PUMA annual report 2008

puma.com

PUMA Year-on-Year Comparison

	2008 € million	2007 € million	Deviation
Sales			
Brand sales	**2,767.9**	**2,738.8**	1.1%
Consolidated sales	**2,524.2**	**2,373.5**	6.3%
Result of operations			
Gross profit	**1,306.6**	**1,241.7**	5.2%
EBIT	**350.4**	**372.0**	5.8%
EBT	**326.4**	**382.6**	-14.7%
Net earnings	**232.8**	**269.0**	-13.5%
Profitability			
Gross profit margin	**51.8%**	**52.3%**	-0.5%pt
EBT margin	**12.9%**	**16.1%**	-3.2%pt
Net margin	**9.2%**	**11.3%**	-2.1%pt
Return on capital employed (ROCE)	**41.0%**	**54.8%**	-13.8%pt
Return on equity (ROE)	**19.8%**	**23.3%**	-3.5%pt
Balance sheet information			
Shareholders' equity	**1,177.2**	**1,154.8**	1.9%
- Equity ratio	**62.0%**	**62.0%**	0.0%pt
Working capital	**436.4**	**406.5**	7.3%
- in % of Consolidated sales	**17.3%**	**17.1%**	0.2%pt
Cashflow and investments			
Gross cashflow	**391.1**	**420.2**	-6.9%
Free cashflow (before acquisition)	**110.7**	**218.3**	-49.3%
Investments (before acquisition)	**119.2**	**103.4**	15.2%
Acquisition investment	**24.9**	**9.4**	164.5%
Value management			
Cashflow Return on Investment (CFROI)	**21.7%**	**22.4%**	-0.7%pt
Absolute value contribution	**200.0**	**198.9**	0.5%
Employees			
Employees on yearly average	**9,503**	**8,338**	14.0%
Sales per employee (T€)	**265.6**	**284.6**	-6.7%
PUMA share			
Share price (in €)	**140.30**	**273.00**	-48.6%
Average outstanding shares (in million)	**15.360**	**16.018**	-4.1%
Number of shares outstanding (in million)	**15.082**	**15.903**	-5.2%
Earnings per share (in €)	**15.15**	**16.80**	-9.8%
Market capitalization	**2,116**	**4,342**	-51.3%
Average trading volume (amount/day)	**57,310**	**141,082**	-59.4%

PUMA Group Development

	2008 € million	2007 € million	2006 € million	2005 € million	2004 € million	2003 € million	2002 € million	2001 € million	2000 € million	1999 € million
Sales										
Brand sales [1]	**2,767.9**	2,738.8	2,755.1	2,387.0	2,016.6	1,691.5	1,380.0	1,011.7	831.1	714.9
- Change in %	1.1%	-0.6%	15.4%	18.4%	19.2%	22.6%	36.4%	21.7%	16.2%	10.4%
Consolidated sales	**2,524.2**	2,373.5	2,369.2	1,777.5	1,530.3	1,274.0	909.8	598.1	462.4	372.7
- Change in %	6.3%	0.2%	33.3%	16.2%	20.1%	40.0%	52.1%	29.3%	24.1%	23.2%
- Footwear	1,434.3	1,387.9	1,420.0	1,175.0	1,011.4	859.3	613.0	384.1	270.9	209.0
- Apparel	899.3	827.3	795.4	473.9	416.0	337.0	238.5	169.5	163.5	139.0
- Accessories	190.6	158.3	153.8	128.6	102.9	77.7	58.3	44.5	28.0	24.7
Result of operations										
Gross profit	**1,306.6**	1,241.7	1,199.3	929.8	794.0	620.0	396.9	250.6	176.4	141.7
- Gross profit margin	51.8%	52.3%	50.6%	52.3%	51.9%	48.7%	43.6%	41.9%	38.2%	38.0%
Royalty and commission income	**25.7**	35.6	37.0	55.7	43.7	40.3	44.9	37.2	28.9	23.9
EBIT	**350.4**	372.0	368.0	397.7	359.0	263.2	125.0	59.0	22.8	16.3
- EBIT margin	13.9%	15.7%	15.5%	22.4%	23.5%	20.7%	13.7%	9.9%	4.9%	4.4%
EBT	**326.4**	382.6	374.0	404.1	364.7	264.1	124.4	57.4	21.2	14.4
- EBT margin	12.9%	16.1%	15.8%	22.7%	23.8%	20.7%	13.7%	9.6%	4.6%	3.9%
Net earnings	**232.8**	269.0	263.2	285.8	258.7	179.3	84.9	39.7	17.6	9.5
- Net margin	9.2%	11.3%	11.1%	16.1%	16.9%	14.1%	9.3%	6.6%	3.8%	2.6%
Expenses										
Marketing/retail	**528.6**	448.3	439.5	285.3	223.5	169.7	125.1	86.9	67.0	61.0
Product development/design	**55.1**	58.1	57.3	42.5	37.2	30.3	24.2	19.9	18.2	15.2
Personnel	**306.4**	278.0	265.7	199.4	163.4	126.6	103.0	81.1	64.4	51.5
Balance sheet										
Total assets	**1,898.7**	1,863.0	1,714.8	1,321.0	942.3	700.1	525.8	395.4	311.5	266.6
Shareholders' equity	**1,177.2**	1,154.8	1,049.0	875.4	550.2	383.0	252.2	176.7	131.3	112.2
- Equity ratio	62.0%	62.0%	61.2%	66.3%	58.4%	54.7%	48.0%	44.7%	42.1%	42.1%
Working Capital	**436.4**	406.5	401.6	255.7	148.4	155.7	114.0	110.3	78.8	76.6
- thereof: inventories	**430.8**	373.6	364.0	238.3	201.1	196.2	167.9	144.5	95.0	85.1
Cashflow										
Free cashflow	**85.8**	208.8	10.4	134.4	256.6	107.4	100.1	3.0	9.1	0.8
Net cash position	**325.3**	461.2	393.6	430.4	356.4	173.8	94.3	-7.8	4.8	1.1
Investment (incl. Acquisitions)	**144.1**	112.9	153.9	79.8	43.1	57.3	22.5	24.8	9.4	14.3
Profitability										
Return on equity (ROE)	**19.8%**	23.3%	25.1%	32.6%	47.0%	46.8%	33.7%	22.5%	13.4%	8.5%
Return on capital employed (ROCE)	**41.0%**	54.8%	58.0%	96.7%	156.5%	120.7%	81.1%	32.8%	20.6%	17.8%
Cashflow return on investment (CFROI)	**21.7%**	22.4%	24.0%	32.0%	42.1%	43.5%	32.2%	20.3%	13.8%	11.1%
Additional information										
Orders on hand	**1,152.5**	1,187.7	1,119.7	1,069.1	822.6	722.0	531.1	360.1	232.1	187.2
Number of employees (year-end)	**10,069**	9,204	7,742	5,092	3,910	3,189	2,387	2,012	1,522	1,424
Number of employees (annual average)	**9.503**	8,338	6,831	4,425	3,475	2,826	2,192	1,717	1,524	1,383
PUMA share										
Share price (in €)	**140.30**	273.00	295.67	246.50	202.30	140.00	65.03	34.05	12.70	17.20
Earnings per share (in €)	**15.15**	16.80	16.39	17.79	16.14	11.26	5.44	2.58	1.14	0.62
Average outstanding shares (in million)	**15.360**	16.018	16.054	16.066	16.025	15.932	15.611	15.392	15.390	15.390
Number of shares outstanding (in million)	**15.082**	15.903	16.114	15.974	16.062	16.059	15.846	15.429	15.390	15.390
Market capitalization	**2,116**	4,342	4,764	3,937.6	3,249.3	2,248.2	1,030.5	525.4	195.5	264.7

1) including sales of licensees

Dear Shareholders,

The last fiscal year - marking PUMA's 60th anniversary - embodied the very best of one of the world's most desirable sportlifestyle brands. Through our athletes' impressive achievements at the Africa Cup of Nations, the EURO 2008, the Olympic Games in Beijing and the Volvo Ocean Race and our innovative product and marketing concepts that accompanied these events, we successfully underpinned our credibility as one of the leading sportlifestyle brands. Our strategy to invest in last year's sports events in order to further increase brand desirability has paid off. Despite a very difficult economic environment in connection with the global financial crisis, PUMA posted a sales growth for the 14th year in a row and our industry-leading margins set new benchmarks in the sector. We will continue to consistently strengthen our long-term growth potential of the brand.

Let me look back on the sports highlights of the fiscal year:
We successfully kicked off the year with the African Cup of Nations, where PUMA was the most prominent brand throughout the tournament with 9 out of 16 teams and captured the title for the sixth time when Egypt won the tournament. A few months later at the EURO 2008, we once again achieved strong visibility and a solid boost to our football business with a portfolio of five national teams, including World Champion Italy.

When the Summer Games began in Beijing in August, we were excited about the prospects of our sponsored athletes and 16 National Teams. But we couldn't have possibly envisioned what would take place over the next 3 weeks. We watched in awe alongside the rest of the world as Usain Bolt led a dominant Jamaican athletics team by turning in one of the most electrifying Olympic performances of all time in winning three gold medals and smashing three world records. The iconic images of Usain dancing across the finish line and into history - while wearing his gold PUMA Theseus II spikes - has become the enduring memory of the Beijing Olympics for more than a billion of spectators.

Starting in October, and with hardly any time to catch our breath after Beijing, our boat "il mostro" cast off in the world's toughest sailing competition, the Volvo Ocean Race, providing us with a truly unique opportunity to enhance our credibility as a performance brand.

By using the dynamic and dramatic sport of Ocean Sailing as a new platform for our brand message of sportlifestyle, we will diversify our product line, reach new target consumers and create more growth potential for PUMA. In the Summer 2009, our "il mostro" sailing crew will cross the finish line of their around-the-world journey in St. Petersburg. Shortly afterwards, Usain Bolt will once again be the center of attention at the Track & Field World Championship 2009 in Berlin. Last but not least, our successful Motorsport category will celebrate its 10th anniversary accompanied by the launches of innovative performance and lifestyle collections worthy of this milestone.

Africa plays a special role for us, as the build-up for the 2010 Football World Cup, which will be hosted in our home-away-from-home, is already in full swing. With a portfolio of 10 African national teams, PUMA has not only been the leading sponsor on the continent, but also uses Africa for launching its most innovative products. PUMA shares the African values of spirit, aesthetics, passion and culture. The World Cup in South Africa provides us with a tremendous platform for our deep and long-standing association with African football.

Throughout our 60-year history, we have constantly set new standards in sports and style through our creativity and innovations. Our partnerships with federations such as Jamaica, Italy and in Africa provided us with the opportunity to lead the way in creative and innovative global sports marketing. Milestones in PUMA's sports history were the development of the first football boot with screw-in studs in 1952 by the company's founder Rudolf Dassler, the legendary "two-stripe" jersey of Johan Cruyff at the world championship in 1974, the PUMA contact lenses of Linford Christie in 1996, the skin-tight Catsuit tennis dress of Serena Williams at the US Open 2002, the revolutionary one-piece Cameroon football shirt in 2004, the Italian national team winning the World Cup in 2006 and Ferrari with its seven-times world champion, most successful Formula 1 pilot and PUMA partner Michael Schumacher. PUMA was not only able to strengthen its positioning as a sportlifestyle brand, but created a whole new market by establishing the segment sportlifestyle.

Despite the financial background and economic focus of last year, I do not want to leave unmentioned that PUMA pursues its goal to become the most desirable sportlifestyle company by adhering to corporate social responsibility principles on top of economic criteria. We are committed to working in ways that contribute to the world by supporting creativity, sustainability through our S.A.F.E. concept and Peace and by staying true to the values of being Fair, Honest, Positive and Creative in decisions made and actions taken. The foundation for our activities is PUMAVision – a concept that we intend to guide our work with its three core programs PUMA.CREATIVE, PUMA.SAFE and PUMA.PEACE.

With these three programs in place and our commitment to Corporate Social Responsibility – which I think should better be changed into Corporate Social Opportunity – PUMA ensures that the company continues to forge ahead by taking innovative and sustainable directions in a world that everyone is responsible for.

Despite of all our achieved successes in the last year, we are facing challenging times: The slowdown of the global economy has intensified since last year and many high-income countries struggle with recessions. Retail sales growth has already experienced a considerable softening and consumer confidence has worsened. Our industry, of course, is not immune to these difficulties. Like for the teams at the Volvo Ocean Race, the months ahead will be similarly choppy for PUMA and the sportlifestyle industry. However, as one of the most desirable brands we have the strength to persevere and realize significant gains once the storm settles down. PUMA has taken measures to tackle the effects of the continuous difficult market environment starting in the fourth quarter 2008.

PUMA will continue to use the opportunities of the sportlifestyle market to strengthen its position as one of the few multi-category brands in the future. Our goal is to become the most desirable sportlifestyle company based on expansion of product categories, regional expansion and non-PUMA brand expansion. For us, the current difficult market environment is discerning, but it also provides a chance to attain a sustainable increase in value.

Finally, I would like to take this opportunity to thank our PUMA crew – the customers, committed employees and shareholders - whose strong support has been instrumental in enabling us to reach our goals.

Best regards,

Jochen Zeitz

mission

“The most desirable Sportlifestyle company“


BE

The Year 2008

The year 2008 was marked by major sporting events. PUMA was able to capitalize on these events and continued to fortify its position as a desirable sportlifestyle brand. In autumn of 2008 the world economy began to slow down significantly in connection with the global financial crisis.

Despite the decline in consumer spending, PUMA succeeded in posting new record sales. Currency-adjusted, global brand sales rose by 2.9% to almost € 2.8 billion. Currency-adjusted consolidated sales grew by 8.5% to over € 2.5 billion. Consolidated sales thus grew for the fourteenth consecutive year, and ten of these years saw double-digit growth. The strong gross profit margin of 51.8% was with 50 basis points slightly below the previous year's level due to the difficult market environment, particularly in the fourth quarter. The operating profit before special items totaled € 350.4 million or 13.9% of sales, compared to 15.7% in the previous year. PUMA's position is one of strong profitability, which places it at the upper end of the sporting goods industry. However, earnings are affected by special items associated with the global economic slowdown and, in particular, the difficult consumer environment. In consideration of the special items, earnings per share were € 15.15 compared to € 16.80 in the previous year.


UGAR SHACK
popcorn-candy apples-churros-funnel cake
SCOTTY'S SUGAR SHACK

General Economic Conditions

According to an expert opinion published by the Institute for the World Economy ("Institut für Weltwirtschaft") in Kiel on December 22, 2008, the strong expansionary phase of the world economy came to an end in 2008. Exacerbation of the financial crisis in September sent shockwaves that had negative repercussions throughout the world economy and which generated an unusually strong downward momentum which has also had a growing impact on the emerging markets. Toward the year-end, global economic activity saw a dramatic downturn. In a number of countries the slowdown is a result of the correction of macroeconomic imbalances, in particular excesses on the real estate market, which generally take time and thus cause delays in the economic recovery. The economy in the industrial countries started the year with strong production increases but tapered off significantly during the course of 2008.

In contrast to the global economic slowdown in the early 1990s when the major industrial countries entered a recession at significant intervals of time, the economic decline in 2008 was synchronous across the board. Negative repercussions have led to unusually strong downward momentum. The surveyed mood indicators in all major industrial countries have all but collapsed, incoming orders have plummeted, and industrial production has dropped significantly.

Falling demand in the industrial countries and an accompanying deterioration of the economic environment caused by the financial markets have also led to a gradual stop in upward development in the emerging markets. While the economic momentum in the first half of the year was generally still high, production increases in the third quarter had already slowed down significantly in a number of countries, primarily in the Asia region. Toward the year-end the economy had weakened significantly almost everywhere.

In 2008, the sporting goods industry was witness to a number of major sporting events such as the 2008 European football championship and the Olympic Games in Beijing. Despite the weakening consumer climate these large-scale events helped the industry to achieve moderate growth. Impulses for the Sportlifestyle segment came primarily from the ever-increasing strong growth of LOHAS (Lifestyle of Health and Sustainability) customers who maintain their individual lifestyles based on health and sustainability; this includes sports as an integral component.

PUMA utilized the major sports events of 2008 to further bolster growth and the desirability of the PUMA brand. After successfully fortifying and even expanding its position as a leading soccer brand at the Africa Cup of Nations and EURO 2008, the company's brand presence at the Olympic Games was nothing less than brilliant. The absolute high-point in Beijing came with the three gold medals and world record performance of the Jamaican sprinter Usain Bolt, who made world sports history not only for PUMA but also worldwide. Additionally, PUMA is participating with its own yacht in the longest and toughest sailing competition in the world, the Volvo Ocean Race. By increasing brand recognition in the sport of sailing, the company is tapping into new target groups and growth fields.

