

Annual General Meeting

March 8, 2008

Herbert Hainer, CEO and Chairman of the Executive Board, adidas AG

Dear shareholders,
ladies and gentlemen,
dear friends of our company, adidas AG,

On behalf of my colleagues on the Executive Board, I would like to welcome you all to our AGM.

adidas Group Well Prepared For Sports Year 2008

We are experiencing exciting times, as two major sports events are set to begin in the coming weeks and months. Both events are the subject of passionate debate, and I will talk about them in more detail in a moment.

But first I would like to explain our 2007 business results to you and our outlook for the current financial year. That's what today is all about.

Successful Year For The adidas Group

After the acquisition of Reebok and our great success at the World Cup in Germany, we were naturally aware that in 2007 we would have to achieve even more in order to surpass the successes of the previous year.

My message to you today is simple and positive: We have achieved our targets in impressive style, and our success story continues.

Seventh Consecutive Year of Double-Digit Earnings Growth

We are very proud that in 2007, for the seventh year running, we achieved double-digit earnings growth. We are presenting a strong and forward-looking balance sheet – a balance sheet which, beyond its figures, expresses courage, determination and optimism.

Our focus on performance and operational strength has contributed significantly to our success. We also further extended our leading position in innovation and design, for which we received several important awards.

Allow me now to present the key figures for 2007:

Key Financial Figures 2007

In currency-neutral terms, our Group's sales increased by seven percent and by two percent in Euro, to 10.3 billion Euro.

The Group's gross margin increased by 2.8 percentage points to 47.4 percent, and our gross profit by nine percent, to 4.9 billion Euro.

The operating margin rose by half a percentage point to 9.2 percent. The Group's operating profit improved by eight percent to 949 million Euro. Net income attributable to shareholders rose by 14 percent to 551 million Euro.

This means that we consistently seized our opportunities for growth. Almost all regions contributed to this strong development.

Currency-Neutral Sales Development 2007 By Region

Our Group grew currency-neutral sales by 7 percent in Europe, 18 percent in Asia and an impressive 38 percent in Latin America.

In North America, however, sales declined slightly, by two percent, because of lower Reebok sales and also because we deliberately took low-price Reebok products out of the market.

Market Position

We have expanded our position as market leader in Asia/Pacific, where Japan, China, India and Korea are all making significant contributions. Asia is booming, and no company is booming there more than we are.

In Latin America too, we have tremendous momentum. In the region's two largest markets – Argentina and Brazil – we are continually improving at a high level. In Argentina we are already the market leader and in Brazil we are well on the way to taking the leading position.

And let's not forget Europe. Here, we are very well positioned in all the major markets and in many countries we are the clear market leader, nowhere more so than in Germany. We are reaping above-average rewards from the dramatic growth of markets in Eastern and South-Eastern Europe. I would particularly like to highlight Russia as an example.

Leading Market Position In Russia

We are growing so fast in this large country that it is already one of our most important markets in Europe. With over 50% market share here, we are already the number one and we expect that Russia will be our biggest market in Europe by 2010.

In the Moscow region alone, there are almost 15 million people. You can just imagine the buying power and creativity that are developing there. Not only do we have a presence in Moscow, but in many other cities in Russia too.

Controlled Space Supports Growth Of All Brands

In 2007, we established 200 new stores in Russia. In all our other markets, whether in Asia, Europe, North America or Latin America, we are increasing mono-branded space devoted to our brands that we control ourselves. For us, that is an important lever for productive growth. We analyze local conditions very carefully, and then decide accordingly whether to go for stores of our own, franchises or shop-in-shop

formats. We are also eagerly embracing and prioritizing digital communication, the importance of which continues to grow at a rapid rate.

Brand adidas As Growth Driver For The adidas Group

Ladies and gentlemen, the adidas brand is and remains our Group's growth driver. Its sustained success in the emerging markets, its powerful expansion in controlled space, and its uninterrupted dominance on the European home market have come together in a triumphant victory for the brand. For the third year running, the brand achieved a double-digit currency-neutral sales increase. In order to become even more dynamic, we have focused on the five categories of running, football, basketball, training and Originals, which account for 80% of sales in the adidas segment.

adidas: 2007 Record Year

With a gross margin of 47.4 percent and an operating margin of 12.9 percent, brand adidas is also setting new records in terms of profitability. Synergies deriving from economies of scale in sourcing resulting from the acquisition of Reebok contributed to this excellent result.

