ltd.	Tianjin (China)	CNY	147.207	18	100	235
120	adidas Business Services (Dalian) Limited	Dalian (China)	CNY	-4.839	10	100	-4.319
121	adidas Japan K.K.	Tokyo (Japan)	JPY	7.993.633	25	100	1.492.781
122	Taylor Made Golf Co., Ltd.	Tokyo (Japan)	JPY	8.594.061	25	100	975.337
123	Adams Golf Japan, Inc. 5) 12)	Tokyo (Japan)	JPY	-	93	100	-
124	adidas Korea Ltd.	Seoul (Korea)	KRW	155.483.010	directly	100	76.231.120
125	Taylor Made Korea Ltd.	Seoul (Korea)	KRW	27.357.569	directly	100	447.382
126	adidas Korea Technical Services Limited	Pusan (Korea)	KRW	3.273.089	110	100	145.501
127	adidas India Private Ltd. 3)	New Delhi (India)	INR	6.896.375	directly 10	10,74 89,26	-455.747
128	adidas India Marketing Pvt. Ltd. 3)	New Delhi (India)	INR	-	127 10	98,99 1,01	-
129	adidas Technical Services Pvt. Ltd.	New Delhi (India)	USD	1.150	110	100	-52
130	Reebok India Company	New Delhi (India)	INR	-22.635.127	141	93,15	-1.313.955
131	PT adidas Indonesia	Jakarta (Indonesia)	IDR	124.620.276	10 directly	99 1	77.822.387

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2013

	Company and Domicile		Currency	Equity (currency units in thousands)	Share in capital held by 6)	in %	Profit / Loss (currency units in thousands)
132	adidas (Malaysia) Sdn. Bhd.	Kuala Lumpur (Malaysia)	MYR	49.395	directly 10	60 40	31.994
133	adidas Philippines Inc.	Manila (Philippines)	PHP	352.581	directly	100	138.362
134	adidas Singapore Pte. Ltd.	Singapore (Singapore)	SGD	15.237	directly	100	4.637
135	adidas Taiwan Limited	Taipei (Taiwan)	TWD	878.628	10	100	593.772
136	adidas Holding (Thailand) Co., Ltd.	Bangkok (Thailand)	THB	-56.171	indirectly directly	51 49	-120
137	adidas (Thailand) Co., Ltd.	Bangkok (Thailand)	THB	730.737	directly	100	200.573
138	adidas Australia Pty. Limited	Mulgrave (Australia)	AUD	76.341	10	100	11.284
139	adidas New Zealand Limited	Auckland (New Zealand)	NZD	10.242	directly	100	1.213
140	adidas Vietnam Company Limited	Ho Chi Minh City (Vietnam)	VND	-44.620.154	10	100	-13.104.255
141	Reebok (Mauritius) Company Limited	Port Louis (Mauritius)	USD	2.194	104 89	99 1	-
	Latin America						
142	adidas Argentina S.A.	Buenos Aires (Argentina)	ARS	340.183	10 4	95 5	65.879
143	Reebok Argentina S.A.	Buenos Aires (Argentina)	ARS	19.482	10 11	26,13 73,86	8.973
144	ASPA do Brasil Ltda. 5)	São Paulo (Brazil)	BRL	209	110	100	-44
145	adidas do Brasil Ltda.	São Paulo (Brazil)	BRL	378.608	4	100	3.342
146	adidas Franchise Brasil Servicos Ltda.	São Paulo (Brazil)	BRL	140	145	100	130
147	Reebok Produtos Esportivos Brasil Ltda.	Jundiai (Brazil)	BRL	-44.155	10	99,99	-13.358
148	adidas Chile Limitada	Santiago de Chile (Chile)	CLP	54.076.855	directly 3	99 1	15.197.943
149	adidas Colombia Ltda.	Bogotá (Colombia)	COP	108.912	directly	100	-27.280.240
150	adidas de Mexico, S.A. de C.V.	Mexico City (Mexico)	MXN	-166.534	directly	100	7.441
151	adidas Industrial, S.A. de C.V.	Mexico City (Mexico)	MXN	135.938	directly	100	4.046
152	Reebok de Mexico, S.A. de C.V. 5)	Mexico City (Mexico)	MXN	-391.736	directly	100	-36.384
153	adidas Latin America, S.A.	Panama City (Panama)	USD	911	directly	100	-3.933

