

## Our Share

In 2008, the development of international stock markets and the adidas AG share was profoundly impacted by the crisis in the financial sector and the spillover effects on the global economy. Significant losses in the financial industry, recessionary fears, inflationary pressure, record oil prices and rapid currency movements contributed to highly volatile financial markets during the year. In tandem with the negative trends on international stock markets, the adidas AG share declined 47% in 2008. Given the strong 2008 operational performance and Management's confidence in the strength of the Group's financial position and long-term strategy, we intend to propose an unchanged dividend per share at our 2009 Annual General Meeting.

### adidas AG share price development mirrors weak international stock markets

After having significantly outperformed the DAX-30 and the MSCI World Textiles, Apparel & Luxury Goods Index in 2007, the adidas AG share could not sustain this positive momentum and declined in tandem with international stock markets in 2008. The adidas AG share price decreased by 47% over the course of the year. Our share underperformed the DAX-30 as well as the MSCI World Textiles, Apparel & Luxury Goods Index which decreased 40% and 42%, respectively. All major international stock indices including the DAX-30 and the MSCI World Textiles, Apparel & Luxury Goods Index declined at the beginning of the year as several US banks incurred significant write-offs related to the subprime crisis. During the second quarter, high inflation rates in Europe and a deteriorating macro-economic outlook in the USA, led by low consumer confidence levels, heightened recessionary concerns and kept international stock markets subdued.

In the third quarter, record high oil prices of US\$ 147 a barrel, weakening business confidence indicators and increasing government intervention in the financial sector resulted in a sharp downturn across all global indices. Whilst remaining volatile and still suffering from uncertainty among investors and analysts, markets recovered slightly from November lows, as coordinated interest rate cuts and further governmental stimulus packages provided some positive impetus.

### Solid operational performance unable to offset macro trends

After reaching an all-time high at the end of December 2007, the adidas AG share price declined at the beginning of the year. Turbulence on international stock markets related to the crisis in the financial sector and fears the USA might slip into recession burdened our share price development. The initiation of adidas AG's share buyback programme as well as the announcement of the Group's full year 2007 results were positively received. However, concerns around the Reebok business outlook and the state of the North American sporting goods markets negatively impacted the adidas AG share price afterwards. Strong first quarter financial results, which exceeded market expectations and included strong performances by the adidas and TaylorMade-adidas Golf segments, led to a significant share price increase in May. However, the adidas AG share price declined in line with strong decreases in footwear, luxury and retail sectors throughout the remainder of the second and the beginning of the third quarter as investor sentiment worsened in light of macroeconomic concerns.

Our quarterly earnings release in early August was well received by investors and analysts due to the increased full year guidance for our gross and operating margins. However, the share price further declined in the subsequent months, due to the steep downward trend on international stock markets. At the beginning of November, our nine months results publication led to a slight share price increase. Nevertheless, the adidas AG share closed 2008 at € 27.14, declining 47% over the course of the year. As a result of this development, our market capitalisation decreased to € 5.3 billion at the end of 2008 versus € 10.4 billion at the end of 2007.

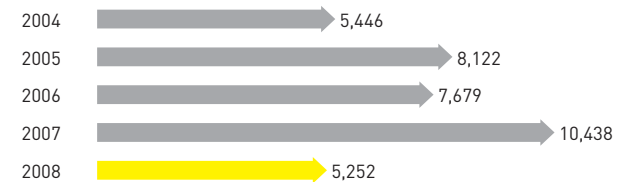
## The adidas AG share

Number of shares outstanding	
2008 average <sup>1)</sup>	197,562,346
At year-end 2008 <sup>2)</sup>	193,515,512
Type of share	No-par-value share
Free float	100%
Initial Public Offering	November 17, 1995
Share split	June 6, 2006 (in a ratio of 1:4)
Stock exchange	All German stock exchanges
Stock registration number (ISIN)	DE0005003404
Stock symbol	ADS, ADSG.DE
Important indices	DAX-30 MSCI World Textiles, Apparel & Luxury Goods Deutsche Börse Prime Consumer Dow Jones STOXX Dow Jones EURO STOXX Dow Jones Sustainability FTSE4Good Europe Ethibel Index Excellence Global Ethibel Index Excellence Europe ASPI Eurozone Index

1) After deduction of treasury shares.  
2) All shares carry full dividend rights.