Reebok: 2007 Sales Stable

All in all, we are very satisfied with the new market opportunities and economies of scale which have arisen for our Group from the integration of Reebok. Sales in the Reebok segment remained stable in 2007, while gross margin and operating margin improved. We have made key changes in the management of the Reebok brand and also made important decisions in order to improve sales in the USA. We just can't let the brand be sold at a loss because of high inventories. Shoes sold at 29 US Dollars will neither make money for us nor improve our image.

But I also make no secret of the fact that Reebok's progress is going slower than we had hoped when we acquired the number three in the global sporting goods market in 2006. And the current developments in the North American market do not make

our task any easier, because the first brands to suffer from weak consumer demand in the USA are those that do not have a clearly defined image.

Therefore the greatest test for us is still to come. We must – and we will – position Reebok clearly, and sustainably, so that our customers will immediately recognize the appeal of this brand – particularly in its most important markets, the USA and the UK.

Brand Positioning

I can assure you that our strategy is absolutely right, and we are implementing it step by step. We have already given the brand a much more sports-focused and international orientation. With the “Your Move” brand campaign, which is currently up and running, Reebok is establishing itself as a brand that celebrates individuality, challenges the status quo and thus expresses a natural modernity. The campaign has already resonated with our customers and is driving sell-through success with a number of products. In 2009, Reebok will return even more dramatically to its roots, particularly emphasizing the categories that made it the most successful brand at the beginning of the 90s: women and fitness. I am already confident that consumers will find this new focus appealing.

Reebok Makes Positive Contribution to adidas Group

In 2007, Reebok was earnings-accretive.

That means: we are increasing our efficiency with Reebok. We have already achieved cost synergies from the combination of adidas and Reebok sourcing activities.

With Reebok we are in an excellent position to extend the Group’s ability to cater to the sports and lifestyle markets more comprehensively and intensively than ever before.

All this means progress, and that’s what it’s about – for adidas, Reebok and TaylorMade-adidas Golf.

TaylorMade-adidas Golf Strategy

TaylorMade-adidas Golf pursues the objective of being the best performance golf company in the world, both in terms of sales and profitability. In order to achieve these goals, TaylorMade-adidas Golf has five strategic priorities.

These are: to extend TaylorMade's position as market leader in metalwoods; expand the golf ball business significantly; maximize growth for adidas Golf; deliver excellent performance in marketing and further improve the sales mix.

TaylorMade-adidas Golf: Growth

With these priorities, we are aiming to achieve a double-digit operating margin. Nothing demonstrates our ambition as clearly as the metalwoods results. Despite the extremely tough competition and the technology hype in golf's most prestigious category, TaylorMade was able to increase the gap between itself and its closest competitors by over 10 percentage points in terms of market share. In addition, adidas Golf shoes and apparel have delivered a double-digit growth rate for five years running. After the divestiture of Maxfli, we now have even more opportunities to concentrate on the growth of our two core golfing brands, TaylorMade and adidas Golf. We also highlight TaylorMade-adidas Golf's leading position in our brand communication. Here is an example (video).

Ladies and gentlemen, we are constantly working at making the adidas Group even stronger. Our clear objective is to continuously increase profits for you, the shareholders. The long-term trend in our share price reflects our Group's sustainable growth.

adidas AG Share Price Development Outperforms DAX-30 and MSCI

Our share price developed strongly in 2007 - although we have seen a decline since the beginning of the year, as has the DAX-30 as a whole, due to the uncertainties surrounding the outlook for the North American market. Rising by 36% in 2007, our share price outperformed both the DAX-30 and the MSCI World Textiles & Apparel Index, which includes our most important competitors. Our convincing financial

results and the increasing confidence in the Group's medium-term strategy contributed considerably to this development. The adidas share closed 2007 at 51.26 Euro, thus achieving an all-time high. As a result of this development, our market capitalization, at 10.4 billion Euro, clearly exceeded the value of the previous year, which was 7.7 billion Euro.

