

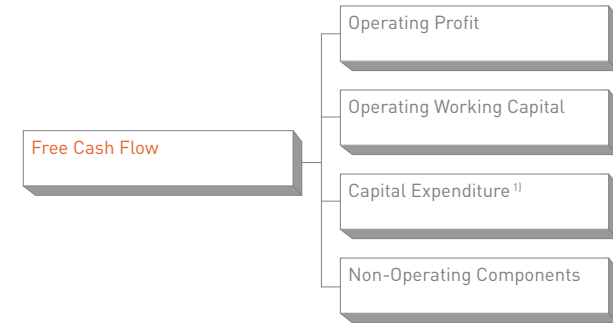
INTERNAL GROUP MANAGEMENT SYSTEM

The adidas Group's central planning and controlling system is designed to continually increase the value of our Group and brands to maximize shareholder value. By improving our top- and bottom-line performance and optimizing the use of capital employed, we aim to maximize free cash flow generation. This is our principal goal for increasing shareholder value. Management utilizes a variety of decision-making tools to assess our current performance and to align future strategic and investment decisions to best utilize commercial and organizational opportunities.

FREE CASH FLOW AS INTERNAL GROUP MANAGEMENT

FOCUS The cornerstone of our Group's Internal Management System is our focus on free cash flow generation, which we believe is the most important driver to sustain and increase shareholder value. Free cash flow is comprised of operating components (operating profit, change in operating working capital and capital expenditure) as well as non-operating components such as financial expenses and taxes. To maximize free cash flow generation across our multi-brand organization, brand management has direct responsibility for improving operating profit as well as optimizing operating working capital and capital expenditure. Non-operating items such as financial expenses and taxes are managed centrally by the Group Treasury and Tax departments. To keep Group and brand management focused on ongoing performance improvement, a portion of the responsible managers' total compensation is variable and linked to a combination of operating profit, operating working capital development, Group earnings before tax, or relative/absolute stock price performance.

FREE CASHFLOW COMPONENTS



1) Excluding goodwill and finance leases.