Shareholdings of adidas AG, Herzogenaurach
at December 31, 2013

	Company and Domicile		Currency	Equity (currency units in thousands)	Share in capital held by 6)	in %	Profit / Loss (currency units in thousands)
154	Concept Sport, S.A.	Panama City (Panama)	USD	358	10	100	-394
155	adidas Market LAM, S.A. 5)	Panama City (Panama)	USD	0	10	100	0
156	3 Stripes S.A. (adidas Uruguay) 5)	Montevideo (Uruguay)	UYU	-436	directly	100	-
157	Tafibal S.A.	Montevideo (Uruguay)	UYU	-2.019	directly	100	-2.019
158	Raelit S.A.	Montevideo (Uruguay)	UYU	-1.325	directly	100	-1.325
159	Reebok Central America S.A. 2)	San Pedro Sula (Honduras)	HNL	-	104 89	99,6 0,4	-
160	adidas Corporation de Venezuela, S.A. 5)	Caracas (Venezuela)	VEF	-17	directly	100	-
161	adisport Corporation	San Juan (Puerto Rico)	USD	-2.002	10	100,00	250

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 Adams Golf LLC

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 of adidas AG, Herzogenaurach, and its report on the position of the Company and the Group for the fiscal year from January 1 to December 31, 2013. 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 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 assets and liabilities, financial position and profit or loss 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 evaluations 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 assets, liabilities, financial position, and profit or loss 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 14, 2014

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 14, 2014

The Executive Board

Supervisory Board Report

IGOR LANDAU
Chairman of the Supervisory Board

Dear Shareholders,

We look back on 2013 as a challenging but also successful year. Thanks to strong brands and partnerships in the world of sports, as well as first-class innovations, the adidas Group was again able to achieve good overall business results. Growth in the emerging markets as well as the strong gross margin improvement were key highlights. However, the Group also faced significant headwinds in 2013. The significant negative currency translation effects, a weak development in Western Europe, generally lower demand in the golf market as well as distribution issues in Russia/CIS were particular challenges. Nevertheless, these issues have been proactively and resolutely managed, and the Group is well positioned to again achieve sales growth at all brands, in all regions and in all markets as well as to improve profitability in 2014.

Supervision and advice in dialogue with the Executive Board

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

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

The Executive Board informed us extensively and in a timely manner through written and oral reports at our Supervisory Board meetings. This information covered all relevant aspects of the Group's business strategy 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 explained immediately and in a detailed manner any deviations in business performance from the established plans, and we discussed these matters in depth within the Supervisory Board.

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 Executive Board's reports and resolution proposals within the committees and within the Supervisory Board as a whole and to put forward any suggestions we might have before resolving upon the Executive Board's proposals after in-depth examination and consultation. In the periods between our meetings, the Executive Board kept us continuously informed about the current business situation by means of monthly reports.

In addition to five regular meetings of the Supervisory Board, we held two extraordinary meetings in the year under review. In January 2014, an extraordinary Supervisory Board meeting relating to Executive Board matters took place by way of a conference call. Two of the shareholder representatives were unable to participate in person due to the short notice. The regular meeting of the entire Supervisory Board which took place in February 2014 dealt with matters relating to the 2013 financial year.

Apart from one regular meeting, which two members were prevented from attending due to other business appointments that could not be postponed, all Supervisory Board members attended all regular meetings in the year under review. The average attendance rate at meetings of the entire Supervisory Board was therefore just under 97%. All the committee meetings, with the exception of one meeting of the Audit Committee and of the General Committee, were fully attended. The external auditor, KPMG AG Wirtschaftsprüfungsgesellschaft (KPMG), attended all regular meetings of the Supervisory Board, inasfar as they did not deal with Executive Board matters. KPMG also attended all meetings of the Audit Committee. The employee representatives held separate meetings to prepare and discuss 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. In addition, the Supervisory Board Chairman was immediately informed about any significant events of fundamental importance for evaluating the situation and development of the company and management activities.

Topics for the entire Supervisory Board

Our consultations and examinations focused on the following topics:

Situation and business development

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

In March 2013, we reviewed and dealt intensively with the KPMG-certified 2012 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. In May, the Executive Board reported to us in detail about the measures initiated in connection with clearing up the compliance case that had arisen at Reebok India Company. In addition, the Executive Board provided us with information on business development and planned marketing activities in the football category in the run-up to the 2014 World Cup. In August, we dealt intensively with the Group's new logistics and warehousing strategy and the possible financial consequences. At our extraordinary meeting in September, the Executive Board informed us that, due to recent negative market developments, the published sales and earnings targets for the year under review were no longer achievable. We discussed the reasons in detail, including the recent intensification of negative currency effects, the continued softness in the global golf market and the unexpected short-term distribution constraints as a result of the transition to a new distribution facility in Russia. In November, we were provided with detailed information about the competition situation in the sporting goods market.