Share Buyback Program

A combination of strong financial performance and disciplined balance sheet management is the best recipe for creating value for our shareholders. Since the completion of the Reebok acquisition in the first quarter of 2006, we have reduced our net debt level by approximately 1.2 billion Euro. With a financial leverage of 58.4 percent at the end of 2007, we are now flexible enough to return more capital to our shareholders.

That is why we announced a share buyback program in January of up to 420 million Euro, based on the authorization given by our Company's Annual General Meeting in May last year. Between January 30, 2008 and today we have repurchased a total of 5,511,023 shares, representing 5,511,023 Euro and 2.71% of the stock capital.

The total buyback volume amounted to 229.9 million Euro, which corresponds to an average purchase price of 41.73 Euro. adidas AG intends to cancel the shares, thus lowering the stock capital. This means that the Group's earnings per share increases and you, the shareholders, will be able to participate even more intensively in the future development of our earnings. As announced in January, we intend to continue the share buyback program initially until November. Therefore, we are asking for your approval of the proposed authorization on the agenda today to extend the program.

Dividend Proposal

In light of our strong operating profits, we are recommending to the AGM today that the dividend be increased from 0.42 to 0.50 Euro. Thus, the dividend payout amount will increase more than our net income, by 16 percent to 99 million Euro.

In 2008, we will give you, the shareholders, back more money than ever before. This initiative testifies to our faith in our business prospects and future generation of cash flow.

We have worked with commitment to position ourselves for further growth in 2008. We are in excellent form, we are fast and we have great stamina. But we are also determined to continuously get better. Our objective is very clear: we want to be the world's leading sporting goods company and that is more than a vision for us. Visions are sometimes by definition far away. But our objective is concrete and achievable.

But I will say just as openly that we face many challenges this year. The credit crisis, the weak North American economy, high inflation rates, steeply rising energy costs and the insecurity of consumers constitute tough challenges. Moreover, our entire sector is affected by increasing costs of raw materials, labor and freight. But we are determined to rise to and overcome these challenges. We want our success story to go on and on.

My message to you is very clear: We are doing our utmost to counter negative economic influences. We certainly cannot detach ourselves entirely from the overall macroeconomic situation, but we do want to make ourselves even more robust and independent.

Excellent Start In First Quarter Of 2008

And as I'm sure you heard just two days ago, we succeeded in impressive style in the first quarter of 2008. We are off to an excellent start to the year. The most important figures for the first three months of the year are:

Sales for the adidas Group grew 10 percent on a currency-neutral basis and 3 percent in euro terms to 2.6 billion Euro. The operating margin increased by 1.7 percentage points to 10.8 percent, and our net income soared, growing 32 percent to 169 million Euro. These results clearly exceeded expectations and were duly acknowledged, by the stock markets and the media. With an increase of 5.7 percent,

we were the winner of the day in the DAX-30. And TV channels and newspapers reported extensively on a great start to the year for adidas.

Q1 2008: adidas and TMaG Growth Drivers for the Group

The adidas brand was again the major growth driver and continues to set the pace. Currency-neutral revenues in this segment increased 14 percent in the first quarter. The European Football Championship is just around the corner and had an impact of course, but adidas isn't only strong in football. The brand has grown in nearly all major categories. Therefore, with its strong product initiatives and convincing marketing, adidas has every reason to be optimistic about the prospects for the future.

At Reebok, the burdens of the past were again clearly evident in the first quarter of this year, with a six percent decline in segment sales on a currency-neutral basis. Reebok has lacked a clear profile in the past, especially in its major markets – the USA and the UK. In times of tough retail markets, this of course presents us with particular challenges. But we are optimistic that we will achieve a clear improvement in the course of the year, and we continue to expect currency-neutral sales to grow in this segment at a mid- to high-single-digit percentage rate.

TaylorMade-adidas Golf also got off to an impressive start to the year. Currency-neutral sales in this segment were up by 17% in the first quarter, and all margins showed improvement.

Guidance For Full Year 2008 Confirmed

Following this great start to 2008, we are well on track to achieving our targets for the full year. Despite tough markets, we intend to again reach new heights on both the top and bottom line. Revenue and profit development phasing in the upcoming quarters will reflect the timing of the major sporting events and the cost intensity of

our marketing programs during these periods. Nevertheless, we expect high-single-digit sales growth, driven by improvements at all of our brands.