Strategy

PUMA's goal is to be "The Most Desirable Sportlifestyle Company". Along its charted course PUMA makes use of the opportunities offered by the sportlifestyle market to strengthen its position in all categories and regions as one of the few multi-category brands. Selected categories and divisions are being developed with a view to achieving permanent value increases through unique brand positioning. PUMA is a sportlifestyle brand where product categories originate in Sport before being continued in Lifestyle and on through to Fashion.

From the current perspective, based on the strategic objectives and related expansion targets, the long-term potential of the company is estimated to be € 4 billion in sales. This long-term strategic objective is to be achieved through:

- Expansion of product categories
- Regional expansion
- Expansion with non-PUMA brands

Expansion of Product Categories

The goal is to expand the existing product categories and to tap into new product categories, thus covering the entire spectrum of sports, lifestyle and fashion.
New business fields/divisions must offer opportunities for generating new growth and for gaining an edge over competition in a unique manner.

Regional Expansion

Along with expansion of the product categories, regional expansion is also being pursued. To this end, the takeovers of license and distribution markets are a determining factor in consolidation of the respective businesses in the PUMA Group. This should lead to more rapid exploitation of existing brand potential in the respective markets, and its subsequent conversion into profitable growth. In addition, retail activities will also be given a boost over the long-term. This will enable a unique showcase for the brand, an immediate reaction to new trends, and correspondingly innovative products to be offered more rapidly on the market.

Expansion with Non-PUMA Brands

The "Tretorn" brand has been a part of PUMA's portfolio since 2001. In 2008, the "Hussein Chalayan" brand was taken over within the context of acquisition of the majority stake in "Chalayan LLP". In addition, the 100% stake in the corporate merchandising firm "Brandon Company AB" was acquired with effect from January 1, 2009. Acquisition of the Swedish company will enable PUMA to strengthen its core business and expand into new business areas such as merchandising and event marketing.

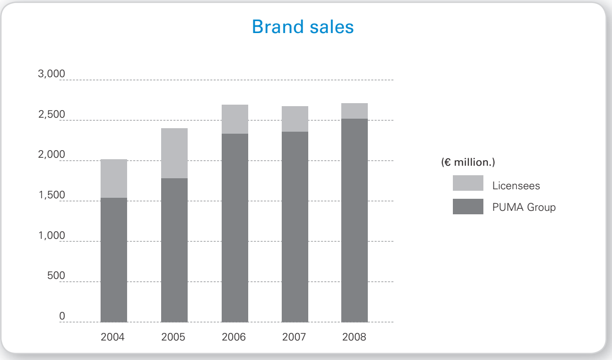
Further acquisitions may follow if, after thorough evaluation and examination, they can contribute to a sustained value increase for the company.

Business Development

Sales

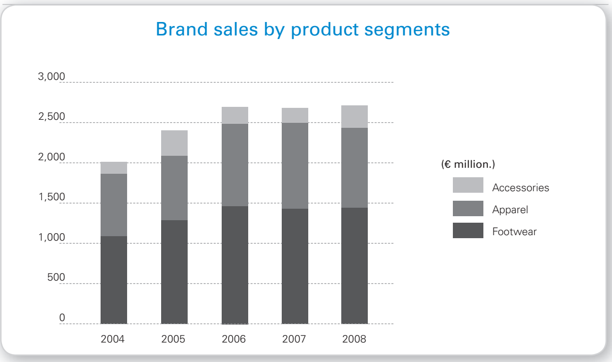
Brand Sales

Worldwide PUMA brand sales, comprised of consolidated and license sales, rose by 2.9% to € 2.8 billion after currency adjustments. Brand sales in the Euro reporting currency rose by 1.1%.

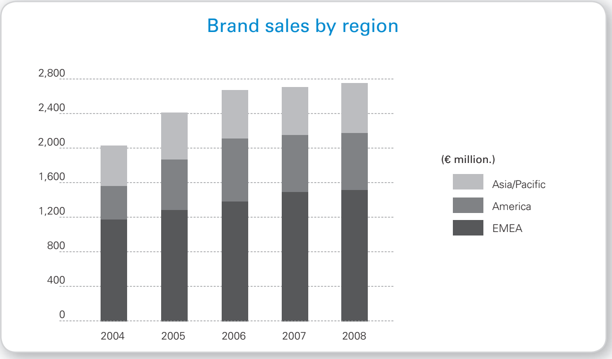


Currency-adjusted Footwear sales rose by 2.3% to € 1,471.6 million, and Apparel sales climbed by 5.1% to € 969.7 million. Accessories posted a 0.5% decrease to € 326.7 million.

Footwear accounted for 53.2% of brand sales (54.0%), Apparel rose to 35.0% (34.0%), and Accessories contributed 11.8% (12.1%) to brand sales.

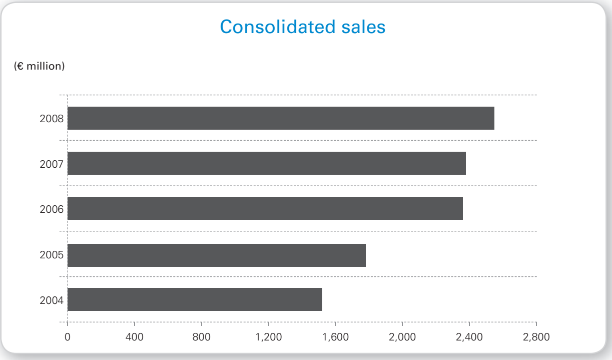


Classified according to region, solid growth could be achieved in the EMEA and Americas regions. Sales in Asia/Pacific decreased slightly. EMEA contributed 53.0% (52.3%), Americas 25.8% (25.3%), and Asia/Pacific 21.3% (21.5%) to global brand sales.



Consolidated Sales

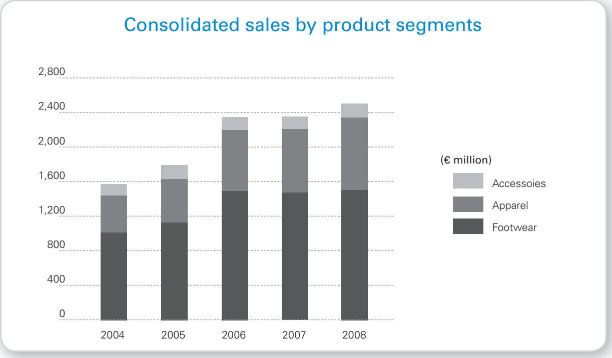
Consolidated sales increased for the fourteenth consecutive year, with double-digit growth in ten of these years. Currency-adjusted sales in financial year 2008 rose by 8.5% to € 2,524.2 million, which, in euros, corresponds to a 6.4% increase.



Classified according to segment, **Footwear** posted an increase in currency-adjusted sales by 6.3% to € 1,434.3 million. This increase was achieved primarily in the Teamsport, Running and Lifestyle units. The share in consolidated sales was 56.8%, compared to 58.5% in the previous year.

Currency-adjusted sales in the **Apparel** segment improved by 9.6% to € 899.3 million. The Teamsport, Running and Fundamentals units posted solid growth. The share of consolidated sales rose from 34.9% to 35.6%.

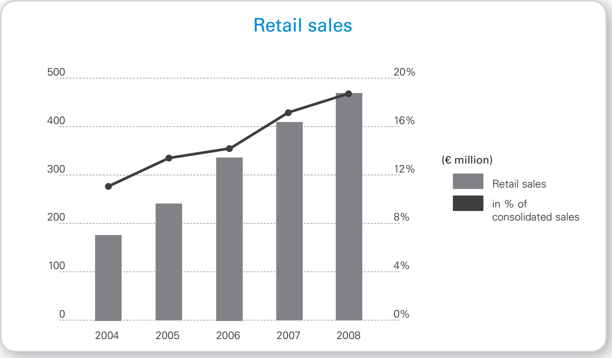
The **Accessories** segment, which is comprised mainly of bags, balls and sports Accessories, posted currency-adjusted growth of 21.7% to € 190.6 million. Significant growth was achieved in almost all product areas. The share of consolidated sales was 7.6%, compared with 6.7% in the previous year.



Further Expansion of Retail Operations

Selective expansion of the company's retailing activities was continued in the 2008 financial year. The company's own retail operations are becoming increasingly more significant and are an important element of brand strategy. Close proximity to consumers leads to more rapid product development and product launching. In addition, innovative products can be presented in a brand-oriented environment, thus also ensuring a unique brand experience.

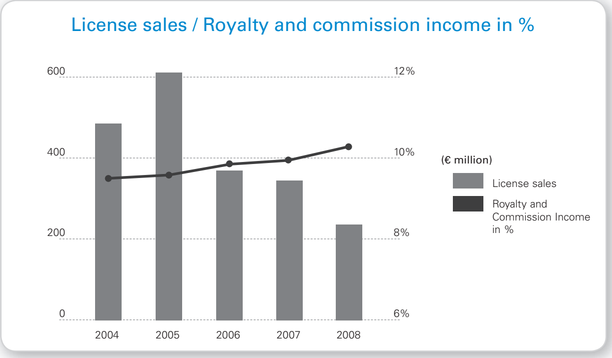
In addition to the full-price stores, which further strengthen PUMA's position as a sportlifestyle brand, the company's retail operations also include factory outlets. This ensures regional availability as well as controlled sales of PUMA products. Sales from the company's own retail operations grew by 15.3% to € 468.6 million in 2008. The share of consolidated sales rose from 17.1% to 18.6%.



License Business

In addition to product licenses (such as perfume, bodywear and watches), license sales also include sales from a number of distribution licenses for various markets.

Due to the scheduled takeover of the license market in Korea in 2008 currency-adjusted license sales decreased by 32.9% to € 243.7 million.



Based on license sales, a total of € 25.7 million license and commission income was recognised in comparison to € 35.6 million in the previous year. This corresponds to 10.6% of license sales in comparison to 9.7%.

Results of Operations

Income Statement	2008 € million	2008 %	2007 € million	2007 %	+/- %
Sales	**2,524.2**	100.0%	**2,373.5**	100.0%	**6.4%**
Cost of sales	1,217.6	48.2%	1,131.8	47.7%	7.6%
Cross profit	**1,306.6**	51.8%	**1,241.7**	52.3%	**5.2%**
Royalty and commission income	25.7	1.0%	35.6	1.5%	-27.7%
Other operating income and expenses (incl. depreciation)	982.0	38.9%	905.2	38.1%	8.5%
Operational result before special items	350.4	13.9%	372.0	15.7%	-5.8%
Special items	25.0	1.0%	0.0	0.0%	
EBIT	325.4	12.9%	372.0	15.7%	-12.5%
Financial result	1.1	0.0%	10.5	0.4%	-89.8%
EBT	326.4	12.9%	382.6	16.1%	-14.7%
Taxes on income	94.8	3.8%	110.9	4.7%	-14.5%
Tax rate	29.0%		29.0%		
Net earnings attributable to minority interest	1.1	0.0%	-2.6	-0.1%	
Net earnings	**232.8**	9.2%	**269.0**	11.3%	**-13.5%**
Weighted average shares outstanding (million)	15.360		16.018		-4.1%
Weighted average shares outstanding, diluted (million)	15.360		16.031		-4.2%
Earnings per share in €	15.15		16.80		-9.8%
Earnings per share, diluted in €	15.15		16.78		-9.7%

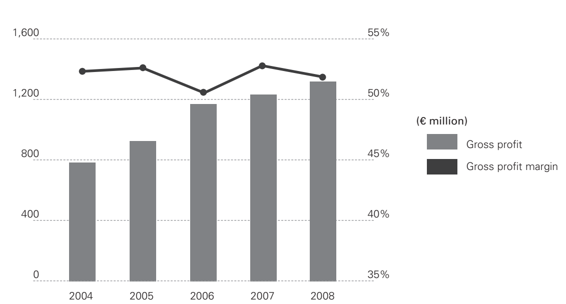
To facilitate transparency in business development, the above table and explanatory comments present the special items as a separate line item in contrast to the presentation in the consolidated income statement.

Gross Profit Margin Remains at High Level

The gross profit margin in the financial year decreased by 50 basis points to 51.8% and is thus still at the upper end for the sporting goods industry. In absolute figures, the gross profit margin grew from € 1,241.7 million to € 1,306.6 million, or by 5.2%. The margin decrease is attributable to the higher write-downs of increased inventories necessitated by the market slowdown and, in particular, to the higher close-out sales in the fourth quarter.

The gross profit margin for Footwear was 51.7% compared to 52.3% in the previous year; for Apparels it was 51.9% compared to 52.2%, and for Accessories 51.7% compared to 52.8%.

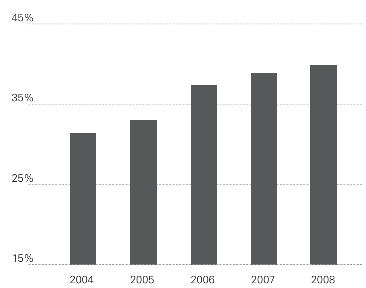
Gross profit / Gross profit margin



Other Operating Income and Expenses

Other operating income and expenses – comprised of selling expenses, expenses for product development and design, and administration and general expenses – increased by 8.5% in the financial year 2008, rising from € 905.2 million to € 982.0 million before special items, or from 38.1% to 38.9% as a percentage of sales. The increase in the cost ratio resulted from scheduled brand investments, particularly in the Marketing and Retail segment. Operating expenses, not including depreciation, increased by 50 basis points from 36.2% to 36.7% of sales.

Operating expenses in % of consolidated sales



In the category of selling expenses, investments for marketing/retail increased by a total of € 80.2 million or 17.9% to € 528.6 million. The cost ratio rose from 18.9% to 20.9% of sales. In addition to the expenditure for selected expansion of the company's retail operations, the increase was due to stepped-up marketing activities for major sports events in the year 2008. Other selling expenses (distribution costs, warehousing costs and other variable costs), increased by 11.7% to € 296.0 million, or from 11.2% to 11.7% of sales.

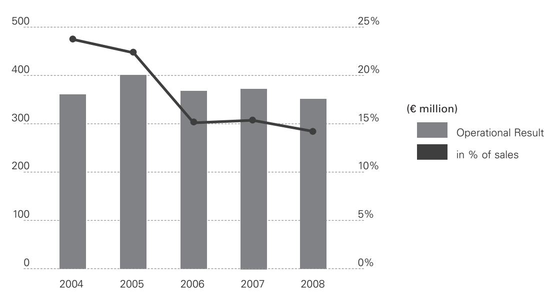
Expenses for product development and design decreased from € 58.1 million to € 55.1 million, or from 2.4% to 2.2% as a percentage of sales. The decrease was due to a weakening of the US dollar compared to the euro (a significant portion of development costs is financed in US dollars). Like-for-like expenses for product development and design were above the previous year's level.

Administration and general expenses decreased from € 133.8 million to € 102.4 million, or from 5.6% to 4.1% of sales.

Depreciation totaling € 55.9 million was recorded in the respective cost categories. This corresponds to an increase in depreciation by 21.4% over the previous year, which is mainly due to scheduled expansion of the company's own retail operations.

Operating profit before special items was € 350.4 million compared to € 372.0 million in the previous year. As a percentage of sales, this corresponds to an operating margin of 13.9%, compared to 15.7% in the previous year. The decrease in the operating margin is due exclusively to the scheduled brand investments. Excluding the relative cost increase in the Marketing/Retail segments caused by higher marketing investments in connection with the major sports events of the year and the selective expansion of retail operations, the operating margin was above that of the previous year.

Operational result before special items



Special Items

PUMA has adjusted to the persistently difficult market environment and has undertaken structural adaptations. The special items associated with the difficult market environment additionally burdened operating profit in the fourth quarter of 2008 by a total of € 25 million.

Expenses related to special items include depreciation of inventories, reorganization expenses incurred mainly for the closure of unprofitable retail stores and other organizational adjustments, as well as pending losses from promotion agreements where future expenses are not matched by sufficient advertising value.

After adjusting for the special items, operating profit (EBIT) amounted to € 325.4 million or 12.9% of sales.

Financial Result

The financial result was € 1.1 million compared to € 10.5 million in the previous year. This includes interest income of € 11.9 million (previous year: € 21.2 million), as well as interest expenses of € 6.7 million (previous year: € 5.3 million). Measured against the average net financing base, this corresponds to a rate of return of 1.7% compared to 3.9% in the previous year. The financial result also includes expenses from long-term purchase price liabilities from corporate acquisitions in the amount of € 3.1 million (previous year: € 3.5 million), and € 1.0 million (previous year: € 2.0 million) from the valuation of pension plans.