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.

In the context of this requirement, at our meeting in February, we discussed in detail and approved the budget and investment planning for 2013 presented by the Executive Board, which, in view of the macroeconomic environment, we deemed to be ambitious. Additionally, following completion of the project, we approved the dissolution of the "Apple" committee, which had been established ad hoc related to the acquisition of Adams Golf, Inc., USA in 2012. At our meeting in March, we discussed and resolved upon the resolutions to be proposed to the 2013 Annual General Meeting, including the proposal regarding the appropriation of retained earnings for the 2012 financial year. At an extraordinary meeting in June, held by way of a conference call, the Executive Board provided us with detailed information on key strategic distribution centres leased by Group companies on a long-term basis and the possible purchase thereof in the interest of optimising profitability. We specifically dealt with the Executive Board's proposal to purchase the strategically important distribution centre in Manchester, UK, hitherto leased by a Group company. At our August meeting, following the Executive Board's detailed presentation on the future logistics and warehousing strategy for the adidas Group, we resolved to invest in the distribution centre in Brazil. Additionally, we dealt with the various possibilities for funding pension obligations of adidas AG and approved funding in the form of a pension trust fund.

Composition of the Executive Board

In the year under review and at the beginning of 2014, we took important decisions concerning changes on the Executive Board. At our meeting in May 2013, we resolved to extend Erich Stamminger's Executive Board mandate by a further three years, taking due account of his excellent performance and successes in Global Brands. Furthermore, after extensive consultation, we approved the changes in the terms of his Executive Board service contract, following the General Committee's proposal. At our Supervisory Board meeting in September, held by way of a conference call, we extensively discussed and resolved upon the appointment of Roland Auschel to the Executive Board with responsibility for Global Sales, effective October 1, 2013, and we established his compensation, following the General Committee's proposal. Roland Auschel has held various management positions within the

Group in Germany and abroad in the past 20 years. With the creation of a separate Executive Board function for Global Sales, we have taken into account the importance of Global Sales for our company. At our extraordinary meeting on January 8, 2014, after due consideration within the Supervisory Board as a whole, we complied with the request of our long-standing Executive Board member Erich Stamminger to release him from his duties as Executive Board member effective March 5, 2014. We approved the termination of his appointment by mutual consent and, following in-depth consultation, resolved upon the appointment of Eric Liedtke as member of the Executive Board with responsibility for Global Brands. Eric Liedtke has held various management positions within the adidas Group both in and outside Germany in the past 20 years. At the same time, we determined his compensation and approved the termination agreement regarding the Executive Board service contract with Erich Stamminger, following the General Committee's proposal.

Executive Board compensation

Key topics of our meeting as well as of our circular resolution in February 2013 were the determination of the Performance Bonuses to be granted to our Executive Board members for 2012 and the redetermination of the already paid Performance Bonuses for the 2011 financial year and the previous years, as proposed by the General Committee. This reassessment was necessary as the financial figures relevant for determining the degree of target achievement of our Executive Board members in 2011 and prior years had to be adjusted as a result of the financial irregularities that had arisen at Reebok India Company, which had also led to a restatement of the consolidated financial statements for 2011 and prior years. While the restatement of the financial figures necessitated redetermination of the Performance Bonuses for the 2011 financial year and prior years, resulting in obligations for repayment by the Executive Board, the already paid LTIP Bonuses 2009/2011 were not affected.

In March 2013, following in-depth consideration, we resolved upon the key performance criteria for granting the 2013 Performance Bonuses, together with the individual short-term targets, and determined the Performance Bonus target amount relevant for each Executive Board member as proposed by the General Committee. In February 2014, we discussed the performance of the Executive Board members in the year under review and resolved upon the Performance Bonuses to be granted to them.

Further information on compensation for the 2013 financial year can be found in the Compensation Report **SEE COMPENSATION REPORT, P. 53**.

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, we dealt in our August meeting with the amendments to the Code that were adopted by the Government Commission on the German Corporate Governance Code on May 13, 2013, essentially concerning the subject "Executive Board compensation". At this meeting, as well as at our meeting in February 2014, we extensively discussed the recommendation to introduce caps for the variable compensation components and resolved upon caps accordingly. At the February meeting, we also dealt extensively with the Code's recommendation that, when determining Executive Board compensation, consideration should be given to the relation between Executive Board compensation and that of top-level management and of employees overall including development of the compensation over time. We discussed in detail how to define the respective benchmark groups for the purpose of these comparisons, and then passed a resolution accordingly. At this meeting, after comprehensive discussion, we also resolved upon the 2014 Declaration of Compliance. The Declaration of Compliance was 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. 48.**

Efficient committee work

In order to perform our tasks in an efficient manner, we have five Supervisory Board standing committees **SEE SUPERVISORY BOARD, P. 40** and also two project-related ad hoc committees, which were established in 2009 and 2012. These committees prepare resolutions of the Supervisory Board as well as topics for Supervisory Board meetings. In appropriate cases, and within the legally permissible 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 committee chairpersons inform the Supervisory Board about the content and results of the committee meetings at the subsequent meeting of the entire Supervisory Board.