Gross margin for the full year will range between 47.5 and 48 percent. And our operating margin will expand to at least 9.5 percent. Finally, our constant attention toward optimizing our operational performance will yield an increase in net income of at least 15 percent.

Social And Environmental Responsibility

Ladies and gentlemen, we are combining the profitable growth with social and environmental responsibility. We openly accept our duty to look after all those working for the adidas Group throughout the world and particularly in the emerging markets. We are developing and implementing exemplary social security and environmental conditions at our own production and management locations. Yet we don't stop here. Our ambitious program is particularly focused on those working for the adidas Group in our suppliers' factories.

We have an ongoing dialog with local groups who help us to adjust our programs on training, health and environmental protection to local conditions.

adidas Group Ranks Among World's Top 100 Sustainable Companies

Numerous independent organizations in Germany and around the world have been confirming our groundbreaking commitment for many years. Our company is regularly examined and assessed by analysts in terms of its sustainability. In rankings such as the Dow Jones Sustainability Indexes, we have been leading the way for years. The adidas Group numbers among the 100 most sustainable companies worldwide. We feel strengthened by this, and we use that strength to give a good example to our industry and to the economy in general.

However, there will always be critics who refuse to accept that a global company as successful as adidas can also behave responsibly in social and environmental terms and keep systematically developing its proven high standards. We are much more advanced than these critics give us credit for, and that is why they constantly fail to keep up with our development.

Nevertheless, I expressly thank them for any constructive criticism and all their valuable tips and advice which help us to progress even faster and further in terms of people and the environment.

UEFA EURO 2008™ Kicks Off In 30 Days

Ladies and gentlemen, in 30 days the European Football Championship will finally get underway. I greet you, Austria and Switzerland! You will stage a passionate football festival and excite Europe's football fans. Over a million visitors will experience the 31 games in eight stadiums. Several million fans are expected at official Fan Miles in the cities where the matches will be played. In total, the matches are expected to attract over eight billion television viewers. 7,000 journalists and photographers will be arriving to supply information to newspapers, press agencies, magazines, television and radio.

Of course, adidas will be surprising the fans with top-class campaigns, as we did so impressively at the 2006 FIFA World Cup™. I'm sure you all recall the 65-meter long Oliver Kahn diving across the motorway at Munich Airport. At the EURO we will again stage our players and products to excite people outside of the stadiums. Our efforts for this in terms of expense, time and organization are obviously very high.

But the bar is also set high. The 2006 World Cup held in our own country was an excellent opportunity to enhance our sales, brand awareness and association, and our image. In all these areas we surpassed our original expectations and of course we are planning to repeat this performance.

adidas Will Dominate the European Championship

It is already clear that no other company will dominate the European Championship the way adidas will. We are the Official Sponsor of the European Championship, we are supplying the official ball of the tournament, equipping officials, referees, voluntary helpers and ball boys and girls.

adidas Outfits Five Teams

We are also outfitting five teams taking part in the European Championship. Apart from Germany, these are France, Spain, Romania and Greece, the defending champion. I am certain that we have a good chance of taking the title with these teams and that one of them will become European Champion.

We will continue to put on the pressure in the football business worldwide and grow faster than our competitors. We are firmly convinced that no other company will overtake us in this core category. That is also a point of honor for us, as adidas embodies the spirit of football as no other company has ever managed to do, or ever will.

Olympic Games

Ladies and gentlemen, on August 8 the Olympic Games will begin in Beijing.

When the world's athletes come together in one place, there is no better proof that sport knows no boundaries and that it is the athletes and not the politicians who embody the Olympic spirit.

The athletes have been preparing for four long years, harnessing their great strength and energy for the Olympic Games. adidas has the greatest respect for these athletes, who drive their performance to the limit with talent and training – and without drugs. For us, they are the elite of the sporting world and we feel committed to them.

Yet we take the passionate and serious debates about hosting the Olympic Games in Beijing very seriously and we respect all opinions expressed. The questions at stake are morality, peace and human rights – the core values of humanism.

We have been receiving many letters from people who judge adidas harshly because we will be present at the Olympic Games in Beijing. These people clearly believe that as sponsors we are in a position to influence the situation in Tibet. They go even

further, presenting our commitment to the Olympic Games as a breach of ethical standards.