## adidas AG market capitalisation at year-end

€ in millions



### adidas AG share member of important indices

The adidas AG share is included in a variety of high-quality indices around the world, most importantly the DAX-30 and the MSCI World Textiles, Apparel & Luxury Goods Index. The DAX-30 is a blue chip stock market index consisting of the 30 major German companies trading on the Frankfurt Stock Exchange. The MSCI World Textiles, Apparel & Luxury Goods Index comprises our Group's major competitors. At December 31, 2008, our weighting in the DAX-30, which is calculated on the basis of free float market capitalisation and 12-month share turnover, was 1.19% (2007: 1.31%). Our lower weighting compared to the prior year was largely a result of our decreased market capitalisation and share turnover. Average daily trading volume of the adidas AG share (excluding bank trades) declined from 2.2 million in 2007 to 2.0 million shares in 2008. Within the DAX-30, we ranked 19 on market capitalisation (2007: 21) and 25 on turnover (2007: 22) at year-end 2008.

### Strong sustainability track record reflected in index memberships

In recognition of our social and environmental efforts, adidas AG is part of several sustainability indices. For the ninth consecutive time, adidas has been included in the Dow Jones Sustainability Indexes (DJSI). The index, which analyses and tracks the social, environmental and financial performance of more than 300 companies worldwide, rated adidas for the sixth time in a row as industry leader in sustainability issues and corporate responsibility in the category "Clothing, Accessories & Footwear". In addition, adidas was named "Super Sector Leader" 2008/2009 in the sector "Personal & Household Goods" and thus ranks among the most sustainable companies worldwide.

In addition, adidas AG was again included in the FTSE4Good Europe Index. This positive reassessment acknowledges the Group's social, environmental and ethical engagement, and encourages us to continue and intensify our efforts to improve our sustainability performance. Also, adidas AG was again included in the Vigeo Group's Ethibel Excellence Sustainability Indices (Europe and Global) as well as in the ASPI Eurozone Index. The Vigeo Group is a leading European supplier of extra-financial analysis that measures companies' performance in the fields of sustainable development and social responsibility. Further, the adidas Group was included for the fourth consecutive time in the list of The Global 100 Most Sustainable Corporations in the World. This is a project initiated by Corporate Knights Inc. with Innovest Strategic Value Advisors Inc., a research firm specialised in analysing extra-financial drivers of risk and shareholder value. Launched in 2005, the annual list of The Global 100 Most Sustainable Corporations in the World is unveiled each year at the World Economic Forum in Davos.

### adidas AG historically outperforms benchmark indices

The adidas Group is committed to continuously enhancing shareholder value. The long-term development of our share price reflects investor confidence and the growth potential of our Group. Since our IPO in November 1995, our share has gained 212%. This represents a clear outperformance of both the DAX-30 and the MSCI Index, which increased 118% and 55% respectively during the period.

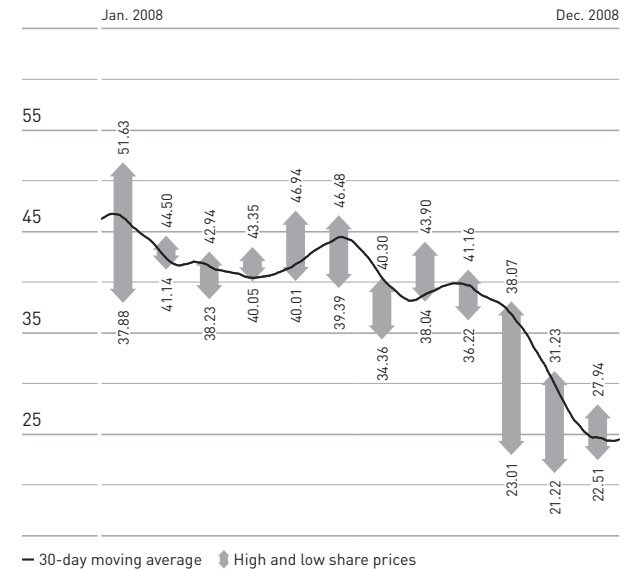
### ADR performs in line with common stock

Since its launch on December 30, 2004, our Level 1 American Depositary Receipt (ADR) facility has enjoyed great popularity among American investors. Roughly in line with the development of our common stock, the Level 1 ADR closed the year at US\$ 19.35, representing a decrease of 48% versus the prior year (2007: US\$ 37.20). The number of Level 1 ADRs outstanding decreased to 8.9 million at year-end 2008 (2007: 11.1 million). However, the average daily trading volume increased 32% compared to the prior year. Since November 2007, the adidas AG ADR is quoted on the international OTCQX. This electronic trading forum includes leading international companies with substantial operating businesses and credible disclosure policies.