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

- The **General Committee** held six meetings in 2013, two of them by way of a conference call. An additional meeting, dealing with topics relating to the year under review, took place in February 2014.

  The main focus of the meetings of the General Committee was the preparation of the resolutions of the Supervisory Board as a whole relating to the Executive Board members' compensation as explained in detail above – in particular with regard to the concrete assessment of the Executive Board members' variable compensation – as well as resolutions relating to personnel changes on the Executive Board. At its meeting in February 2013, the General Committee thoroughly discussed a resolution proposal for the Supervisory Board concerning the amount of the Performance Bonuses to be repaid by the Executive Board members for the 2011 financial year and previous years. It also assessed the individual degree of target achievement with respect to the Performance Bonuses to be paid to the Executive Board members for the 2012 financial year and resolved upon a corresponding recommendation to the Supervisory Board. Additionally, in March it discussed the new performance criteria and targets as well as the target bonuses for the Executive Board members' Performance Bonus plans for the year under review. In September and December 2013, it dealt with matters relating to Executive Board compensation. In February 2014, it discussed the termination agreement regarding the Executive Board service contract concluded with Erich Stamminger, as well as the

Performance Bonuses to be granted to the members of the Executive Board for the year under review. At each of these meetings, the committee resolved upon respective resolution proposals to present to the Supervisory Board.

– The **Audit Committee** held five meetings in the year under review and also one meeting in February 2014, 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 focal point of the committee's work in February 2013 was a preliminary examination of the annual financial statements and the consolidated financial statements for 2012, including the combined management report of adidas AG and the Group, as well as the Executive Board's proposal regarding the appropriation of retained earnings. Following an in-depth review of the audit reports with the auditor, at its meeting in March the Audit Committee recommended that the Supervisory Board approve the annual financial statements and the consolidated financial statements. In addition, after obtaining the auditor's declaration of independence, the Audit Committee prepared the Supervisory Board's proposal to the Annual General Meeting concerning the selection of the auditor of the annual financial statements and the consolidated financial statements for 2013. After jointly establishing the priority topics for the audit, the committee discussed in detail the granting of the corresponding audit assignments. It then dealt in November with the audit fee arrangements and monitored the auditor's independence and qualifications by obtaining information on the measures taken by the auditor to guarantee independence and qualifications, and assured itself that the auditor does not face any conflicts of interest. Furthermore, the Executive Board provided the Audit Committee with information regarding tax and customs strategies and the potential risks in these areas. The members of the Audit Committee examined in detail the quarterly financial reports and the first half year report, together with the Chief Financial Officer and the auditor, prior to their publication.

  At a committee meeting in September, the committee members focused solely on the topic of risk management and the internal control system as well as the compliance management 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 further 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 2013/2014. 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 comprehensive 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 compliance 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 2013.

- The **Nomination Committee** held one meeting in the year under review. The focal point of this meeting was the preparations for the next election of shareholder representatives on the Supervisory Board by the Annual General Meeting on May 8, 2014.

- **Ad hoc committees:**
  The ad hoc "Committee for Real Estate Projects", which was established in 2009, and the ad hoc "Convertible Bond/Bond with Warrants" committee did not meet in the year under review.

Examination of the adidas AG 2013 annual financial statements and consolidated financial statements

KPMG audited the 2013 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 2013 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 February 28, 2014 and at the Supervisory Board's March 4, 2014 financial statements meeting, during which the Executive Board explained the financial statements in detail. The Executive Board's commentaries concerning the goodwill impairment necessary for the 2013 financial year were also a topic at these meetings. 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 € 1.50 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, we are convinced that there are no objections to be raised. At our financial statements meeting, therefore, following the recommendation of the Audit Committee, we approved the audit results and the financial statements prepared by the Executive Board. The annual financial statements of adidas AG were thus approved.

Expression of thanks

On behalf of the adidas Group, we wish to thank Erich Stamminger for his leadership and his expertise as well as for his countless contributions to the success of the Group and its brands over the last three decades.

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

For the Supervisory Board
IGOR LANDAU
Chairman of the Supervisory Board
March 2014

adidas AG

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