Earnings before Taxes

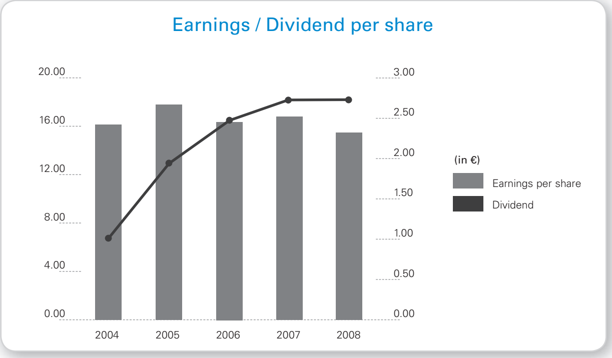
Earnings before taxes (EBT) reached € 326.4 million compared to € 382.6 million in the previous year, or a return of 12.9% compared to 16.1%. Tax expenses decreased from € 110.9 million to € 94.8 million; the tax rate was at the previous year's level of 29.0%.

Net Earnings

Taking tax expense and minority interest into account, the consolidated net earnings in the 2008 financial year amounted to € 232.8 million after € 269.0 million in the previous year. The decrease resulted from scheduled brand investments and special items connected with the measures taken. The net rate of return was 9.2% after 11.3% in the previous year. Earnings per share amounted to € 15.15, compared to € 16.80, and the diluted earnings per share were € 15.15, compared to € 16.78 in the previous year.

Dividend

Despite the decrease in earnings as a result of special items, the Board of Management and the Supervisory Board will propose to the Annual General Meeting on May 13, 2009 that a dividend corresponding to the previous year's level of € 2.75 per share be paid out for financial year 2008 from the retained earnings of PUMA AG. As a percentage of consolidated net earnings, this marks an increase from 15.8% to 17.8% in the dividend pay-out rate. The dividend is to be paid on the day after the Annual General Meeting which authorizes the profit distribution.

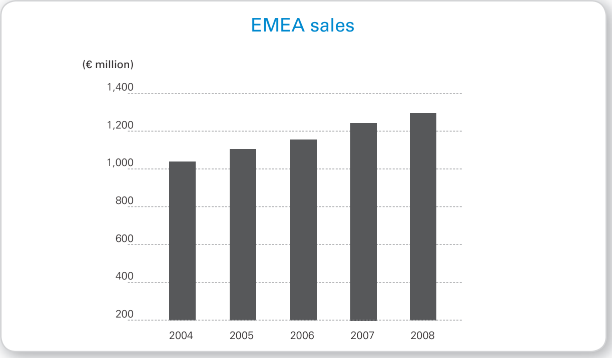


Regional Development

Currency-adjusted sales in the **EMEA** region rose by 6.8% to € 1,299.3 million. The EMEA region's share in consolidated sales was 51.5%, compared to 52.0% in the previous year.

By product segments, currency-adjusted Footwear sales increased by 4.1%, Apparel by 8.8%, and Accessories by 21.7%.

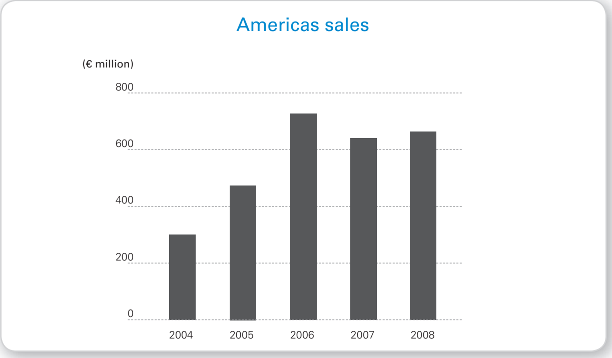
The gross profit margin reached 53.5% after 53.9% in the previous year. The operating margin (EBIT) accounted for 18.2% of sales, compared to 21.2%.



Currency-adjusted sales in the **Americas** region rose by 8.1% to € 651.3 million despite the negative orders trend at the beginning of the year. The share in consolidated sales was 25.8% after 27.0% in the previous year.

Currency-adjusted Footwear sales were up by 7.0%, and Apparel grew by 6.1%. Accessories posted strong sales growth of 31.5%.

The gross profit margin was 49.2%, compared to 50.7% in the previous year. The operating margin was at 14.5%, compared to 17.6%.



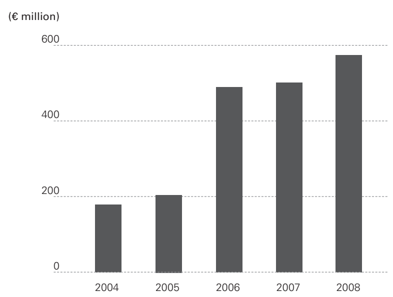
Currency-adjusted sales in the region's largest market, the USA, decreased by 4.1% to a total of USD 538.1 million. This development is mainly due to the persistently difficult market environment in the shopping centers. However, the development of sales in the course of the year showed a significant improvement over the same months of the previous year. Despite the negative orders trend, sales growth was posted in the second half of the year.

Currency-adjusted sales in the **Asia/Pacific** grew by 13.0% to € 573.6 million. This increase is partly due to initial consolidation of the subsidiary in Korea. The share in consolidated sales increased from 20.9% to 22.7%.

Currency-adjusted Footwear sales climbed by 12.7%, Apparel was up 12.6%, and Accessories rose by 16.0%.

The gross profit margin increased from 50.6% to 50.8%. The operating margin remained constant at the previous year's level of 20.3%.

Asia / Pacific sales

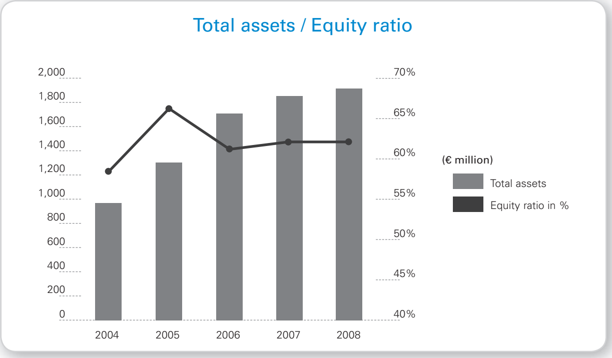


Net Assets and Financial Position

Balance Sheet	2008		2007		
	€ million	%	€ million	%	+/- %
Cash and cash equivalents	375.0	19.7%	522.5	28.0%	-28.2%
Inventories	430.8	22.7%	373.6	20.1%	15.3%
Trade receivables	396.5	20.9%	389.6	20.9%	1.8%
Other current assets (Working Capital)	124.3	6.5%	108.4	5.8%	14.6%
Other current assets	35.5	1.9%	1.2	0.1%	2789.4%
Current assets	**1,362.0**	71.7%	**1,395.3**	74.9%	-2.4%
Deferred taxes	80.5	4.2%	77.4	4.2%	3.9%
Other non-current assets	456.2	24.0%	390.3	20.9%	16.9%
Non-current assets	**536.6**	28.3%	**467.7**	25.1%	14.7%
Total assets	**1,898.7**	100.0%	**1,863.0**	100.0%	1.9%
Current bank liabilities	49.7	2.6%	61.3	3.3%	-18.9%
Trade liabilities	269.1	14.2%	234.0	12.6%	15.0%
Other current liabilities (Working Capital)	246.1	13.0%	231.1	12.4%	6.5%
Other current liabilities	49.9	2.6%	76.7	4.1%	-34.9%
Current liabilities	**614.8**	32.4%	**603.1**	32.4%	1.9%
Deferred taxes	26.5	1.4%	22.7	1.2%	16.6%
Pension provisions	21.3	1.1%	17.9	1.0%	19.6%
Other non-current liabilities	58.9	3.1%	64.5	3.5%	-8.8%
Non-current liabilities	**106.7**	5.6%	**105.1**	5.6%	1.5%
Shareholders' equity	**1,177.2**	62.0%	**1,154.8**	62.0%	1.9%
Total liabilities and shareholders' equity	**1,898.7**	100.0%	**1,863.0**	100.0%	1.9%
Working capital	**436.4**		**406.5**		7.3%
- in % of consolidated sales	17.3%		17.1%		

Equity Ratio at 62%

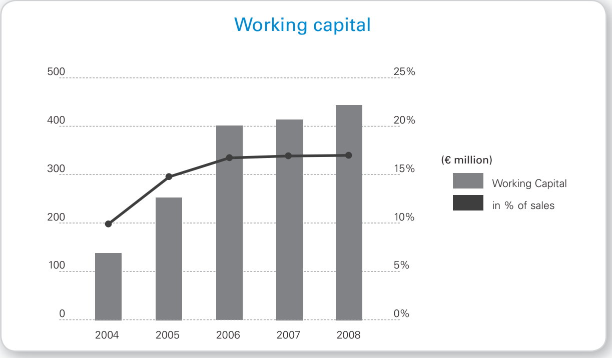
The equity ratio as of December 31, 2008 remained unchanged at 62.0%. In absolute figures the shareholders' equity increased by 1.9%, rising from € 1,154.8 million to € 1,177.2 million. Total assets rose by 1.9% from € 1,863.0 million to € 1,898.7 million. PUMA thus has an extremely solid financial base and is not directly affected by the global financial crisis.



Working Capital

Working capital increased by 7.3%, rising from € 406.5 million to € 436.4 million, which corresponds to 17.3% of sales compared to 17.1% in the previous year. Working capital includes inventories, trade receivables and trade liabilities, as well as other current assets and current liabilities.

The increase in working capital is due mainly to the inventory increase by 15.3% to € 430.8 million, which is attributable to the consolidation of Korea as well as to the significant slowdown in consumer spending. Trade receivables were up only slightly by 1.8% to € 396.5 million, which is an improvement relative to sales growth. Trade payables increased by a total of 15.0% to € 269.1 million.



Other Assets

Other current assets increased from € 1.2 million to € 35.5 million, due mainly to the market value measurement required for currency forward transactions.

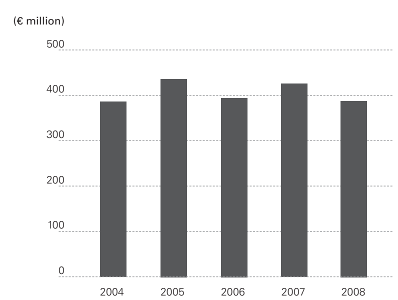
Other non-current assets, comprised mainly of property, plant and equipment and intangible assets, increased by 16.9% to € 456.2 million. The increase resulted from expansion of the company's retail operations, current investments, and prepayments for construction of the new corporate headquarters, "PUMA Plaza", which is still in progress.

Cashflow

Cashflow Statement	2008 € million	2007 € million	+/- %
EBT	326.4	382.6	-14.7%
Non cash effected expenses and income	64.7	37.6	71.9%
Gross cashflow	**391.1**	**420.2**	**-6.9%**
Change in current assets, net	-77.0	3.0	-2671.0%
taxes and other interest payments	-95.0	-120.8	-21.4%
Net cash from operating activities	**219.1**	**302.4**	**-27.5%**
Net cash used in investing activities	**-133.3**	**-93.5**	**42.6%**
Free cashflow	**85.8**	**208.8**	**-58.9%**
Free cashflow (before acquisitions)	**110.7**	**218.3**	**-49.3%**
- in % of consolidated sales	4.4%	9.2%	-
Net cash used in financing activities	**-229.6**	**-115.3**	**99.1%**
Effect on exchange rates on cash	-3.7	-30.3	-87.7%
Change in cash and cash equivalents	-147.5	63.3	-333.0%
Cash and cash equivalents at beginning of the financial year	522.5	459.2	13.8%
Cash and cash equivalents at year-end	**375.0**	**522.5**	**-28.2%**

Gross cashflow decreased by 6.9% from € 420.2 million to € 391.1 million.

Gross cashflow

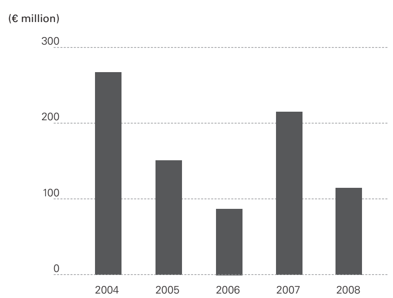


Compared to the net cash provided by changes in net current assets of € 3.0 million in the previous year, a net cash outflow of € 77.0 million was reported in 2008. This outflow of cash is due primarily to the financing of the inventory increase. Taxes, interest and other payments accounted for total outflows of € 95.0 million, compared to € 120.8 million in the previous year. Tax payments included in the total decreased from € 115.0 million to € 88.3 million. In all, cash provided by operating activities amounted to € 219.1 million, compared to € 302.4 million in the previous year.

Net cash used for investing activities increased from € 93.5 million to € 133.3 million. The expansion of retail operations, current investments and construction of the new corporate headquarters "PUMA Plaza" accounted for € 119.2 million compared to € 103.4 million in the previous year. In addition, payments for purchase price liabilities in connection with corporate acquisitions in the amount of € 24.9 million were recorded (previous year: € 9.4 million). Cashflow from interest income decreased from € 21.3 million to € 11.9 million.

As a result, the free cashflow decreased from € 208.8 million to € 85.8 million. Excluding the payments for acquisition, the free cashflow amounted to € 110.7 million compared to € 218.3 million in the previous year. As a percentage of sales the free cashflow (before acquisitions) was 4.4%, compared to 9.2% in the previous year.

Free cashflow (before acquisitions)



Net cash used for financing activities mainly includes dividend payments of € 42.5 million and investments of € 181.4 million for the purchase of treasury stock (own shares).

Cash reported as of December 31, 2008 amounted to € 375.0 million, compared to € 522.5 million in the previous year.

Value-Based Management

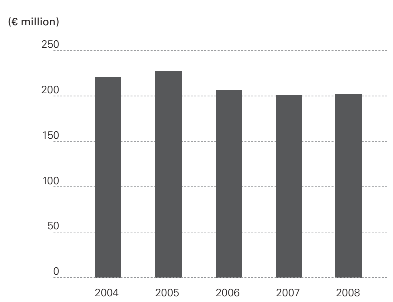
Cashflow Return on Investment ("CFROI") is used for measuring the return on capital. It is calculated as the quotient of cashflow and the gross investment base.

The gross investment base is the total amount of available financial resources and assets before accumulated depreciation and amortization. The gross cashflow results from the consolidated net income, adjusted for depreciation/amortization and interest expense.

The absolute value contribution corresponds to the difference from the cashflow return on investment (CFROI) and the weighted average cost of capital (WACC), multiplied by the gross investment base.

In the 2008 financial year, a cashflow return on investment (CFROI) of 21.7% was generated, compared to 22.4% in the previous year. In consideration of the cost of capital of 8.0% (previous year: 8.8%), the absolute value contribution improved by 0.5%, from € 198.9 million to € 200.0 million.

Absolute value contribution



Calculation of Weighted Average Capital Costs (WACC)	2008	2007	**2006	2005	*2004
Calculation of cost of capital					
Riskfree interest rate	4.0%	4.3%	3.6%	3.4%	4.3%
Market premium	5.0%	5.0%	5.0%	5.0%	5.0%
Beta (M-DAX, 24 Months)	1.0	1.0	1.0	1.1	0.9
Cost of stockholders' equity	**8.9%**	**9.1%**	**8.7%**	**9.0%**	**8.8%**
Riskfree interest rate	4.0%	4.3%	3.6%	3.4%	4.3%
Credit risk premium	2.3%	1.3%	1.5%	1.5%	3.0%
Tax shield	29.0%	29.0%	28.9%	29.0%	28.6%
Cost of liabilities after tax	**4.5%**	**3.9%**	**3.6%**	**3.5%**	**5.2%**
Calculation					
Market Capitalization	2,116	4,342	4,764	3,938	3,249
Share of equity	**79.1%**	**94.5%**	**95.0%**	**100.0%**	**100.0%**
Calculated liabilities	561	252	253	0	0
Share of liabilities	**21.0%**	**5.5%**	**5.0%**	**0.0%**	**0.0%**
WACC after tax	**8.0%**	**8.8%**	**8.4%**	**9.0%**	**8.7%**

*restated **Redassification interest expense from pensions from personnel costs to financial result

Calculation of CFROI and CVA	2008 € million	2007 € million	**2006 € million	2005 € million	*2004 € million
Net earnings before attribution (without special items)	249.4	271.6	266.0	286.9	260.4
+ Depreciation and amortization	55.9	46.0	38.4	24.3	19.3
+ Interest expenses	10.8	10.7	9.6	5.1	1.3
Gross cashflow	**316.1**	**328.4**	**313.9**	**316.2**	**281.0**
Monetary assets	898.3	1.023.3	930.7	818.2	559.9
- Non interest-bearing liabilities	515.5	465.6	443.0	340.8	275.8
Net liquidity	382.8	557.7	487.7	477.4	284.1
+ Inventory	430.8	373.6	364.0	238.3	201.1
+ Fixed assets at prime cost	407.8	323.6	250.3	193.0	135.8
+ Intangible assets at prime cost	233.9	212.6	206.3	80.3	46.1
Gross investment basis	**1,455.3**	**1,467.5**	**1,308.3**	**989.1**	**667.1**
Cashflow return on investment (CFROI)	**21.7%**	**22.4%**	**24.0%**	**32.0%**	**42.1%**
CFROI - WACC	**13.7%**	**13.6%**	**15.5%**	**23.0%**	**33.4%**
Cash Value Added (CVA)	**200.0**	**198.9**	**203.4**	**227.2**	**222.6**

*restated **Redassification interest expense from pensions from personnel costs to financial result

Product Development and Design

Product Philosophy

In line with the long-term corporate objective of being the most desirable sportlifestyle company, development and design are intended to bolster PUMA as a true multi-category brand. PUMA is pursuing a strategy of combining top sports performance and innovative technologies with fashion and lifestyle in an inimitably unique manner. PUMA wants to set trends with its products and to continue to expand its product range, both in the existing divisions and by entering into new product categories, through creativity and innovation. In the previous year PUMA successfully transmitted its brand message in the new Sailing category. By raising brand awareness in the sport of sailing, it is tapping into new target groups and thus also into new growth fields. PUMA will continue to expand its position as market leader in the Sportlifestyle segment by underpinning the credibility of its products with top achievements in the field of sport performance on the one hand, and through innovative cooperations with renowned fashion designers on the other.

