

**Report of the Executive Board
pursuant to §§ 203 section 2 sentence 2, 186 section 4 sentence 2 AktG
on Agenda Item 6**

Under Agenda Item 6, the Executive Board and Supervisory Board propose cancelling the hitherto unused Authorised Capital against contributions in kind in the total amount of EUR 25,000,000 (§ 4 sect. 3 of the Articles of Association), which expires on June 30, 2016, as well as replacing it with a new authorised capital against contributions in kind, again in the total amount of EUR 25,000,000 and for a duration of again three years by way of an amendment to the Articles of Association, which substantially corresponds to the current authorisation.

In accordance with §§ 203 section 2 sentence 2, 186 section 4 sentence 2 AktG, the Executive Board gives a written report on the authorisation to exclude subscription rights. This report is published in full as follows:

§ 4 section 2 and § 4 section 4 of the Company's Articles of Association include authorisations for the Executive Board to increase the Company's nominal capital against contributions in cash by up to EUR 70,000,000. The exclusion of subscription rights is only possible to a limited extent. § 4 section 3 of the Company's Articles of Association, however, includes the authorisation for the Executive Board to increase the Company's nominal capital, subject to Supervisory Board approval, against contributions in kind by up to EUR 25,000,000 with the possibility of excluding shareholders' subscription rights. This authorisation shall be replaced by a new authorisation with again a duration of three years from the entry with the commercial register.

The authorisation for the issuance of new shares includes the Executive Board's authorisation to exclude the statutory subscription rights of shareholders, subject to Supervisory Board approval. This shall also be applicable if the contribution in kind is effected partly against shares and partly against a contribution in cash or another form of consideration (if necessary also treasury shares). Such authorisation to exclude subscription rights shall serve the following purposes:

- 1) The Executive Board and Supervisory Board shall have the possibility to have this Authorised Capital at their disposal to issue shares as (partial) consideration within the scope of mergers or for the acquisition of participations, companies or parts of companies as contribution in kind. If necessary, such participations, companies or parts of companies may also be contributed to a subordinated Group company of the Company or within the scope of a company merger with a subordinated Group company.

The value at which the new shares will be issued for this purpose shall depend on the respective circumstances of the individual case and on the specific date. When establishing the value, the Executive Board and the Supervisory Board shall take into consideration the best interests of the Company and, to the extent possible, the stock market price.

Historically, the Executive Board has continuously reviewed opportunities for the Company to purchase companies, parts of companies or participations in companies which are involved in the business of producing and selling sports or leisure goods or are otherwise involved in the Company's business interests. The purchase of such participations, companies or parts of companies in exchange for shares is in the Company's best interest if the purchase solidifies or strengthens the respective market position of the adidas Group or allows for or facilitates the access to new business sectors. In order to be able to quickly and flexibly react to the interest of a seller or of the Company in a payment in the form of shares of the Company for such acquisitions, the Executive Board must – to the extent that repurchased treasury shares cannot or shall not be used – have the authority, subject to Supervisory Board approval, to issue new shares of the Company while excluding shareholders' subscription rights. Since the shares shall be issued at a price that is, to the extent possible, based on the stock market price, interested shareholders will have an opportunity, at about the same time as the Company's new shares are issued for the aforementioned purposes under the exclusion of the shareholders' subscription rights, to purchase additional shares on the stock exchange at the stock market price and thus at essentially comparable terms and conditions.

Based on the above considerations, in the opinion of the Executive Board, the proposed authorisation to issue new shares is in the interest of the Company and can justify excluding the subscription rights of shareholders in individual cases. The Executive Board and Supervisory Board will therefore review each individual acquisition and will consider whether a purchase in exchange for the issuance of shares, subject to the exclusion of the shareholders' subscription rights, is necessary and will be in the interest of the Company.

- 2) The proposed authorisation set out in § 4 section 3 of the Articles of Association shall also provide the Executive Board and Supervisory Board with the opportunity to use the Authorised Capital to issue shares as (partial) consideration for the transfer of intellectual property rights or intangible property rights of athletes, sports clubs and other persons, such as patents, trademarks, names, emblems, logos and designs, to the Company or one of its subordinated Group companies for purposes of developing, producing and marketing the products and services of the adidas Group. In addition, the new shares shall serve as (partial) consideration for the direct or indirect acquisition of (possibly time-limited) rights of use (licences) in such rights by the Company or one of its subordinated Group companies.

In the event that athletes, sports clubs or other persons holding or exploiting rights in such intellectual property rights or intangible property rights are prepared to transfer or license such rights only in exchange for granting of shares or, in the case of cash payments, only at significantly higher prices, or the granting of shares is in the interest of the Company for other reasons, the Company has to be in a position to react to such a situation in an appropriate way.

