

This document is not an exact transcription of the Q&A session. However, in order to provide our shareholders and the interested public who did not attend the Investor Day with an overview of the key questions and answers, the Group has summarized its contents. No guarantee can be given for completeness and accuracy.

Q&A Brand adidas

Erich Stamminger, President and CEO of brand adidas, member of the Executive Board, adidas AG

Brian McGough, Morgan Stanley

As you refocus your business into the five key categories, it happens to be at the same time Nike's doing the same exact thing. How do you think this is going to impact the two companies go head-to-head on a global scale? Regarding your business in China, the interchange of data between retailers and brands in this market is very limited compared to more mature markets such as North America and Europe. With your expansion plans for China, what's your confidence level that you supply the right amount of product and avoid high retail inventories following lower demand after the Olympics?

Erich Stamminger

One thing is clear: There's a competition for market shares out there, and we are trying to gain as much as possible. We are very confident that in all these five key categories, which are essential for our success, we will grow significantly over the coming three to four years. We expect to grow in these categories not just in one or two or three markets, or in one or two regions, but in all regions and in all markets, because these categories offer huge potential. Everything, we hear from our retail partners and what we see in our own stores has encouraged us to focus on these five categories. Of course, there will be competition, but we believe we can grow faster.

Regarding your second question, I believe we have a huge advantage with our distribution system in China as the vast majority of sales come from mono-branded and franchise stores. This allows us to receive immediate reaction from the market as to whether something is working or not. This is in contrast to the difficulties we sometimes have in more mature markets to get all the relevant data immediately. So I feel very comfortable and very confident, especially in China, that we will be able to react very quickly to market trends, not over-deliver and also take advantage of our excellent supply chain opportunities with replenishment.

Virginia Genereux, Merrill Lynch

You say that your own retail business is more profitable than your wholesale business. Don't you allocate marketing expenses to your own retail business? Or how come it's more profitable given you have more concept stores than factory outlets? Secondly, do

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you see increased competition for endorsement assets? Could that exert any upward pressure on your total marketing spend?

Erich Stamminger

Virginia, we do allocate marketing activities to individual stores. But, of course, we do not allocate specific sports marketing contracts to our own retail operations, because these are contracts we would enter independent of our decision to open individual stores. The advantage of own retail is that we have direct control over prices and can offer exclusive products that aren't available anywhere else. Although this is limited in terms of volume, it does mean that in these cases we control the retail price and avoid promotional activities. We are able to sell at full price and this helps us achieve higher margins.

With respect to your comment that we have more concept stores than factory outlets, let me emphasize that the majority of our own retail sales continue to come through structural retail, in emerging markets such as Russia and Asia, as well as our factory outlets.

Regarding your question on marketing spend, let me remind you that we have kept marketing expenses at a very similar level over the last several years, and we will continue to do so. Of course, there are a few key symbols in the world, for which the two bigger brands compete. This is not a case for every sports marketing symbol in the world, but when you take the 15, 20, 25 top symbols in the world, yes, there is competition. And we have expenses, but we know there is a clear return in terms of sales. For example, the Mexican national (football) team which we have just signed last year generates a lot of replica sales for us, and not just that. It also helps us to build the brand in Mexico and in several states in the US. So to sum things up, we expect our marketing working budget at adidas will be relatively stable over the next several years, but will obviously continue to grow in absolute terms.

John Shanley, Susquehanna

You seem to be losing market share with brand adidas in the US. What is the reason? Do you expect to maintain your sales volume and shelf space at Foot Locker or do you think there will be a substantial adjustment over the next six to nine months?

Erich Stamminger

John, I'm sure that you know the methodology change with SportScan, for example. They've included Foot Locker in their panel and at the same time, some key sporting goods retailers were taken out of SportScan, or left SportScan. So, unfortunately, the data shows a year-over-year decline for adidas, which is not the representative for our sales at retail. That's why I said in my speech, made clear that we grew our business in North America by more than 35% over the last three years. I don't think that you find many brands who grew that way, and when you look at the market. So we definitely have not lost market share over this period. Also, our key focus is on sporting goods retailers. In this

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channel, we have a much higher market share than we have, for example, with Foot Locker. This is a result of our strategy to reduce dependency on specific accounts, to become independent of the promotional market environment and to increase our focus on key performance products.

For brand adidas, I'd like to emphasize that we have a very good relationship with Foot Locker and they want to grow their business with us. We are looking into it and we have quite a few very successful programs together, but we are very careful in the way we are doing business together, because we believe in win-win situations.

Sam Poser, Sterne Agee & Leach

What are going to be the key product initiatives in 2008 that will be most responsible for driving sales?

Erich Stamminger

I mentioned various product initiatives in my presentation. And retailers are very excited about the adidas product line-up for next year. I've mentioned before that technologies like ForMotion™, Bounce and adizero that are very successful and we will be expanding next year. And this is translating into sales. Running revenues increased 30% in the second quarter. This means that the technology and the products are working. We have the right balance in the marketplace as our retailers agree. We have key retailers with double-digit sell-through increases week after week. In football, we have the Pure, a complete new segment, of course an updated version of the F50 and the Predator. On the apparel side, we've got new sport categories coming in adidas by Stella McCartney as well as Techfit. I could go on and on. From a performance and design standpoint, I'm confident our products will have great success. And this is not just my personal opinion, but the feedback from key retailers globally.

Jeff Edelman, UBS

We know that the mall-based retail channel has been suffering, also partly as result of a decrease of the overall mall traffic. We also hear that there hasn't been that much newness in the market, but that the sector is still growing. As you look at this channel, is your product distribution similar to what it is in some of the sporting goods stores? Where are you seeing the pockets of relative strength and relative weakness, at least from the adidas perspective?

Erich Stamminger

Thank you very much for this question. That's a very important point for us. In the mall, we are not distributed the way we want to be. We know from our own stores and we know from our shop-in-shop experiences, for example in the sporting goods channel, that, whenever we show the whole brand environment and the products – and not just items – in an exciting way, we are successful. A key retailer in this country told me recently that

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the more adidas product they showed, the more successful they became. And this is our experience in places all over the world.

When you go into the shops of some mall-based retailers, you will see some concepts, but also still a lot of items. Consumers today want to have excitement around their shopping experience. They don't want to just go and buy one product; they want to experience the brand. And this is where I believe the future of the mall is. I hope that, in the mall, we can show more of our brand and not just items going forward.