Product Development and Design

In February of last year PUMA engaged London fashion designer Hussein Chalayan as creative director for the creative orientation of the PUMA fashion collections and their product categories: Footwear, Apparel and Accessories. Hussein Chalayan is working in close collaboration with the PUMA design teams in Herzogenaurach, Germany, Boston, USA and London, UK. With a view to strengthening the design competence of the brand even further, PUMA is also working together with renowned outside designers such as Alexander McQueen and Yasuhiro Mihara. The innovative design of products enables PUMA to attract consumers to the brand on an ongoing basis.

Sustainable Products

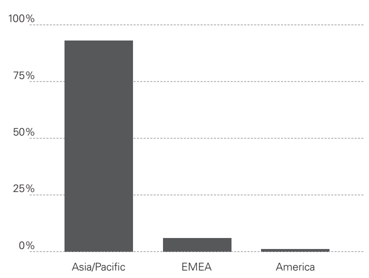
As a contribution to active environmental protection in the production of raw materials and product disposal, PUMA has forbidden the use of PVC for the entire product range, as communicated to customers through the "PVC-free" label. In the previous year, PUMA launched its first collaboration with the Organization "Aid by Trade", and manufactured 150,000 PUMA textiles from certified, sustainably farmed African cotton within the scope of the "Cotton Made in Africa" project. The products were marked with the label, "Cotton made in Africa", which underlines the special ecological and social aspects of this pilot project in the countries of Southern Africa (Zambia, Burkina Faso, etc.).

Sourcing

Focus on Asia
The balanced supplier portfolio and the global sourcing structural organization in three procurement centers enable optimal sourcing conditions to be achieved. Product procurement is allocated to several, mostly long-standing business partners who in turn maintain several locally independent production facilities. In order to optimize work flows, manufacturers are integrated into a "strategic supplier concept" in the framework of strategic partnerships.

The main focus of the "World Cat" sourcing organization is in the Asian sourcing market, which continued to gain in importance as the main procurement source in 2008.

Sourcing markets / Units



Corporate Social Responsibility
As a sportlifestyle company, PUMA is guided by the philosophy of "sustainable development". The continuous development of environmental and social standards is not only a question of business ethics and an integral component of risk prevention, it also offers great development potential for the brand in this area.

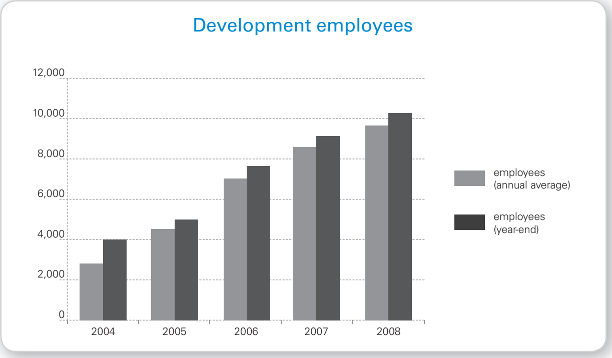
Sustainability in the Supply Chain
PUMA products are manufactured worldwide by over 400 external suppliers in more than 50 countries. The definition and control of compliance with extensive, globally valid environmental and social standards comprise the core area of activities of the department for environmental and social matters, S.A.F.E. (Social Accountability and Fundamental Environmental Standards). Detailed S.A.F.E. manuals are an integral component of PUMA sourcing agreements, and compliance with standards is examined periodically through internal audits at the operations. Since 2002, the PUMA S.A.F.E. team has conducted over 2000 audits, so that nearly 100% of all manufacturers have already been audited once or more. In the previous year, the S.A.F.E. team conducted 397 internal audits.
To enable verification of the internal concept of the factory audits, PUMA has been a member of the non-profit Fair Labour Association (FLA) since 2004. FLA membership includes an unannounced five-percent sampling review of manufacturers each year.
In addition, PUMA provides manufacturers with support concerning training measures and projects for implementation of their own measures and management systems on the topics of sustainability, environmental protection, human resources and work safety. Thus, for example, 23 management systems certified under ISO 14001, SA 8000 and/or OSHAS 18001 have been implemented at the manufacturers. In collaboration with the Global Reporting Initiative (GRI) and the Gesellschaft für Technische Zusammenarbeit (GTZ) [Society for Technical Cooperation], PUMA also carried out a pilot project on the topic of sustainability reporting in the supply chain in 2008. Three of the South African manufacturers, Impahla, Suzi Products, and Vimal Clothing, have already issued sustainability reports within the context of this project. The project also underpins PUMA's own sustainability report, which received a score of A+ by the GRI and was tested externally by "TÜV Rheinland".

Employees

Rising Employee Numbers

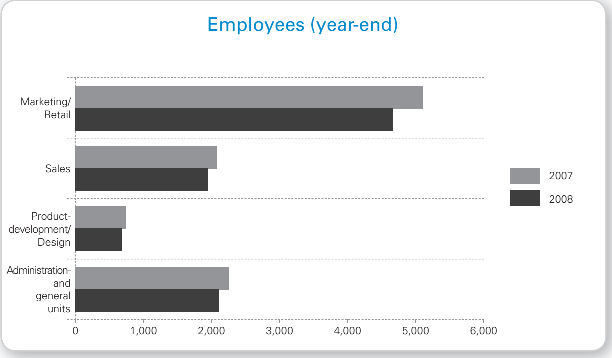
In 2008, PUMA continued to create new jobs domestically and internationally and, on an annual average, increased the number of full-time employees worldwide from 8,338 to 9,503 or by 14.0%. This increase is due mainly to expansion of the company's retail operations.

The average per capita expenses were T€ 32.2, compared to T€ 33.3 in the previous year. Total personnel expenses rose by 10.2% from € 278.0 million to € 306.4 million.



The number of employees as of December 31, 2008 increased by 865 or 9.4% to 10,069, compared to 9,204 at the end of the previous year.

Due to selective expansion of the company's retail operations, the number of employees in the Marketing/Retail segment rose by 11.8% to 5,069 employees.



The sales organization was stocked up by 6.3% to 2,064 employees. The product development/design segment posted an 8.1% increase to 728 employees, and administration and general units posted a 7.4% increase to 2,209 employees.

Steering Change

Structural changes in the corporate organization led mainly to the staffing of new key positions with top-notch talent. As a result, PUMA is in a position to react to changes and special conditions on the market even more rapidly and to address individual customer needs even better than before.

In 2008, PUMA implemented new corporate values, which strengthen the worldwide team spirit of the workforce and enable focusing on a common goal. PUMA is dedicated to promoting motivation and creativity in accordance with the corporate values, "fair, honest, positive and creative". Based on these values, which are closely linked to the brand message, PUMA can realize the new corporate vision at employee level, thus promoting a joint work effort towards a common goal.

Identify and Promote Talent

Continuous improvement of human resources processes is still in the foreground of PUMA's global personnel strategy. The goal is to create a corporate culture that rewards and promotes the willingness to perform while also providing employees with sufficient freedom to develop creative and unconventional conceptual approaches.

With a view to the practical realization of this environment, in the previous year the company undertook significant IT-system changes in the personnel segment which led to further optimizations in operative and strategic human resources activities. Among others, a global talent management system was implemented for targeted human resources development. Great emphasis was placed on employee performance and competency assessment, which ensures sustained, targeted development of personnel. Periodic employee assessment interviews help lay the foundation for individually tailored personnel development measures. In so doing, a culture of encouragement and support is promoted in the best possible manner.

In the previous year, key positions and key talent were systematically identified. The goal is to minimize the corporate risk involved in targeted succession planning, while also preparing talented staff for their future key tasks through structured development measures.

Remuneration System for the Board of Management and Supervisory Board

Board of Management

Remuneration of the Board of Management members, which is determined by the Supervisory Board, is comprised of fixed and variable income components. Fixed components of the remuneration are comprised of a fixed salary and remuneration in kind, whereas the variable, performance-based components are comprised of bonuses and components with long-term incentive effect (stock appreciation rights). The criteria for measuring the overall remuneration include duties and services performed by the respective Board of Management member, as well as factors relating to the economic situation, the strategic five-year planning and associated targets, the sustainability of achieved results, the long-term profit outlook of the Company and international benchmark comparisons.

The fixed remuneration component is paid out monthly in the form of a salary, which is not based on performance. In addition, Board of Management members receive remuneration in kind such as the use of company cars and insurance coverage. These benefits are generally provided to all Board of Management members on an equal footing and are included in the non-performance-based remuneration.

The bonus, as a part of performance-based remuneration, is essentially based on the operating profit of the PUMA Group and is awarded on a graduated scale in accordance with the level of target achievement. An upper limit is also agreed.

The performance-based remuneration components with long-term incentive effect (stock appreciation rights) are generally provided as a supplement to the five-year plans. In this context, the number of stock appreciation rights issued is measured as a component of total remuneration. Measurement is based on the fair value of the respective stock appreciation rights at the allocation date. The possibility of a cap limit is provided as cover against unforeseen developments. Particulars concerning the parameters used for the respective programs are provided in the Notes to the Consolidated Financial Statements under No. 19.

The total remuneration for the Board of Management is disclosed in the Notes to the Consolidated Financial Statements (Note 29) and in the Remuneration Report.

Supervisory Board

In accordance with the Company's Articles of Incorporation, the Supervisory Board is comprised of six members. Remuneration of Supervisory Board members, which is approved by the Annual General Meeting, is comprised of a fixed remuneration component that is not based on performance, and a performance-based component, which is measured on the basis of Group profits. The Supervisory Board Chairman receives two times the amount of the respective remuneration components, and his Deputy receives one and a half times the aforesaid amount.

The total remuneration for the Supervisory Board is disclosed in the Notes to the Consolidated Financial Statements (Note 29) and in the Remuneration Report.

Risk Management

As a global manufacturer, PUMA is exposed to risks in its day-to-day business that may exert a decisive influence on its future development. Early recognition and early anticipation of risks that may impact on the net assets, financial position and financial performance of the company over the long-term is one of the most important functions of risk management. In a world characterized by dynamic changes and short product lifecycles, companies are exposed to both internal and external risks.

Risks may also be associated with opportunities. Effective use of these is another element of effective risk management.

The guidelines and organization of risk management ensure a methodological and systematic approach within the Group. Direct responsibility for risks is transferred to operational employees who report on any detected risks in a "bottom-up" procedure. This ensures that risks can be detected early and flexibly and reported to the "Risk Management Committee" (RMC). The risk managers report significant changes in the risk portfolio through periodic reports as well as through a system of ad-hoc reporting.

PUMA has established an extensive controlling and reporting system throughout the Group, which is an important element of risk management. Opportunities and risks are identified, aggregated, monitored and analyzed in yearly planning meetings by the respective officers in charge, who then derive target specifications as well as measures for their implementation. Compliance with the target specifications and measures is monitored continuously and reported through the Company's highly developed reporting system. This enables PUMA to identify variances and negative developments as they arise and to initiate the required countermeasures.

Risk Areas

Macroeconomic Risks

General consumer behaviour is an important influencing factor for company performance in the consumer goods industry. Consumer behaviour is affected significantly by changes in economic, political, legal and social factors, which lead to economic changes and can influence the consumer behaviour of the population.

As an internationally operating company, PUMA is directly exposed to such risks, which it addresses through geographic diversification and a balanced product range which creatively set accents that enable it to differentiate itself from the competition.

Brand Image

As a brand article company, PUMA is aware of the importance of a strong brand image. Innovative and sustained brand communications have enabled the building of a desirable brand image. The brand image is essential since it can influence consumer behaviour not only to the advantage but also to the disadvantage of the brand. Thus, for example, product imitations may lead to a significant loss of brand confidence among consumers and consequently also to a negative brand image and lower sales.

PUMA's desirability exposes it to brand and product piracy. Combating brand and product piracy has been a high-priority issue for many years. PUMA's own team engaged in the protection of intellectual property safeguards a strong global portfolio of industrial property rights such as brands, designs, and patents. With its continuously expanding global network of brand protection officers, external law firms and detective agencies, PUMA actively pursues product and brand pirates in order to reduce the number of product imitations on the market and to protect the brand.

In order to effectively address product piracy, PUMA also works in close collaboration with customs and law enforcement authorities in over eighty countries and is actively involved in the implementation of effective laws for the protection of intellectual property in an advisory capacity.

Personnel Risks

The creative potential, commitment and achievement potential of employees are important pillars of successful corporate development. Anticipating the associated personnel risks and initiating sustainable security measures is part of a regular process at PUMA.

Accordingly, in 2008 special attention was given to talent management, the identification of key positions and talented staff, and their optimal positioning in the company succession planning. Further national and international regulations and guidelines have also been put in place in order to ensure compliance with the legal requirements.

PUMA will continue to invest in human resources in the respective functions and regions in line with its targeted requirements-based policy with a view to accommodating the future requirements of corporate strategy.

Sourcing Risks

The majority of products are produced in the emerging markets of Asia. Business activities with these countries are associated with diverse risks. Thus, for example, currency fluctuations, changes in levies or customs, trading restrictions, natural disasters and political instability may also lead to certain risks. Risks may also arise from excessive dependency on individual producers.

Periodic reviews and adaptation of the portfolio are aimed at avoiding dependencies on individual suppliers and sourcing markets. Long-term framework agreements are normally concluded in order to ensure future required production capacities.

PUMA's S.A.F.E. team was formed years ago in accordance with the principles of sustainable development in order to ensure optimal integration of the two pillars of sustainable development, environmental protection and social responsibility, into the core business fields of PUMA and to harmonize them with economic development.

Through the "Banzer Talks", which are now in their sixth year, PUMA has organized a regular event in cooperation with the German Network of Business Ethics, which promotes the dialog with various interest groups. The event is attended by scientists, PUMA suppliers and PUMA employees, as well as by critical stakeholders such as union representatives and non-government organizations such as Oxfam, Misereor or WWF. The dialog with these important interest groups has facilitated critical examination of PUMA's corporate strategy in the area of sustainable development, and close coordination of the interests of interest groups and customers for years.

In addition to the Banzer Talks, PUMA receives periodic evaluations from independent sustainability or corporate social responsibility (CSR) analysts and was again listed as one of the industry leaders in the Dow Jones Sustainability Index and FTSE4Good in 2008. Furthermore, PUMA is recommended for sustainable investments in the ratings of the Storebrand bank and Bank Sarasin, and is the only representative of our industry to have received an investment recommendation from Oekom Research (Prime Standard) in a cross-industry assessment.

Product and Brand Environment

Early recognition and detection of consumer trends are indispensable in the growing globalization environment. New and innovative concepts must be developed and implemented on the basis of continuous abbreviated lifecycles. Early recognition and utilization of consumer trends play a decisive role in the highly competitive sportlifestyle market. Competitive advantages can only be derived by those who can recognize these trends at an early stage.

PUMA makes significant investments in design and product development with a view to the recognition and implementation of market trends. As a result, PUMA's products enjoy high recognition, which clearly sets them apart from the competition.

Moreover, PUMA pursues a selective distribution strategy to ensure a unique brand presence and reduce dependency on individual distribution channels. The expansion of retail operations should also ensure that PUMA products are presented exclusively in the brand environment desired by PUMA.

Retail

The expansion with company-owned retail operations also requires capital expenditure for the expansion and furnishing of shops, higher fixed costs compared to sales via wholesalers, and rental agreements with long-term rental obligations which can affect profitability in periods of slowdown in business development. On the other hand, the extension of the value chain enables a higher gross profit margin to be achieved. Moreover, the PUMA brand experience can be presented to end customers directly and in a targeted manner in the company-owned retail operations.