### Historical performance of the adidas AG share and important indices at year-end 2008 in %

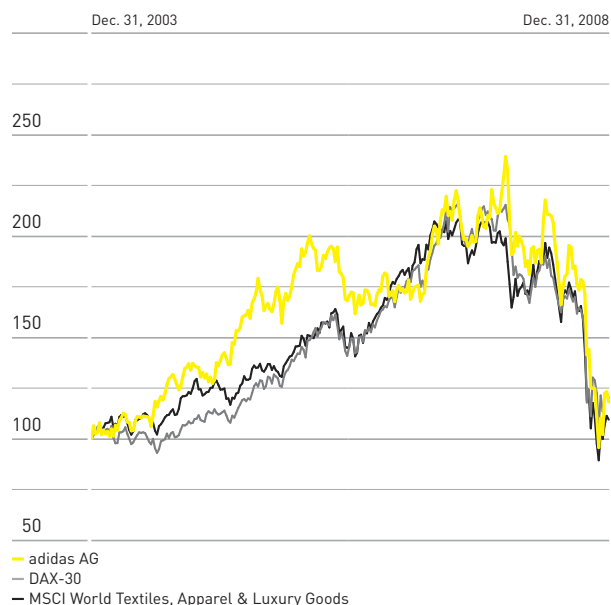
	1 year	3 years	5 years	since IPO
adidas AG	(47)	(32)	20	212
DAX-30	(40)	(11)	21	118
MSCI World Textiles, Apparel & Luxury Goods	(42)	(22)	9	55

### adidas AG high and low share prices per month<sup>1)</sup>



<sup>1)</sup> Based on intra-day prices.  
Source: Bloomberg.

## Five-year share price development<sup>1)</sup>



1) Index: December 31, 2003 = 100.

## Convertible bond trades at a premium

The publicly-traded convertible bond closed the year at € 121.00, which is 40% below its prior year level (2007: € 202.65). This represents a premium of around 13.6% above par value of the share.

## Dividend proposal at prior year level

The adidas AG Executive and Supervisory Boards will recommend paying a dividend of € 0.50 to our shareholders at the Annual General Meeting (AGM) on May 7, 2009 (2007: € 0.50). Subject to the meeting's approval, the dividend will be paid on May 8, 2009. Management has decided to maintain the dividend level in light of the tough business environment and our focus on reducing net borrowings. The total payout of € 97 million (2007: € 99 million) reflects a decrease of our payout ratio to 15% of net income (2007: 18%). The dividend proposal follows our dividend policy, under which the adidas Group intends to pay out between 15 and 25% of consolidated net income.

## Share buyback programme completed

On January 29, 2008, adidas AG announced a share buyback programme. The buyback was conducted on the basis of authorisations given by the Annual General Meetings on May 10, 2007, and May 8, 2008, respectively. Under the programme, adidas AG shares of up to 5% of the Company's stock capital (up to 10,182,248 shares) with an aggregate value of up to € 420 million (excluding incidental purchasing costs) could be repurchased, exclusively via the stock exchange.

On October 27, 2008, adidas AG announced the completion of the programme. Between January 30 and October 22, 2008, adidas AG repurchased a total of 10,182,248 shares at an average price of € 40.21. This represents 5% of the stock capital at the time the programme started. The total buyback volume amounted to € 409 million. The repurchased shares were cancelled, hence increasing earnings per share.

## Share ratios at a glance

		2008	2007
Basic earnings per share	€	3.25	2.71
Diluted earnings per share	€	3.07	2.57
Operating cash flow per share	€	2.52	3.83
Year-end price	€	27.14	51.26
Year-high	€	51.63	51.26
Year-low	€	21.22	34.50
Dividend per share	€	0.50 <sup>1)</sup>	0.50
Dividend payout	€ in millions	97 <sup>2)</sup>	99
Dividend payout ratio	%	15 <sup>2)</sup>	18
Dividend yield	%	1.84	0.98
Shareholders' equity per share	€	17.50	14.85
Price-earnings ratio at year-end		8.8	19.9
Average trading volume per trading day	shares	1,966,669	2,231,485
DAX-30 ranking <sup>3)</sup> at year-end			
by market capitalisation		19	21
by turnover		25	22

1) Subject to Annual General Meeting approval.

2) Based on number of shares outstanding at year-end.

3) As reported by Deutsche Börse AG.