But a morality based on rhetoric which only ever attacks the behavior of others definitely does not get us any further. We will not be held morally responsible for a situation which we did not create and for which we are not answerable.

Our morality consists of using the possibilities actually available to us consistently. In China we are committed to the employees in our suppliers' factories in terms of training, health, environment and social standards, which are considerably higher than the national norm. That is our morality, and it is absolutely binding.

Our capabilities do not extend to solving diplomatic or political crises. adidas is not a political company, nor am I a politician. And we do not manufacture products for governments or social systems. What we can do is to manufacture excellent products for each competitive athlete, as well as market these products for recreational use.

adidas Official Sportswear Partner of the Olympic Games

We are committed to the Olympic Games in China because the Olympic Games are the world's most important sports event. That is why we were also committed in Athens four years ago and why in four years' time we will be equally committed to the Olympic Games in London.

Beijing 2008

It is our ambition to equip the athletes with the very best products. We are outfitting 16 Olympic teams, including the teams from Germany and China, as well as numerous federations and a total of over 3,000 athletes. Nobody can seriously regard equipping an athlete or a team as a political act.

adidas Present At The Olympics Since 1928

In 1928, for the first time ever Olympic athletes wore adidas shoes at the Olympic Games. Since then, adidas has always been present at the Games and has been equipping Olympic teams, federations and athletes. For example, at the 1936 Olympic Games in Berlin, Adi Dassler outfitted Jesse Owens, who made sports history by winning four gold medals.

adidas Represented In 27 Of 28 Olympic Sports

With the one exception of horse riding, our products are represented in all the Olympic disciplines, because the Olympics are part of the very core of our company.

Ladies and gentlemen, adidas is the oldest and most authentic Olympic brand of all time - and that is something we are very proud of.

Please permit me one last word on the Olympic Games in Beijing. Just like the thousands of young athletes all over the world, we are eagerly anticipating the Olympic competitions and we look forward to China, the country, its culture and to many open discussions and meetings because we are convinced that sport – most especially sport – has the power to bring people together.

2009: adidas Celebrates 60 Years

Ladies and gentlemen, after the European Football Championship and the Olympic Games, next year there will be no major global sports event. But firstly, as a Group, we are represented with our brands at all sports events all around the world, 365 days a year. And secondly, we do have a particular reason to celebrate next year, as it will be the sixtieth anniversary of the registration of the adidas brand with its three stripes as a trademark.

Our founder, Adi Dassler, was a visionary, a pioneer, a legendary entrepreneur, who scaled the heights and made adidas one of the top brands. He always thought of the athletes and in doing so he made business history. Many well-known athletes such as Jesse Owens, Muhammad Ali, Max Schmeling, Sepp Herberger and Franz

Beckenbauer became friends of the Dassler family. We are very proud of our company's founder - and grateful to him.

The fascination radiated by this brand goes beyond sport and lifestyle and also captures the imagination of the many people who would like to work for us. Each year we receive over 60,000 job applications. We could almost fill the Allianz Arena in Munich with them, and in the Nuremberg Franken Stadium, 13,000 would have to remain outside.

We ask every applicant we call for an interview about Adi Dassler. Anyone who doesn't know whom we have to thank for our three stripes does not understand who we are. Our company has a long and successful history and our founder achieved great things. This is a message that is still highly relevant for our consumer group today. See for yourselves (video).

Recalling Adi Dassler's achievements supports our claim that the past is linked to the present and the present to the future. It is this mind-set alone which keeps us in a position to reach new heights and to excite the markets.

Ladies and gentlemen, on behalf of my colleagues on the Executive Board, I would like to thank all of the adidas Group's employees - who now number over 33,000 - for their hard work. We are happy to report that we are creating new jobs not only globally but also in Germany, and since 1997 we have been able to double our employee numbers in Germany to 3,300. We are a global company, but our world begins in Herzogenaurach.

Dear shareholders, together with my colleagues on the Executive Board, I thank you most sincerely for your trust. We wish to assure you that we will continue to do our utmost in future to keep on earning this trust.

Therefore I hope to see you back here next year - happy, healthy, and in good spirits again. Thank you for your attention.