To avoid risks and utilize chances, PUMA conducts a detailed location and profitability analysis prior to each investment decision and, in the event of positive decisions, deploys staff with long-standing expertise in retail. A well-developed system of controlling and analysis of key-figures, accompanied by current numerical data, facilitates the adequate controlling of business operations.

Organizational Challenges

As a result of PUMA's continuous growth, the corporate organization structure is becoming increasingly more complex. The central and virtual organization of PUMA supports the company's global alignment, which is facilitated by an integrated IT-, logistics- and personnel infrastructure. In addition, the globally-oriented and strategic approach is supported by periodic cross-border information exchanges, which enable making adaptations in a timely manner as required.

Currency Risks

As an internationally active company PUMA is exposed to currency risks resulting from disparities between the respective currency scopes on the purchasing and sales side, as well as from currency fluctuations.

The largest sourcing market is the Asian market where payment flows are largely processed in USD, while the sales are mostly invoiced in other currencies. PUMA manages the currency risk in accordance with an internal guideline. Currency forward transactions are used for conversion of foreseeable financial obligations (denominated in foreign currencies) into the functional currencies of the Group companies. Only forward exchange transactions in line with market conditions are conducted with renowned international financial institutions for hedging existing or pending contracts. At the 2008 year-end, 100% of the net requirement for the 2009 planning period was hedged against currency effects.

Furthermore, currency risks can also arise through intercompany loans issued for financing purposes. Currency swaps and currency forward transactions are used for hedging currency risks in the conversion of foreign-currency loans into the functional currency of the group companies.

For the presentation of market risks, IFRS 7 requires sensitivity analyses which show the effects of hypothetical changes to relevant risk variables on the results and equity. The periodic effects are determined by relating the hypothetical changes in the risk variables to the balance of financial instruments as of the balance sheet date. In so doing, it is assumed that the portfolio reported as of the balance sheet date is representative for the year as a whole.

Currency risks pursuant to IFRS 7 arise through financial instruments which are denominated in a currency other than the functional currency and are monetary in nature; currency-related differences arising from the currency translation of individual financial statements into the group currency are not taken into consideration. Relevant risk variables are generally considered to be all non-functional currencies, for which PUMA deploys financial instruments.

Currency sensitivity analyses are based on the following assumptions:
Significant original monetary instruments (cash, receivables, interest bearing liabilities, financial lease liabilities, non-interest-bearing liabilities) are either directly denominated in the functional currency or are transferred into the functional currency through the use of forward exchange transactions. Consequently, exchange rate fluctuations do not have any effect on results.

PUMA is exposed to currency risks from certain forward exchange transactions. These are forward exchange transactions that are linked in an effective cashflow hedge arrangement for the hedging of currency-related payment fluctuations according to IAS 39. Exchange rate changes in the currencies underlying these transactions have an effect on the hedging reserve in equity and on the fair value of these hedging transactions.

Assuming that the USD had been revalued (or devalued) by 10% relative to all other currencies as of December 31, 2008, the hedging reserve recorded in equity and the fair value of the hedging transactions would have been € 41.2 million lower (or higher) (December 31, 2007: € 37.3 million higher (or lower)).

Interest Risks

At PUMA, interest changes do not impact on interest sensitivity and thus do not require the use of interest hedging instruments.

Credit Risks

Because of its business activity and operative business PUMA is exposed to customer default risk, which is addressed through continuous monitoring of outstanding balances and adequate value adjustments.
The customer default risk is limited through credit insurance and the maximum default risk is reflected in the carrying values of financial assets reported in the balance sheet.

Liquidity Risk

To ensure payment capability and financial flexibility, a liquidity reserve in the form of cash resources as well as credit lines are maintained. Credit lines are generally made available until further notice.

Capital Risk

PUMA is not exposed to any capital risks since the bank liabilities are balanced by high amounts of cash and cash equivalents at consolidation level. Moreover, PUMA has a very high equity ratio.

Summary

Owing to its risk management system, PUMA is in a position to satisfy the legal requirements for control and transparency within the Company. Management assumes that, in the overall assessment of the Company's risk exposure, risks are limited and manageable and do not jeopardize the continued existence of the PUMA Group.

Disclosures acc. to Section 315 (4) HGB

Re Section 315 (4) No. 1 HGB

As of the balance sheet date, the subscribed capital amounted to € 41.0 million, divided into 16,032,464 shares of common stock. As of the balance sheet date, the Company held 950,000 shares of treasury stock.

Re Section 315 (4) No. 3 HGB

The firm of "SAPARDIS S.A.", a fully owned subsidiary of PPR S.A., held 65.25% of the subscribed capital as at the balance sheet date (corresponds to 69.36% of outstanding shares).

Re Section 315 (4) No. 6 HGB

The appointment and dismissal of members of the Board of Management is governed by the legal provisions of Sections 84, 85 AktG. Moreover, Article 6 No. 2 of the Articles of Incorporation of PUMA AG specifies that the Supervisory Board shall appoint the members of the Board of Management and determine their number. It can appoint a member of the Board of Management as Chairman or Spokesman and another member as deputy to the Chairman of the Board of Management or the Spokesman of the Board of Management. The Supervisory Board also has the authority to appoint two Board of Management members as Board of Management spokesmen. The provisions for amending the Articles of Association are governed by Sections 133 and 179 AktG.

Re Section 315 (4) No. 7 HGB

According to a Resolution of the Annual General Meeting of the Shareholders of April 22, 2008 the Board of Management is authorized to purchase treasury shares for up to 10% of its nominal capital until October 21, 2009. The authorization for the repurchase of company shares was issued for all admissible purposes, including the flexible management of capital requirements of the company.

According to Article 4 No. 3 and No. 4 of the Articles of Incorporation of PUMA AG, the Board of Management is authorized to increase the basic capital with authorization from the Supervisory Board up to April 10, 2012 as follows:

- through a single or repeated issuance of new shares in return for cash contributions by up to € 7.5 million. The shareholders are generally entitled to a subscription right (Authorized Capital I).

and

- through a single or repeated issuance of new shares in return for cash contributions or contributions in kind by up to € 7.5 million. The subscription right can be excluded in whole or in part (Authorized Capital II).

For further details, please refer to the relevant disclosures in the Notes to the Consolidated Financial Statements.

Outlook

Heavy Drop in the Global Economy

According to a study published by the "Institut für Weltwirtschaft" (Institute of the World Economy) in Kiel on December 22, 2008 the global economic slowdown has taken on a new dimension with the exacerbation of the financial crisis. Since then, downward dynamics in the industrial countries have become significantly more pronounced, and the indicators point to a severe slowdown in the world economy in the second half of 2009.

In a number of countries the slowdown is the result of a correction of macroeconomic imbalances. Added to this are great problems in the financial sector that have led to deteriorating financing conditions for private actors and strongly hinder the transmission of monetary policy impulses. The numerous, partly weighty financial packages for economic recovery that have been approved in recent months or are being proposed for the months ahead, are intended as a cushion against the drop in production. In view of the strong deterrent factors, the global economy is expected to continue the downward trend at least throughout the entire year before beginning to recover only slightly.

The economic downturn in the industrial countries is expected to gain momentum in the coming months. In a number of countries, production could fall sharply during the second half of the year, as suggested by the early- warning indicators both in the United States and Europe. In the United States, which has seen a downturn in domestic demand among end customers for a longer period it is now evident that exports are also decreasing.

The outlook for the emerging markets has become significantly bleaker in the last few months. The economic downturn in the industrial countries is causing a significant drop in exports. The revaluation of risks in the course of the financial crisis has led to deteriorating financial conditions and for many emerging countries to a drastic decline in commodity prices associated with a massive loss of export sales. The global economy as a whole will hardly expand in 2009 and world trade is even expected to shrink considerably. Currently, the forecasting uncertainty is very high.

In 2009 PUMA nevertheless expects to find new possibilities to further increase brand desirability in the Sports, Lifestyle and Fashion segments, with a view to continued utilization of long-term growth potential in the future. In the area of Sports Performance the sailing yachts of the Volvo Ocean Race will compete for victory in the toughest sailing marathon race in the world until June 2009. PUMA is taking part in the race with its own yacht "il Mostro". At the same time, Italy, the current world soccer champions and Egypt, the winners of the Africa Cup will join six other teams in the Confederations Cup in South Africa, which will provide audiences with a warm-up for the 2010 World Cup. As a sponsor of ten teams, PUMA is the leading equipment provider on the African continent and as such intends to further expand its market share in the area of soccer.

At the Track and Field Athletics World Championships in Berlin in August, three-time Olympic gold medalist and triple world record holder Usain Bolt will defend his title as fastest man on earth, once again electrifying crowds and further strengthening PUMA's position as a top Running brand.

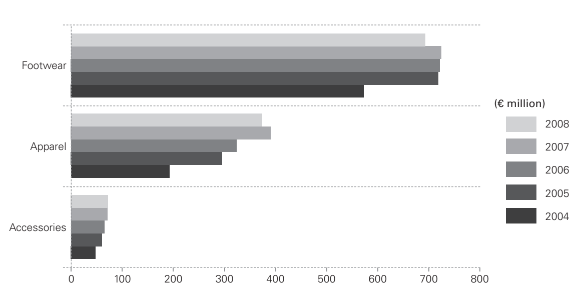
Sports Fashion will be showcasing the first influences of the new creative director, Hussein Chalayan. The first Apparel collection as part of the collaboration with designer Alexander McQueen will be introduced in the second half of 2009. The successful RUDOLF DASSLER SCHUHFABRIK (DASSLER) line will be complemented by the introduction of Accessories, and the most recent cooperation with the luxury label Sergio Rossi will be supplemented and expanded in the second half of 2009 by additional styles in a targeted manner.

Orders on Hand

As a result of the global economic slowdown and the associated consumer restraint, the order intake as of the 2008 year-end was € 1,152.5 million or lower by 5.4% (currency-adjusted 5.8%) than the previous year's level. The total includes mainly deliveries scheduled for the first and second quarter of 2009.

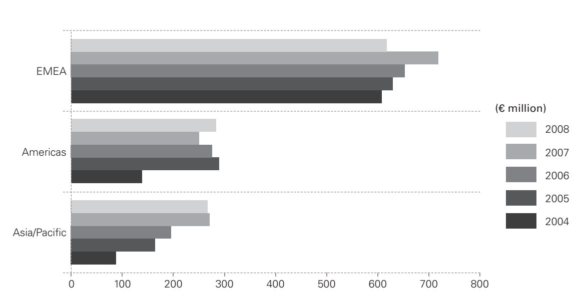
Currency-adjusted orders for Footwear decreased by 2.3% to € 698.3 million, and Apparel orders decreased by 12.4% to € 383.8 million. Currency-adjusted orders for Accessories were at the previous year's level, but increased in euros by 2.1% to € 70.4 million.

Orders on hand by segment



Currency-adjusted orders in the EMEA region were down by 10.0% to € 610.9 million. The currency-adjusted orders volume in the Americas region increased significantly by 19.9% to € 280.7 million. Because of the difficult market environment on the Asian market, after several years of double-digit growth rates, the orders of € 260.7 million recorded in the Asia/Pacific region as of December 31, 2008 were down by 15.9% compared to the previous year.

Orders on hand by region



Outlook for 2009

The year 2009 will pose a great challenge for all market players. As a result of the global slowdown of the world economy, high volatility in the purchasing pattern and a low level of visibility, it is difficult to provide a quantitative outlook on the current financial year. However, PUMA is prepared to take appropriate action against the deterioration of the market environment and the economy. The implemented measures, which are already reflected in an expense recorded as of December 31, 2008, will make their contribution in this respect.

Investments

Investments in the range of € 65 million and € 75 million are expected for 2009. Included in the total is capital expenditure of about € 20 million for the new corporate headquarters "PUMA Plaza" in Herzogenaurach. The new administration center "PUMA Plaza", which will house a brand center as well as a new concept store and a factory outlet store, will be ready for occupancy at the end of 2009. Other investments include expenditures for the opening of individual retail stores and required current investments for the infrastructure, which are to secure long-term sales growth.
Short-term purchase price liabilities from corporate acquisitions and expansion of the consolidated group are expected to result in an additional cash outflow of up to € 100 million in 2009.

Sustained Growth in the Future

Management assumes that as a result of the already realized and planned future investments in the brand, the foundation for long-term growth has already been created.

Expansion of the Consolidated Group

Effective from January 1, 2009 PUMA holds a majority interest in the previous licensee "Dobotex International BV" in the Netherlands. According to the agreements concluded with the "minority shareholder" relative to the possibility of taking over a 100% interest during the contractual period, Dobotex is constructively allocated to the PUMA Group as a 100% holding. Dobotex is a long-standing PUMA partner and holds the international PUMA license for socks and bodywear.

In addition, PUMA acquired a 100% interest in the corporate merchandising firm "Brandon Company AB" effective from January 1, 2009. The conclusion of the transaction is pending, subject to the approval of the responsible merger control authorities. Through acquisition of the Swedish company, PUMA will strengthen its core business and expand into new business areas such as merchandizing and event marketing.

Furthermore, effective from January 1, 2009, sales in Cyprus were taken over by the newly founded partnership "PUMA Cyprus Ltd." According to the agreements concluded with the "minority shareholder", the company is economically allocated to the PUMA Group as a 100-percent holding and will be consolidated accordingly.

Relations to Affiliated Companies

PUMA AG and SAPARDIS S.A., Paris, a fully owned 100%-owned subsidiary of PPR S.A., Paris, are considered to be dependent companies under Section 17 AktG. The Board of Management must issue a report describing the relations to affiliated companies – Dependent Company Report – according to Section 312 AktG. The dependent company report was audited by the auditors in accordance with Section 313 AktG and was attested to with an unqualified opinion.

The dependent company report of the Board of Management ends with the following declaration: „Under the circumstances which were known to the Board of Management at the time when the legal transactions stated in the report on relationships with affiliated companies were undertaken, PUMA AG received adequate consideration in each case. No reportable measures were undertaken or omitted during the reporting year."

Responsibility Statement

For details concerning the statement required under Section 315 (1) Sentence 6 (Responsibility Statement, "Bilanzeid"), please refer to the Notes to the Consolidated Financial Statements.

Herzogenaurach, February 4, 2009

Board of Management

Zeitz **Harris-Jensbach** **Bock** **Caroti**

Deputy Board of Management

Bertone **Seiz**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1990
I AM
60

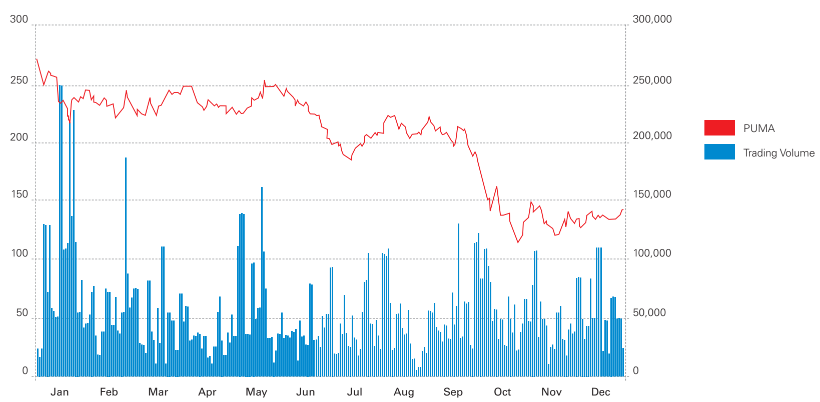
The PUMA Share

The year 2008 was characterized by a severe financial crisis and turmoil on the stock markets. Fears of a recession additionally dampened prospects for the future. As a consequence, not only the international indices but also the German stock indices, DAX and MDAX, lost significantly in value during the year. At 4,810 points, the DAX was 40.4% down from the previous year, and the MDAX closed with a minus of 43.2% at 5,602 points.

The performance of the PUMA share was also impacted by the global development. Similar to the world-wide trend, the PUMA share likewise fell perceptibly in value. In comparison with the previous year's price of € 273.00, the share stood at € 140.30 at the December 31, 2008 year-end.

During the year the share price fluctuated within a range of between € 112.78 and € 273.26, with a peak of € 273.26 on January 2, 2008, and an all-year low on October 27, 2008. Year-on-year, the average daily trading volume decreased from 141,082 shares in the previous year to 57,310 shares in the year under review. Market capitalisation of the PUMA share at year-end was € 2.1 billion, after € 4.3 billion in the previous year.