### Increasingly international investor base

Based on the amount of invitations to our AGM in May 2008, we estimate that adidas AG currently has around 70,000 shareholders. In our latest ownership analysis conducted in December 2008, we identified 72% of our shares outstanding. Shareholdings in the North American market account for 30% of our total shares outstanding. Identified German institutional investors hold 10% of shares outstanding. The shareholdings in the rest of Europe excluding Germany amount to 28%, while 1% of institutional shareholders were identified in other regions of the world. adidas Group Management, which comprises current members of the Executive and Supervisory Boards, holds 3% in total ■■■ see Corporate Governance, p. 026. Undisclosed holdings, which also include private investors, account for the remaining 28%.

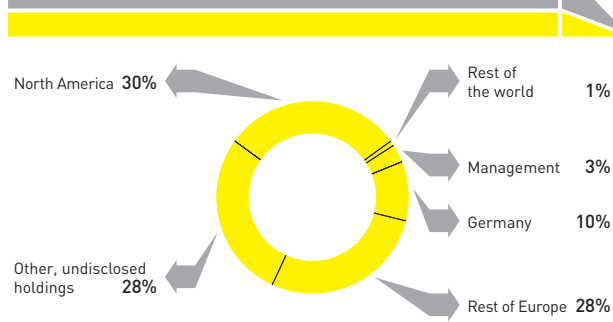
### Voting rights notifications received

All voting rights notifications in accordance with § 21, section 1 of the German Securities Trading Act (Wertpapierhandelsgesetz – WpHG) received in 2008 can be viewed on our corporate website at ■■■ [www.adidas-Group.com/shareholdings](http://www.adidas-Group.com/shareholdings). Further information can also be found in the Notes section of this Annual Report ■■■ see Note 21, p. 176.

### adidas Group receives strong analyst support

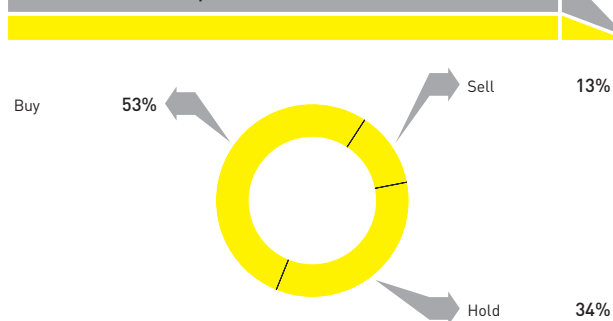
The adidas Group continued to receive strong analyst support in 2008. Around 30 analysts regularly published research reports on adidas AG. In 2008, Commerzbank initiated coverage while Merrill Lynch shifted reporting on our share to Europe from North America. Most of the coverage on the adidas AG share now takes place in Europe. The majority of analysts are confident about the medium- and long-term potential of our Group. This is reflected in the recommendation split for our share as at December 31, 2008. 53% of analysts recommended investors to “buy” our share in their last publication during the 12-month period (2007: 84%). 34% advised to hold our share (2007: 16%). 13% of the analysts recommended a “sell” rating (2007: 0%).

### Shareholder structure<sup>1)</sup>



1) In December 2008.

### Recommendation split<sup>1)</sup>



1) At year-end 2008.  
Source: Bloomberg.

### Award-winning Investor Relations activities

adidas AG strives to maintain continuous close contact to institutional and private shareholders as well as analysts. In 2008, Management and the Investor Relations team spent more than 30 days on roadshows and presented at numerous national and international conferences. At the Annual General Meeting in May 2008, we conducted a private shareholder survey reflecting high satisfaction with our share as an investment as well as our Investor Relations services.

In June, nearly 40 analysts and investors joined the Group's CFO Robin J. Stalker and the Investor Relations team for an Investor Field Trip to China. Store visits as well as extensive presentations outlined the Group's strategy in Asia.

The print version of our 2007 Annual Report ranked strongly, taking first place in the DAX-30 and the overall ranking by the “manager magazin” competition “The Best Annual Reports”.

### Extensive financial information available online

We offer extensive information around our share as well as the Group's strategy and financial results on our corporate website at ■■■ [www.adidas-Group.com/investors](http://www.adidas-Group.com/investors). Our event calendar lists all conferences we attend and provides all presentations for download. In addition to live webcasts of all major events such as our Analyst Conferences, the Annual General Meeting and our Investor Day, we also offer podcasts of our quarterly conference calls. In January 2008, we launched an event reminder service to ensure timely notification about upcoming corporate events to interested shareholders.