Such may be the case, for example, if the Executive Board negotiates with a sports club in Germany or abroad on a sponsoring agreement, which is intended to permit the Company to exploit the known names, emblems and logos of this club under a licence in order to help market the products of the adidas Group.

Furthermore, the Executive Board considers it possible that there will be opportunities for the Company, in exchange for shares of the Company, to directly or indirectly purchase patents or licences for patent rights, the exploitation of which will be in the Company's best interest for the products that the adidas Group currently has, is currently developing or planning to develop in the future.

The evaluation of the industrial/intangible property rights or the licences for such rights to be acquired by the Company directly or indirectly shall be carried out in accordance with market-oriented principles and, where necessary, on the basis of an expert valuation. The evaluation of the shares to be granted by the Company shall be conducted taking the stock market price into consideration. Shareholders who wish to maintain their shareholding ratio in the Company may therefore do so by acquiring further shares through the stock exchange at essentially comparable conditions.

The granting of shares in the aforementioned cases will be in the best interest of the Company and can justify an exclusion of subscription rights if the use and exploitation of the industrial/intangible property rights or the licences based thereon promises advantages for the Company in the marketing of products and services and/or development of its products and the purchase of such rights in return for cash is not possible or is not possible at reasonable conditions. It is also conceivable that the granted consideration will consist of shares as well as cash (e.g. royalties) and/or other types of consideration.

The decision of whether to grant new shares of the Company as (partial) consideration shall be made on a case-by-case basis by the Executive Board, subject to Supervisory Board approval, taking into consideration the Company's interests in any specific transaction, the actual necessity for granting the shares, and the valuation thereof.

- 3) The proposed authorisation under § 4 section 3 of the Articles of Association shall furthermore enable the Executive Board and Supervisory Board to also use the Authorised Capital for the issuance of shares as (partial) consideration for the contribution of other business assets eligible for serving as contributions in kind, especially real estate and rights to real estate or receivables (also from the Company or subordinated Group companies). The granting of shares in the aforementioned cases will be in the best interest of the Company if the business assets contributed as contributions in kind are useful for the Company's business or promise advantages for the financial position, assets or liabilities and profit or loss of the Company and if a purchase in return for cash is not possible or is not possible at reasonable conditions.

The decision of whether to grant new shares of the Company as (partial) consideration shall be made on a case-by-case basis by the Executive Board, subject to Supervisory Board approval, taking into consideration the Company's interests in any specific transaction, the actual necessity for granting the shares, and the valuation thereof.

- 4) Instead of the contributions in kind set out in the above parts 1) to 3), also the obligation to transfer the assets to the Company can be contributed as contribution in kind insofar as the contribution is to be made within five years from the resolution on the implementation of the capital increase.

- 5) Moreover, the Executive Board shall, based on the Authorised Capital pursuant to § 4 section 3 of the Articles of Association, have the possibility to grant shares to employees of the Company and of subordinated Group companies as well as to members of the administrative bodies of subordinated Group companies (together: employee shares) against contribution of compensation entitlements, pecuniary claims or other assets. At the moment it is, understandably, not possible to state a potential issue price. The Executive Board will appropriately determine the price of the shares to be issued in alignment with the stock market price, taking into consideration the interest of the Company and of its shareholders as well as the respective purpose. The issue price of new shares in such a case shall only fall below the current stock market price of the already traded shares if, and to the extent that, such is customary for employee shares.

Subject to a new authorisation by the Annual General Meeting, when utilising the authorisation to issue new shares against contributions in kind from the Authorised Capital 2015 (§ 4 section 3 of the Articles of Association) to be granted by the Annual General Meeting on May 7, 2015 under Agenda Item 6, or when utilising the authorisation to issue new shares against contributions in cash with a simplified exclusion of subscription rights from the Authorised Capital 2013/III (§ 4 section 4 of the Articles of Association) granted by the Annual General Meeting on May 8, 2013, the Executive Board will ensure that the overall volume of shares issued based on these authorisations while excluding subscription rights does not exceed 12% of the nominal capital existing at the date of the respective issuance. This deduction clause shall not apply if residual amounts of shares are excluded from subscription rights. Such a deduction clause shall not only ensure that through the volume limit amounting to 12% of the nominal capital at the date of the respective issuance, the shareholders' interest in preventing a further dilution of their shareholding quota is safeguarded, but also that the Executive Board has at its disposal authorisations for capital measures while excluding subscription rights to an appropriate extent that can be used for the capital measures outlined in the respective reports.

The Executive Board will furthermore in any case carefully review whether a utilisation of the Authorised Capital 2015 and the exclusion of shareholders' subscription rights is in the best interest of the Company and its shareholders. The Executive Board will report any utilisation of the Authorised Capital 2015 to the Annual General Meeting.

Herzogenaurach, March 2015

adidas AG

The Executive Board