PUMA share performance / Trading volume



Key data per share		2008	2007	2006	2005	2004
End of year price	**€**	**140.30**	273.00	295.67	246.50	202.30
Highest price listed	**€**	**373.26**	350.10	333.11	249.00	219.54
Lowest price listed	**€**	**112.78**	260.15	240.67	177.04	140.15
Daily trading volume (Ø)	**amount**	**57,310**	141,082	128,185	159,285	141,753
Earnings per share	**€**	**15.15**	16.80	16.39	17.79	16.14
Gross cashflow per share	**€**	**25.46**	26.23	24.65	26.95	24.01
Free cashflow per share	**€**	**7.21**	13.63	5.71	9.48	16.01
Shareholders' equity per share	**€**	**78.05**	72.62	65.10	54.80	34.25
Dividend per share	**€**	**2.75**	2.75	2.50	2.00	1.00

The PUMA share has been registered for official trading on the Frankfurt and Munich stock exchanges since 1986. It is listed in the Prime Standard Segment and the Mid-Cap Index MDAX of the German Stock Exchange [Deutsche Börse]. Moreover, membership in the Dow Jones World/STOXX Sustainability indices and the FTSE4Good index was once again confirmed.

Corporate Governance Report

Effective implementation of the Corporate Governance Code is an important element of PUMA's corporate policy. Transparent and responsible corporate governance is a precondition for achieving the corporate goals and a sustained increase in corporate value. The Board of Management and the Supervisory Board work closely together for the benefit of the entire company and thus ensure efficient, value-based corporate management and control through good corporate governance.

Compliance Declaration

The Board of Management and the Supervisory Board of PUMA AG Rudolf Dassler Sport ("PUMA AG") issue the following declaration pursuant to Section 161 AktG:

1. Since the last Compliance Declaration of December 2007, PUMA AG has fully complied with the recommendations of the "Government Commission: German Corporate Governance Code" in the version of June 14, 2007, published in the Federal Gazette of July 20, 2007 and, since June 6, 2008, has acted in full compliance with the then valid version of the Code as published in the Federal Gazette of August 8, 2008.

2. PUMA AG will comply with the recommendations of the "Government Commission: German Corporate Governance Code" in the June 6, 2008 version of the Code, as published in the Federal Official Gazette of August 8, 2008, with the following exception:

   The Board of Management will refrain from disclosing individual remuneration of members of the Board of Management pursuant to Section 286 (5) HGB (Items 4.2.4 and 4.2.5 German Corporate Governance Code), in conformity with an authorisation issued by the Annual General Meeting held on April 22, 2008.

The Compliance Declaration is permanently available on the homepage of the Company.

Remuneration Report – Board of Management

The remuneration of members of the Board of Management, which is determined by the Supervisory Board, is comprised of fixed and variable components. The fixed components of the remuneration are comprised of a fixed salary and remuneration in kind, whereas the variable, performance-based components are comprised of profit-sharing bonuses and components with a long-term incentive effect (stock appreciation rights). The criteria for measuring the total remuneration include, in addition to the duties and services performed by the respective Board of Management member, factors relating to the economic situation, the strategic 5-year planning and associated targets, the sustainability of achieved results, the long-term profit outlook of the Company, and international benchmark comparisons.

The fixed remuneration component is paid out monthly as non performance-based salary. In addition, the members of the Board of Management receive remuneration in kind such as the use of a company car and insurance coverage. These benefits are generally made available to all members of the Board of Management on an equal footing and are included in non-performance-based remuneration.

The profit-sharing bonus, as part of the performance-based remuneration, is oriented mainly towards the operating profit of the PUMA Group and is graduated in accordance with the level of target achievement. An upper limit is agreed upon.

The performance-based remuneration component with long-term incentive effect (stock appreciation rights), is generally determined within the scope of the five-year plans whereby the number of stock appreciation rights issued is measured as a component of total remuneration. Measurement is based on the fair value of the respective stock appreciation rights as at the date of allocation.
The possibility of a cap limit is provided as cover against unforeseen developments. Particulars concerning the parameters used for the respective programs are provided in the Notes to the Consolidated Financial Statements under No. 19.

Fixed remuneration for the six members of the Board of Management (previous year: three Board of Management members) amounted to € 5.2 million in the financial year (previous year: € 4.3 million) and the variable performance-based remuneration amounted to € 6.2 million (previous year: € 5.3 million).

Following expense allocation to the vesting period, the resulting income for options issued in the financial year 2008 as well as in previous years amounted € 1.6 million (previous year: expense € 6.8 million). The income in 2008 is the result of the valuation for options newly issued (expense: € 0.9 million) and the adjusted valuation for options issued in previous years (income: € 2.5 million). In the financial year, the Board of Management was granted a total of 85,500 stock options from the "SOP 2008" program. The fair value as at the date of granting the options was € 49.45 per option.

In the event of premature termination of the employment relationship, a member of the Board of Management is paid the agreed remuneration components up to the original contract termination date. With respect to the remuneration components resulting from the long-term Incentive Program, it has been agreed that the option rights already granted at the date of leaving the company shall be paid out on the basis of a value determined in accordance with "black-scholes".

The Board of Management is provided with pension commitments for which the Company took out a pension liability insurance policy. The proportion of the pension capital which is already financed through contributions to the pension liability insurance is deemed to be a vested claim. Following an addition of € 0.5 million, as of the balance sheet date this results in a pension claim of T€ 233 p.a., or one-off capital compensation in the amount of the present value upon retirement.

Pension commitments vis à vis former members of the Board of Management amounted to € 2.0 million (previous year: € 2.0 million); they are recorded under pension provisions. No retirement payments have been made.

Compensation Report – Supervisory Board

In accordance with the Articles of Association, the Supervisory Board has six members. Supervisory Board compensation includes a fixed and a performance-based component.

Fixed compensation amounts to T€ 30.0 for each member of the Supervisory Board. The Chairman of the Supervisory Board receives twice this amount and the Deputy Chairman receives one and a half times this amount. Overall, total fixed compensation in the financial year amounted to T€ 225 (previous year: T€ 222).

Performance-based compensation amounts to € 20.00 per € 0.01 of the earnings per share as reported in the consolidated financial statements (before dilution) that exceed a minimum amount of € 16.00, the maximum amount being T€ 10.0 per year. The Chairman of the Supervisory Board receives twice this amount, and the Deputy Chairman receives one and a half times the amount. Owing to earnings per share of € 15,15 in the financial year, no performance-based compensation is paid for financial year 2008 (previous year: T€ 12).

Brand Strategy

PUMA will continue its strategy and invest selectively in sports events and innovative product design to furthermore strengthen its brand visibility.

Brand Strategy

The year 2008 – marking PUMA's 60th anniversary - embodied the very best of our brand.

We invested in major brand initiatives in order to take advantage of the opportunities provided by the year's highly visible sports events - the African Cup of Nations, the EURO 2008, the Olympic Games in Beijing and the toughest sailing competition worldwide, the Volvo Ocean Race.

Through these impressive achievements on the pitch, on the track and on sea, we successfully enhanced our credibility as a performance brand. At the same time, we grew our Sport Fashion business by expanding existing and engaging in new collaborations with renowned fashion labels – such as Hussein Chalayan and Sergio Rossi. Together, we used these platforms to launch innovative, trend-setting and sophisticated sportlifestyle collections, delivering desirable products that start in sports and end in style.

In the future we will continue to tap into our long-term company and brand potential by investing in major global sports events as well as design-forward initiatives, generating high brand visibility for PUMA that will help us to maintain our industry-leading desirability and profitability.

Teamsport

At the African Cup of Nations as well as at the Euro 2008 PUMA was once again in a strong position on the pitch being one of the top three suppliers in the market.

Teamsport

Our goal within Teamsport was to become one of the leading three suppliers and brands in the market.

Both our sales and our strong brand visibility during the Africa Cup and the European Football Championship – the first two major events of 2008 - reflected that we reached that goal.

At the African Cup of Nations we were at the forefront when – for the sixth time – a PUMA sponsored football team won the championship: Egypt beat the Cameroon Lions 1:0 in an exciting, all-PUMA final. As the official supplier of a dozen national teams across Africa, PUMA was worn by nine of the 16 teams in the tournament, including host Ghana. Twenty of 24 games in the group stage of the African Cup of Nations featured the PUMA logo, resulting in the strongest brand presence on the pitch.

At the EURO 2008 PUMA was once again in a strong position with sponsoring a portfolio of five national teams, including World Champion Italy, and the host nations Austria and Switzerland.

We enjoyed a strong brand visibility in 42% of the games and used the event as a platform to introduce innovative products like the X-Ray model of our v1.08 football boot. The product launch was backed by the award-winning "Until Then" advertising campaign featuring PUMA stars like Anelka, Gomez and Buffon.

Running

With his 9.69 seconds Jamaican superstar Usain Bolt sprinted to a new world record in the 100 metres at the Bejing Olympics in golden PUMA Theseus II spikes. His passion and style captivated billions of viewers worldwide.

Running

It took just 9.69 seconds to make sports history in August last year when Jamaican Usain Bolt sprinted to a new world record in the 100 metres at the Beijing Olympics – in golden PUMA Theseus II spikes.

As Usain went on to set two more records and win two more gold medals – running the 200m in 19.30 seconds and anchoring the 4x100m to a time of 37.10 seconds - his passion and style, two values shared by PUMA, captivated billions of viewers worldwide and became an iconic image of the Summer Games. His achievements led the Jamaican team to finish third in the nation medal table for track and field with six gold, three silver and two bronze medals.

PUMA's involvement didn't stop there. Cameroonian triple jumper Francoise Mbango and javelin thrower Andreas Thorkildsen from Norway won Olympic titles wearing PUMA Runway apparel.

The Olympic Games were the perfect platform to position PUMA as a leading sportlifestyle company through the combination of innovative design and outstanding performances on and off the track. The spirit, the passion and the style of the Olympics inspired our Runway sportlifestyle collection which fuses the best in terms of performance and fashion and is being supported by a major global marketing campaign featuring newcomer musician Paolo Nutini.

Sailing

PUMA entered its own boat in the Volvo Ocean Race, the legendary around-the-world sailing competition. The „Everest of Sailing“ will provide us with a strong platform for our entry into the sailing category.

Sailing

Last year, we entered our own boat in the legendary around-the-world sailing competition, the Volvo Ocean Race – the toughest, longest and most challenging sailing competition in the world.

The 11-men strong PUMA Ocean Racing Crew set the sails of "Il Mostro" in Alicante in October and embarked on a nine-month, 37,000 nautical mile-long journey across five oceans to four continents and 10 countries, stopping in 11 ports along the way to St. Petersburg, where they are expected to arrive next July.

The race will provide us with a strong platform for our entry into the sailing category with both performance and lifestyle products. Sailing in general, and the Volvo Ocean Race in particular, are great vehicles for us to broaden our sportlifestyle message as well as to break into the premium apparel market and reach some consumers that may have previously been slightly outside PUMA's traditional core demographic.

The race has served so far as the primary platform for the new PUMA Sailing Performance and Lifestyle Collections that were launched last year, which combines the high functionality demanded by extreme elements with PUMA's signature progressive styling.

Our participation in the race and the fight for the leading position have generated an extensive international media coverage so far. We will continue to use this attention to convey our brand message in the Sailing category. By increasing our brand awareness in Sailing, we will reach new target consumers and create more growth potential for PUMA.

PUMA City

PUMA City is a fantastic example of mobile architecture and has accompanied our sailing crew during parts of the Volvo Ocean Race. A unique PUMA retail space on the ground floor offers a variety of innovative collections.

PUMA City

PUMA City is a testament to PUMA's creativity as a brand, its support of the PUMA Ocean Racing team and the commitment to the spirit of the Volvo Ocean Race.

The fantastic example of mobile architecture has accompanied our sailing crew during parts of the race, being shipped to and assembled at different stop-over ports to welcome the crew and host celebrations for the team's successful performance, press events, entertainment and in-port race viewing. A unique PUMA retail space on the ground floor offers a selection of the PUMA Sailing, Motorsport, Urban Mobility and PUMA Archives apparel, footwear and accessories. Retail space on the second floor features the entire Volvo Ocean Race collection.

PUMA City is a massive 11,000 square-foot structure, made from twenty-four long steel shipping containers, each weighing in at eleven tons. The three levels of steel shipping containers stacked on top of one another and then slightly shifted to create natural outdoor space with large overhangs and wide open terraces.

Motorsport

PUMA is celebrating the 10th anniversary of its Motorsport category this year. Performance collections significantly influenced lifestyle fashion and vice versa, resulting in technically advanced and stylish performance products as well as lifestyle products firmly rooted in the world of Motorsport.

Motorsport

Our Motorsport category had another successful year, with impressive achievements from the PUMA sponsored teams Scuderia Ferrari Marlboro, BMW Sauber F1 Team, ING Renault F1, Red Bull Racing F1 and Scuderia Toro Rosso in Formula 1 racing, as well as Ducati in MotoGP.

PUMA is the leading sponsor in Formula 1 and PUMA-supplied teams won 12 of 18 races, with Ferrari lifting a trophy eight times last year. This team - with drivers Felipe Massa and Kimi Raikkonen – also claimed their 16th Formula One World Constructors' Championship title in Brazil, winning for the eighth time in ten years – an achievement unequalled at the world level in any other team sport.

In September, PUMA made headlines when our Formula 1 pilot and Toro Rosso driver Sebastian Vettel bested the field at the Italian Grand Prix in Monza, racing to become the youngest winner in Formula One history ever at the age of 21.

In MotoGP – a sport that we entered in 2007 – we continued our successful track record right from the start with Ducati and Casey Stoner finishing second in both the driver and constructors' championship.

Meanwhile, Kasey Kahne continued his successful run in NASCAR by winning two races.

PUMA is celebrating the 10th anniversary of its Motorsport category this year. Throughout this decade, PUMA redefined Motorsport. Performance collections significantly influenced lifestyle fashion and vice versa, resulting in technically advanced and stylish performance products as well as lifestyle products firmly rooted in the world of Motorsport.

I Am 60 – Happy Birthday, PUMA

Through creativity and innovations PUMA has always set standards in sports and style in its 60-year history.

I Am 60 – Happy Birthday, PUMA

Do you still remember Heinz Fütterer capturing the world record in the 100 meter in Japan in 1954? Do you recall Brazilian football legend Pele becoming the youngest World Cup Winner at the age of 17 in 1958? Or when Bob Beamon smashed the world record in the long jump at the Mexico Olympics in 1968, keeping it up for 23 years? Tommie Smith winning the 200 meter race at the Mexico Olympics in 1968, raising his fist to the Black Power Salute during the award ceremony? Do you remember Boris Becker raising his PUMA tennis racket into the air, when he became the youngest Wimbledon winner ever in 1985?

They and many others are all part of the group of successful PUMA athletes and teams, whose outstanding performances strongly influenced international sports through innovative PUMA products and creative marketing initiatives during the last 60 years. To mark its 60th anniversary, the sportlifestyle company looked back on unique moments and highlights, which saw sports records and innovative technologies fuse in the unmistakable PUMA way with lifestyle and fashion.

Milestones in PUMA's sports history were the development of the first football boot with screw-in studs in 1952 by the company's founder Rudolf Dassler, the legendary "two-stripe" jersey of Johan Cruyff at the world championship in 1974, the PUMA contact lenses of Linford Christie in 1996, the skin-tight Catsuit tennis dress of Serena Williams at the US Open 2002, the revolutionary one-piece Cameroon football shirt in 2004, the Italian national team winning the World Cup in 2006, Ferrari with its seven-times world champion, most successful Formula 1 pilot and PUMA partner Michael Schumacher, who dominated the sports for years as well as the most recent world records of Usain Bolt.

To commemorate PUMA's 60th birthday, we launched the PUMA 60th Anniversary Collection. It included some of the most historic and iconic products from the earliest days of the brand, brought back to life with modern interpretations.

Black Station

PUMA used the year to expand and drive the Sport fashion business forward by entering new designer collaborations and sees collaborations in fashion as a way to explore new territories.

Black Station

We used the year to expand and drive our Sport Fashion business forward by entering new designer collaborations. PUMA sees collaborations in fashion as a way to explore new territories and enhance the brand experience for our consumers.

In September, PUMA showcased an exclusive women's footwear collection in Milan that was designed in cooperation with the Italian fashion label Sergio Rossi. The result of this collaboration was an assorted interpretation of PUMA's iconic "Clyde" sneaker with a seductive and sophisticated Italian design.

The partnership is an excellent opportunity to establish a new horizon for women sport-fashion footwear with a collection that represents the brand essence of both PUMA and Sergio Rossi.

Sergio Rossi is another partner in our line-up of successful designer collaborations in Sport Fashion, including Alexander McQueen and Yasuhiro Mihara, who have designed and developed successful and innovative Sport Fashion collections for PUMA for several years now.


