

**adidas AG
Herzogenaurach**

- ISIN DE000A1EWWW0 –

**Announcement pursuant to § 37q section 2 sentence 1 of the German
Securities Trading Act (Wertpapierhandelsgesetz – WpHG)**

The German Financial Reporting Enforcement Panel (FREP) has determined that the consolidated financial statements of adidas AG, Herzogenaurach, as at the reporting date December 31, 2011, are erroneous.

The discovery of fraudulent acts at Reebok India Company, a subsidiary of adidas AG, Herzogenaurach, led to the identification of errors in the consolidated financial statements for the year ending December 31, 2011, and for previous financial years, inter alia due to inappropriate recognition of sales, a failure to book sales returns and a failure to correctly post credit notes to accounts receivable. As a consequence of these errors, shareholders' equity at December 31, 2011, was overstated by a total of EUR 203 million and net income for 2011 was overstated by EUR 62 million. Basic and diluted earnings per share were both overstated by EUR 0.27.

Assets at December 31, 2011, were overstated by a total of EUR 143 million and liabilities were understated by EUR 60 million. The incorrect recognition of assets primarily related to:

- accounts receivable in an amount of EUR 112 million, which, contrary to IAS 39.63 et seq., were not stated at the recoverable amount or their legal validity could not be proved;
- goodwill in an amount of EUR 27 million, which, contrary to IAS 36.90 et seq., was not stated at the recoverable amount;
- non-recognised inventories of EUR 20 million for which, contrary to IAS 2.34 in conjunction with IAS 18.14 et seq., no sale or disposal had occurred.

The incorrect recognition of liabilities related to, inter alia:

- current provisions of EUR 42 million, primarily for onerous contracts, which, contrary to IAS 37.66 et seq., were not recognised;
- other current financial liabilities of EUR 10 million which, contrary to IAS 1.32, were netted against receivables.

As a result of the fraudulent acts, in the statement of cash flows

- the positive cash flow generated from operating activities, contrary to IAS 7.6 in conjunction with IAS 7.13 et seq., was understated by EUR 15 million;
- the negative cash flow from financing activities, contrary to IAS 7.6 in conjunction with IAS 7.17, was understated by EUR 9 million; and
- cash and cash equivalents at January 1, 2011, contrary to IAS 7.6, were overstated by EUR 6 million.

Herzogenaurach, May 2013

**adidas AG
The Executive Board**