PUMA

Consolidated Balance Sheet

	Notes	2008 € million	2007 € million
ASSETS			
Cash and cash equivalents	4	375.0	522.5
Inventories	5	430.8	373.6
Trade receivables	6	396.5	389.6
Other current assets	7	159.8	109.7
Current assets		**1,362.0**	**1,395.3**
Deferred taxes	8	80.5	77.4
Property, plant and equipment	9	245.1	194.9
Intangible assets	10	189.8	180.3
Other non-current assets	11	21.2	15.0
Non-current assets		**536.6**	**467.7**
Total assets		**1,898.7**	**1,863.0**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current bank liabilities	12	49.7	61.3
Trade payables	12	269.1	234.0
Tax provisions	15	27.6	18.1
Other current provisions	16	91.0	79.2
Liabilities from acquisitions	17	40.0	52.7
Other current liabilities	12	137.5	157.8
Current liabilities		**614.8**	**603.1**
Deferred taxes	8	26.5	22.7
Pension provisions	14	21.3	17.9
Liabilities from acquisitions	17	53.3	58.6
Other non-current liabilities	12	5.6	5.9
Non-current liabilities		**106.7**	**105.1**
Subscribed capital		41.0	41.0
Group reserves		174.2	153.9
Retained earnings		1,175.6	986.7
Treasury stock		-216.1	-34.7
Minority interest		2.5	8.0
Shareholders' equity	**18**	**1,177.2**	**1,154.8**
Total liabilities and shareholders' equity		**1,898.7**	**1,863.0**

Consolidated Income Statement

		Notes	2008 € million	2007 € million
Sales		**25**	**2,524.2**	**2,373.5**
Cost of sales		25	1,217.6	1,131.8
Gross profit		**25**	**1,306.6**	**1,241.7**
Royalty and commission income			25.7	35.6
			1,332.4	1,277.2
Other operating income and expenses		20	1,007.0	905.2
EBIT		**25**	**325.4**	**372.0**
Financial result		21	1.1	10.5
EBT			**326.4**	**382.5**
Taxes on income		22	94.8	110.9
Net earnings before attribution			**231.6**	**271.6**
attributable to:	Minorities	18	-1.1	2.6
	Equity holders of the parent (net earnings)		**232.8**	**269.0**
Earnings per share (€)		23	15.15	16.80
Earnings per share (€) - diluted		23	15.15	16.78
Weighted average shares outstanding		23	15.360	16.018
Weighted average shares outstanding, diluted		23	15.360	16.031

Consolidated Cashflow Statement

	Notes	2008 € million	2007 € million
Operating activities			
EBT		326.4	382.6
Adjustments for:			
Depreciation	9, 10	56.2	46.0
Non-realized currency gains/losses, net		6.9	6.1
Interest income	21	-11.9	-21.2
Interest expenses	21	10.8	10.7
Expenses (income) from the sale of fixed assets		-0.2	0.1
Additions to pension accruals	14	2.8	-4.1
Other cash effected expenses		0.0	0.0
Gross Cashflow	26	**391.1**	**420.2**
Increase in receivables and other current assets	6, 7	-36.7	-45.0
Increase in inventories	5	-70.7	-23.6
Increase in trade payables and other current liabilities	12	30.5	71.6
Cash provided by operations		314.1	423.2
Interest paid	21	-6.7	-5.6
Income taxes paid		-88.3	-115.2
Net cash from operating activities	26	**219.1**	**302.4**
Cashflows from investment activities			
Payment for acquisitions	3	-24.9	-9.4
Purchase of property and equipment	9, 10	-119.2	-103.4
Proceeds from sale of property and equipment		3.7	1.8
Increase/decrease in other non-current assets		-4.9	-3.8
Interest received	21	11.9	21.3
Net cash used in investing activities	26	**-133.3**	**-93.5**
Cashflows from financing activities			
Payments made regarding non-current liabilities		0.8	-6.0
Payments received regarding non-current bank borrowing	12	-7.4	-4.8
Dividend payments	18	-42.5	-39.9
Dividend payments minorities	18	0.0	-1.2
Capital increase	19	0.9	12.9
Purchase of treasury stock	18	-181.4	-76.3
Other changes		0.0	0.0
Net cash used in financing activities	26	**-229.6**	**-115.3**
Effect of exchange rates on cash		-3.7	-30.3
Change in cash and cash equivalents		**-147.5**	**63.3**
Cash and cash equivalents at beginning of the financial year		522.5	459.2
Cash and cash equivalents at year-end	4, 26	**375.0**	**522.5**

Statement of Recognized Income and Expense (SoRIE)

		2008 € million	2007 € million
Unrecognized net actuarial gain/loss		-1.3	-0.3
Currency changes		-19.0	-38.3
Cashflow hedge			
	Release to the income statement	26.1	3.4
	Market value for cashflow hedges	11.1	-25.0
Net income recognized directly in equity		**16.9**	**-60.2**
Net earnings before attribution		231.6	271.6
Total recognized income for the year		**248.6**	**211.4**
attributable to:	Equity holder of the parent	249.7	210.0
	Minorities	-1.1	1.4

Appendix to the Financial Statements

Development in 2007	Purchase costs Balance Jan.1, 2007 € million	Currency changes and other changes	Additions/ retransfers	Disposals	Balance Dec. 31, 2007 € million
PROPERTY, PLANT AND EQUIPMENT					
Land, land rights and buildings including buildings on third party land	68.4	1.0	5.8	-0.3	74.8
Technical equipment and machines	4.5	0.1	1.5	-0.3	5.8
Other equipment, factory and office equipment	172.0	-4.6	53.9	-4.8	216.5
Payments on account and assets under construction	5.5	-6.6	28.3	-0.8	26.5
	250.3	**-10.0**	**89.5**	**-6.2**	**323.6**
INTANGIBLE ASSETS					
Goodwill	170.8	-8.5			162.3
Intangible fixed assets with a non-defined useful life					
Other intangible fixed assets	35.5	1.1	14.0	-0.2	50.3
	206.3	**-7.4**	**14.0**	**-0.2**	**212.7**
OTHER NON-CURRENT ASSETS					
Other loans	0.4	-0.0	2.5	-0.0	2.9
Other assets	11.4	-0.5	4.4	-3.0	12.3
	11.8	**-0.5**	**6.9**	**-3.0**	**15.2**

Development in 2008	Purchase costs Balance Jan.1, 2008 € million	Currency changes and other changes	Additions/ retransfers	Disposals	Balance Dec. 31, 2008 € million
PROPERTY, PLANT AND EQUIPMENT					
Land, land rights and buildings including buildings on third party land	74.8	1.3	24.6	-0.6	100.1
Technical equipment and machines	5.8	-0.9	1.4	-0.6	5.8
Other equipment, factory and office equipment	216.5	-5.1	52.3	-8.8	254.9
Payments on account and assets under construction	26.5	0.4	20.7	-0.5	47.0
	323.6	**-4.2**	**99.0**	**-10.5**	**407.8**
INTANGIBLE ASSETS					
Goodwill	162.3	-6.0	7.6		163.8
Intangible fixed assets with a non-defined useful life					
Other intangible fixed assets	50.3	0.4	20.2	-0.9	70.1
	212.7	**-5.6**	**27.8**	**-0.9**	**233.9**
OTHER NON-CURRENT ASSETS					
Other loans	2.9	-0.0	-0.2	-0.1	2.5
Other assets	12.3	1.3	6.6	-1.4	18.8
	15.2	**1.3**	**6.5**	**-1.5**	**21.4**

Accumulated depreciation					Book values	
Balance Jan.1, 2007 € million	Currency changes and other changes	Additions/ retransfers	Disposals	Balance Dec. 31, 2007 € million	Balance Jan.1, 2007 € million	Balance Dec. 31, 2006 € million
-14.5	-1.4	-4.3	0.3	-19.9	54.9	53.9
-1.6	-0.1	-1.1	0.1	-2.6	3.2	2.9
-79.2	2.6	-33.5	4.0	-106.1	110.3	92.8
-0.0	-0.0	-0.0		-0.0	26.4	5.5
-95.2	**1.0**	**-38.9**	**4.4**	**-128.7**	**194.9**	**155.1**
-9.3	0.2			-9.1	153.2	161.5
-16.5	0.3	-7.1	0.2	-23.2	27.1	19.0
-25.9	**0.4**	**-7.1**	**0.2**	**-32.4**	**180.3**	**180.5**
	-0.0			-0.0	2.8	0.4
-0.1		-0.1		-0.1	12.2	11.4
-0.1	**-0.0**	**-0.1**		**-0.1**	**15.0**	**11.8**

Accumulated depreciation					Book values	
Balance Jan.1, 2008 € million	Currency changes and other changes	Additions/ retransfers	Disposals	Balance Dec. 31, 2008 € million	Balance Jan.1, 2008 € million	Balance Dec. 31, 2007 € million
-19.9	0.1	-3.9	0.2	-23.5	76.6	54.9
-2.6	0.5	-0.9	0.3	-2.8	3.0	3.2
-106.1	2.3	-39.4	6.8	-136.4	118.5	110.3
-0.0	-0.0	0.0		-0.0	47.0	26.4
-128.7	**2.8**	**-44.2**	**7.3**	**-162.7**	**245.1**	**194.9**
-9.1	0.0			-9.0	154.8	153.2
-23.2	-0.3	-12.0	0.4	-35.1	35.0	27.1
-32.4	**-0.3**	**-12.0**	**0.4**	**-44.1**	**189.9**	**180.3**
-0.0		0.0		-0.0	2.5	2.8
-0.1		-0.1		-0.2	18.7	12.2
-0.1		**-0.1**		**-0.2**	**21.2**	**15.0**

Notes to the Consolidated Financial Statements

1. General

Under the "PUMA" brand name, PUMA Aktiengesellschaft Rudolf Dassler Sport (hereinafter "PUMA AG"), and its subsidiaries are engaged in the development and sale of a broad range of sport and sportlifestyle articles including footwear, apparel and accessories. The company is a joint stock company under German law with registered head office in Herzogenaurach, Federal Republic of Germany; its responsible court of registration is at Fuerth (Bavaria, Germany).

The consolidated financial statements of PUMA AG and its subsidiaries (hereinafter the "Company" or "PUMA"), were prepared in accordance with the "International Financial Reporting Standards (IFRS)" issued by the International Accounting Standards Board (IASB), and the supplementary provisions to be applied in accordance with Section 315a (1) of the German Commercial Code (HGB). All IASB standards and interpretations as required to be applied in the EU that are obligatory for financial years as from January 1, 2008 have been applied. In November 2006, IFRS 8 (Operating Segments) was published which is to be applied for financial years beginning from January 1, 2009. The Company has foregone earlier application of the standard.

The consolidated financial statements of PUMA AG are prepared in euro currency (EUR or €). Disclosures in million euros may lead to rounding-off differences since the calculation of individual items is based on figures presented in thousands.

The income statement is classified using the cost of sales format.

SAPARDIS S.A., a fully owned subsidiary of PPR S.A., Paris, presently holds 65.25% of the subscribed capital (corresponding to 69.36% of the shares outstanding). Consequently, the PPR Group thus holds a majority stake in PUMA AG. PUMA AG and its affiliated companies are included in the PPR consolidated financial statements which may be obtained from PPR upon request.

2. Significant Consolidation and Accounting Policies

Consolidation Principles

The consolidated financial statements were prepared as of the December 31, 2008 reporting date of the annual financial statements of the parent company on the basis of uniform accounting policies pursuant to IFRS.

The capital consolidation of subsidiaries acquired after January 1, 2005 is based on the acquisition method. The acquisition costs of the business combination also include the costs directly allocable to the purchase, as well as all debts arising within the scope of the acquisition transaction. Upon initial consolidation, assets, debts and contingent liabilities identified in the context of a business combination are stated at the fair value applicable at the acquisition date, independent of the scope of minority interests.

The surplus of the acquisition costs arising from the purchase that exceeds the Group's share in the net assets (stated at fair value) is reported as Goodwill. If acquisition costs are below the amount of the net assets stated at fair value, the difference is reported directly in the income statement.

With the exception of the joint venture, Chalayan LLP, London, England, PUMA is the beneficial owner of all joint ventures due to the contract signed with the joint venture partner. These companies are fully included in the consolidated financial statements and minority interests are therefore not disclosed. The present values of capital shares attributable to the minority shares as well as the present values of the residual purchase prices expected due to the corporate development are included in capital consolidation as investment acquisition costs. Later deviations lead to a subsequent adjustment of acquisition costs with neutral effect on profits.

Intra-group receivables and liabilities have been offset against one another. Any differences arising from exchange rate fluctuations are included in consolidated earnings to the extent that they accrued during the reporting period. If the receivables and liabilities are long-term in nature, a currency difference is included in equity with neutral effect on profits.

Within the course of income consolidation, internal sales revenue and intra-group income are offset against the expenses attributable to them. Interim profits not yet realized within the Group as well as intra-Group investment income are eliminated with an effect on profits.

Consolidated Group and Associated Companies

In addition to PUMA AG, all subsidiaries in which PUMA AG holds the majority of voting rights either directly or indirectly or whose finance and business policies are controlled by the Group are fully consolidated. Associated companies are recognized at equity. The number of group companies during the financial year developed as follows:

2007	**80**
Formation and acquisition of companies (including joint ventures)	4
Disposal of companies	2
2008	**82**

With respect to regions, significant changes in the consolidated group in financial year 2008 were as follows:

EMEA

"PUMA Cyprus Ltd." was founded as a joint venture which manages sales in Cyprus under its own responsibility. In addition, 60% of the shares in the London-based fashion company of Chalayan LLP, including the Hussein Chalayan brand, were acquired. On the Scandinavian market, the previously inactive companies of "Tretorn Sport Ltd." and "Tretorn Tennis Ltd." were liquidated.

America

The Latin-American market saw foundation of the "PUMA SERVICIOS SPA" in Chile, which assumes a service function within PUMA. The residual shares in the previous joint venture "Unisol S.A." in Argentina were acquired in financial year 2008.

Asia/Pacific

The company of "World Cat Vietnam Co. Ltd." was founded in connection with a pooling of sourcing activities in Vietnam in order to strengthen the Asian sourcing market.

The consolidated group was extended accordingly. This did not lead to any significant effects on the net assets, financial position and results of operations in the financial year.

The companies, PUMA Vertrieb GmbH, PUMA Avanti GmbH, PUMA Mostro GmbH and PUMA Sprint GmbH, applied the exemption provision of Section 264 (3) HGB.

Broken down by regions, the consolidated companies are as follows:

No.	Companies/Legal Entities			Shareholder	Share in capital	
	- parent company -					
1.	PUMA AG Rudolf Dassler Sport	Germany	Herzogenaurach			
	E M E A					
2.	Austria PUMA Dassler Ges. m.b.H.	Austria	Salzburg	direct	100%	
3.	PUMA Bulgaria Ltd	Bulgaria	Sofia	indirect	100%	
4.	PUMA Sport Hrvatska d.o.o.	Croatia	Zagreb	indirect	100%	
5.	PUMA Czech Republic s.r.o.	Czech Republic	Prague	indirect	100%	
6.	PUMA Denmark A/S	Denmark	Skanderborg	indirect	100%	
7.	PUMA Baltic OU	Estonia	Tallinn	indirect	100%	
8.	PUMA Finland Oy	Finland	Espoo	indirect	100%	
9.	Tretorn Finland Oy	Finland	Espoo	indirect	100%	
10.	PUMA FRANCE SAS	France	Illkirch	indirect	100%	
11.	PUMA Speedcat SAS	France	Illkirch	indirect	100%	
12.	PUMA Vertrieb GmbH	Germany	Herzogenaurach	direct	100%	
13.	PUMA Sprint GmbH	Germany	Herzogenaurach	direct	100%	
14.	PUMA Avanti GmbH	Germany	Herzogenaurach	indirect	100%	
15.	PUMA Mostro GmbH	Germany	Herzogenaurach	indirect	100%	
16.	Premier Flug GmbH&Co. KG	Germany	Reichenschwand	direct	50%	
17.	PUMA UNITED KINGDOM LTD	Great Britain	Leatherhead	indirect	100%	
18.	PUMA Premier Ltd	Great Britain	Leatherhead	indirect	100%	
19.	Chalayan LLP	Great Britain	London	indirect	60%	
20.	PUMA Hellas S.A.	Greece	Athens	direct	100%	1)
21.	PUMA Cyprus Ltd.	Cyprus	Nicosia	direct	100%	1)
22.	PUMA Hungary Kft.	Hungary	Budapest	indirect	100%	
23.	Tretorn R&D Ltd.	Ireland (non active)	Laoise	indirect	100%	
24.	PUMA Italia S.r.l.	Italy	Milan	indirect	100%	
25.	PUMA Lietuva UAB	Lithuania	Vilnius	indirect	100%	
26.	PUMA Malta Ltd	Malta	St.Juliens	indirect	100%	
27.	PUMA Blue Sea Ltd	Malta	St.Juliens	indirect	100%	
28.	PUMA Racing Ltd	Malta	St.Juliens	indirect	100%	
29.	PUMA Benelux B.V.	Netherlands	Leusden	direct	100%	
30.	PUMA Norway AS	Norway	Oslo	indirect	100%	
31.	PUMA Polska Spolka z.o.o.	Poland	Warsaw	indirect	100%	
32.	PUMA Portugal Artigos Desportivos Lda.	Portugal	Prior Velho	indirect	100%	
33.	PUMA Sport Romania s.r.l.	Romania	Bucharest	indirect	100%	
34.	PUMA–RUS GmbH	Russia	Moscow	indirect	100%	
35.	PUMA Slovakia s.r.o.	Slovakia	Bratislava	indirect	100%	
36.	PUMA Ljubljana, trgovina, d.o.o	Slovenia	Ljubljana	indirect	100%	
37.	PUMA SPORTS DISTRIBUTORS (PTY) LIMITED	South Africa	Cape Town	indirect	100%	
38.	PUMA Sports S.A.	South Africa	Cape Town	indirect	100%	
39.	Hunt Sport AB	Sweden (non active)	Helsingborg	indirect	100%	
40.	Tretorn AB	Sweden	Helsingborg	direct	100%	
41.	PUMA Nordic AB	Sweden	Helsingborg	indirect	100%	
42.	Tretorn Sweden AB	Sweden	Helsingborg	indirect	100%	
43.	Mount PUMA AG (Schweiz)	Switzerland	Oensingen	direct	100%	
44.	PUMA Retail AG	Switzerland	Oensingen	indirect	100%	
45.	PUMA Schweiz AG	Switzerland	Oensingen	indirect	100%	
46.	PUMA Spor Giyim Sananyi ve Ticaret A.S.	Turkey	Istanbul	indirect	100%	1)
47.	PUMA Ukraine Ltd.	Ukraine	Kiev	indirect	100%	
48.	PUMA Middle East FZ LLC	United Arab Emirates	Dubai	indirect	100%	
49.	PUMA UAE LLC	United Arab Emirates	Dubai	indirect	100%	1)
	Americas					
50.	Unisol S.A.	Argentina	Buenos Aires	direct	100%	
51.	PUMA Sports Ltda.	Brazil	Sao Paulo	indirect	100%	
52.	PUMA Canada, Inc.	Canada	Montreal	indirect	100%	
53.	PUMA CHILE S.A.	Chile	Santiago	direct	100%	
54.	PUMA SERVICIOS SPA	Chile	Santiago	indirect	100%	
55.	PUMA Mexico Sport S.A. de C.V.	Mexico	Mexico City	direct	100%	1)
56.	Servicios Profesionales RDS S.A. de C.V.	Mexico	Mexico City	indirect	100%	
57.	Distruibuidora Deportiva PUMA S.A.C.	Peru	Lima	indirect	100%	
58.	PUMA Sports LA S.A.	Uruguay	Montevideo	direct	100%	
59.	PUMA Suede Holding, Inc.	USA	Westford	indirect	100%	
60.	PUMA North America, Inc.	USA	Westford	indirect	100%	
	Asia/Pacific					
61.	PUMA Australia Pty. Ltd.	Australia	Moorabbin	indirect	100%	
62.	White Diamond Australia Pty. Ltd.	Australia (non active)	Moorabbin	indirect	100%	
63.	White Diamond Properties	Australia (non active)	Moorabbin	indirect	100%	
64.	Koala Pty Ltd.	Australia (non active)	Moorabbin	indirect	100%	
65.	Liberty China Holding Ltd	British Virgin Islands		indirect	100%	1)
66.	PUMA China Ltd	China	Shanghai	indirect	100%	1)
67.	World Cat Ltd.	Hongkong	Kowloon	direct	100%	
68.	Development Services Ltd.	Hongkong	Kowloon	indirect	100%	
69.	PUMA Asia Pacific Ltd.	Hongkong	Kowloon	direct	100%	
70.	PUMA Hong Kong Ltd	Hongkong	Kowloon	indirect	100%	1)
71.	PUMA Sports India Pvt Ltd.	India	Bangalore	indirect	100%	
72.	World Cat Sourcing India Ltd.	India	Bangalore	indirect	100%	
73.	PUMA JAPAN K.K.	Japan	Tokyo	indirect	100%	
74.	PUMA Apparel JAPAN K.K.	Japan	Tokyo	indirect	100%	1)
75.	PUMA Korea Ltd.	Korea	Seoul	direct	100%	
76.	PUMA Sports Goods Sdn. Bhd.	Malaysia	Kuala Lumpur	direct	100%	1)
77.	PUMA New Zealand LTD	New Zealand	Auckland	indirect	100%	
78.	World Cat (S) Pte Ltd.	Singapore		indirect	100%	
79.	PUMA Sports Singapore Pte. Ltd.	Singapore		direct	100%	1)
80.	World Cat Trading Co.Ltd	Taiwan	Taichung	indirect	100%	
81.	PUMA Taiwan Sports Ltd.	Taiwan	Taipei	indirect	100%	1)
82.	World Cat Vietnam Co. Ltd.	Vietnam	Long An Province	indirect	100%	

1) subsidiaries which are assigned to be economical 100% PUMA Group

Currency Translations

As a general rule, monetary items denominated in foreign currencies are disclosed in the individual financial statements of consolidated companies at the rates valid at the balance sheet date. The resulting currency gains and losses are immediately credited to or charged to operations. Non-monetary items are translated at historical acquisition and manufacturing costs.

The assets and liabilities of foreign subsidiaries which do not have the euro as their functional currency were translated into euro at the middle rates valid at the balance sheet date. Expenses and income were translated at annual average rates. Differences from net assets currency translation resulting from exchange rates that had changed in comparison with the previous year were netted in equity capital with neutral effect on profits.

The significant translation rates per euro are as follows:

Currency	Reporting date exchange rate	Average rate
USD	1.3917	1.4707
HKD	10.7858	11.4533
JPY	126.1400	152.3145
GBP	0.9525	0.7967
CHF	1.4850	1.5870

Derivative Financial Instruments/Hedge Accounting

Upon conclusion of a contract, derivative financial instruments are initially recorded at fair value. The fair value is also used in subsequent valuation. At the time when a hedge transaction is concluded, the Company classifies the derivatives as a hedge for a planned transaction (cashflow hedge).

At the time when a hedge transaction is concluded, the hedging relationship between the hedge instrument and the underlying transaction as well as the risk management purpose and underlying strategy are documented. In addition, estimates as to whether the derivatives used in the context of the hedge relationship compensate effectively for a change in the present value or the cashflow of the underlying transaction are documented at the beginning (and thereafter continuously) of the hedge relationship.

Changes in the market value of derivatives which are used for and qualify as a cashflow hedge and which have proved to be effective are disclosed in equity with neutral effect on profits. If effectiveness is not fully provided for, the ineffective portion is included in operating results. The amounts recorded under equity are included in operating results during the same period in which the planned hedge transaction impacts on the income statement. If, however, a hedged future transaction leads to the recording of a non-financial asset or a liability, gains or losses previously disclosed in equity are included in the initial valuation of acquisition costs of the respective asset or liability. The fair values of derivative instruments used to hedge planned transactions are disclosed under other current assets or other current liabilities.

Cash and Cash Equivalents

Cash and cash equivalents include cash and bank balances. To the extent that credit balances are not immediately required to finance current assets, they are presently invested at terms of up to three months as non-risk time deposits. The total amount of cash and cash equivalents is consistent with cash and cash equivalents stated in the cashflow statement.

Inventories

Inventories are valued at acquisition or manufacturing costs or at the lower net realizable values derived from the selling price at the balance sheet date. As a general rule, the acquisition cost of merchandise is determined using the average cost method. Value adjustments are recorded to a sufficient extent, depending on age, seasonality and realizable market prices in a manner that is standard throughout the Group.

Receivables and other Assets

Receivables and other assets are initially stated at fair value, taking transactions costs into account, and subsequently at depreciated acquisition costs net of value adjustments. All recognizable risks with respect to value adjustments are sufficiently accounted for in the form of individual risk assessments using historical values. Long-term assets include loans and other assets. As a general rule, non-interest bearing long-term assets are discounted to present value.

Property, Plant and Equipment

Property, plant and equipment are stated at acquisition costs net of accumulated depreciation. The depreciation periods depend on the item's useful life. As a general rule, the straight-line method of depreciation is applied. The useful life depends on the type of assets involved. Buildings are subject to a useful life of ten to fifty years, and a useful life of between three and ten years is assumed for moveable assets. The cost of maintenance and repair is recorded as expense at the time of origin. Significant improvements and renewals are capitalized to the extent that the criteria for valuation of an asset item apply.

As a general rule, leased items that qualify as finance leasing due to the terms of the underlying contract are shown under property, plant and equipment; initially they are valued at the amount of the fair value or the lower present value of the minimum lease payments, and net of accumulated depreciation in subsequent accounting periods.

Goodwill

Goodwill is derived from the difference between the purchase price and fair value of the acquired asset and liability items.
The goodwill from acquisitions is largely attributable to the infrastructure acquired and the pertaining opportunity to make a positive contribution to corporate value. An impairment test is performed at least once a year, which may lead to an impairment expense.

Other Intangible Assets

Acquired intangible assets largely consist of concessions, industrial property rights and similar rights; they are valued at acquisition costs net of accumulated amortization. The amortization period is between three to ten years, applying the straight-line method.

Impairment of Assets

Assets with an indefinite useful life are not depreciated/amortized according to schedule but are subjected to an annual impairment test. Property, plant and equipment and other intangible assets with defined useful lives are checked for impairment if there are indications of impairments in value of the asset concerned. In order to determine a requirement to record such impairments, the realizable amount of the asset (or the higher amount from net sales proceeds and usage value) is compared with the book value of the asset. If the realizable value is lower than the book value, the difference is recorded as a loss due to impairment. If the reason for the recorded impairment no longer applies, a reinstatement is recorded to the maximum amount of the depreciated/amortized acquisition cost. Goodwill is not reinstated.

Impairment tests are performed using the discounted cashflow method. The determination of expected cashflows is based on corporate planning data. Expected cashflows are discounted using an interest rate in line with market conditions.

Financial Debts

As a general rule, financial debts are reported at acquisition costs, taking transaction costs into account, and are subsequently stated at depreciated acquisition cost. Non- or low-interest bearing liabilities involving terms of at least one year are stated at present value, taking an interest rate in line with market conditions into account, and are discounted up to the end of their term at their repayment amount. Liabilities from finance leasing agreements are reported at the amount of the present value of the minimum lease, or the lower present value at the beginning of a lease relationship, and are rolled over by the amount of lease instalments paid.

As a general rule, short-term financial liabilities also include the proportion of long-term loans which has a maximum residual term of up to one year.

Provisions for Pensions and Similar Obligations

PUMA provides pension benefits through defined benefit as well as defined contribution arrangements. Under defined contribution arrangements, the company pays fixed contributions into a separate entity (fund) and has no further legal or constructive obligation towards the employees. The pension provision under defined benefit plans is generally calculated using the projected unit credit method. This method not only takes into account pension benefits and pension rights as accrued at the balance sheet date, but also takes into consideration expected future salary and pension increases. The defined benefit obligation (DBO) is calculated by discounting expected future benefit payments as earned at the balance sheet date. The underlying discount rate is determined through reference to market yields on high quality corporate bonds at the balance sheet date. The currency and term of the corporate bonds are consistent with the currency and estimated term of the pension obligations. Some of the plans are funded. Plan assets of funded plans are offset against the total defined benefit obligation.

PUMA decided to recognize actuarial gains or losses in the 'statement of recognized income and expense' in the period in which they occur. The service cost is disclosed as a component of operating income, interest cost and expected returns on plan assets are disclosed in the financial results.

Other Provisions

In accordance with IAS 37, other provisions are recorded to account for all risks and obligations to third parties as of the balance sheet date that result from past transactions or past events, and where the amounts or maturities are uncertain. The provisions are stated at their settlement amount on the basis of the best possible assessment; they are not set off against positive income. Provisions are also created to account for unfavourable contracts. A contract is unfavourable when the unavoidable costs exceed the economic benefit expected from the contract.

Treasury Stock

Treasury stock is recorded under shareholders' equity at the market price valid at the date of acquisition, plus incidental acquisition costs. In accordance with an authorization by the Annual General Meeting, treasury stock can be repurchased for any admissible reason, including the flexible management of capital requirements.

Equity Participation Plans/Management Incentive Program

In conformity with IFRS 2, stock-based remuneration systems are reported at fair value and charged to personnel expenses.
At PUMA, the stock-based remuneration systems encompass stock options (SOP) and stock appreciation rights (SAR). The fair value of the options is recorded as expense incurred for services provided by employees.

SOP

The expense concerning SOP is determined from the fair value of the option at the date of granting, excluding the effect of non market-oriented exercise hurdles (e.g., forfeited options in the event of the entitled employee leaving the company prematurely).
The expense is distributed as personnel expense over the vesting period until non-forfeitabilty of the option and accounted for as a capital reserve. Non market-oriented exercise hurdles are adjusted in accordance with current expectations, and the assessment of expected exercisable options is reviewed at each balance sheet date. The resulting gains and losses are allocated to profit or loss and recorded through corresponding adjustment in equity over the remaining period up to non-forfeitability.

SAR

With respect to SAR, the fair value is initially assessed at the grant date and a subsequent valuation is performed at the balance sheet date in each case. The resulting expense/income is distributed over the blocking period as recorded as personnel expense and accounted for as provision/liability. Changes in value arising after expiry of the blocking period are recognized directly in the personnel expense, and the provision/liability is adjusted accordingly.

Recognition of Sales

Sales revenues are recognized and included in profits at the time of the passage of risks. Sales are disclosed net of returned purchases, discounts and rebates.

Royalties and Commission Income

Income from royalties is treated as income in accordance with the invoices to be presented by the license holders. In certain cases, values must be assessed in order to permit accounting on an accrual basis. Commission income is invoiced to the extent that the underlying purchase transaction is deemed realized.

Advertising and Promotion Expenses

Advertising expenses are allocated to profit or loss as they originate. As a general rule, multi-year promotion is expensed over the contract term on an accrual basis. Any expense surpluses resulting from the expense allocation after the balance sheet date are recognized in the form of a provision for anticipated losses in the respective annual financial statements.

Product Development

The Company is continuously engaged in developing new products in order to comply with market requirements or market changes. Costs are recorded as an expense at the date of origin; they are not capitalized since the criteria specified in IAS 38 are not fulfilled.

Financial Result

The financial result includes interest income from financial investments and interest expense from loans. In addition, this item includes interest expenses from discounted long-term liabilities and from pension provisions that are associated with corporate acquisitions or which arise from the valuation of pension commitments, respectively.

In general, effects from exchange rate fluctuations are included in general expenses. To the extent that exchange rate effects resulting from derivative financial instruments are to be allocated directly to an underlying transaction, a disclosure is made in the respective income statement item.

Income Taxes

Incomes taxes are determined in accordance with local tax regulations in the countries where the Company performs its activities.

Deferred Taxes

Deferred taxes resulting from temporary differences between the tax and the statutory balance sheet valuation of individual group companies and from consolidation procedures are netted according to taxable entity, and disclosed either as deferred tax assets or deferred tax liabilities. Deferred tax assets may also include tax reduction claims resulting from the expected utilization of existing losses carried forward to subsequent years if their realization is ensured with sufficient certainty. Deferred taxes may also result from accounting procedures that are neutral in their effect on profits. Deferred taxes are determined on the basis of tax rates that apply to reversal in the individual countries, and which are in force or are approved at the balance sheet date.

Deferred tax assets are recorded only to the extent that realization of the respective tax advantage is probable. Value adjustments are created on the basis of past results of operations and business expectations for the near future, if this criterion is not fulfilled.

Assumptions and Estimates

Preparation of the consolidated financial statements may involve assumptions and estimates which have an impact on the amount and disclosure of the reported assets and liabilities and on income, expenses and contingent liabilities. Actual values may, in some cases, deviate from such assumptions and estimates. Any changes are recognized as expense or income at the time of receiving the respective information.

3. Corporate Acquisitions

In the financial year under review, PUMA holds a 60% stake in the London-based fashion company of Chalayan LLP, including the Hussein Chalayan brand. The corporate acquisition does not impact significantly on the net assets, financial position and results of operations.

4. Cash and Cash Equivalents

On December 31, 2008 the Company's cash and cash equivalents amounted to € 375.0 million (previous year: € 522.5 million). The average effective interest rate was 1.7% (previous year: 3.9%). There were no restraints on disposal.

5. Inventories

Inventories are split into the following main categories

	2008 € million	2007 € million
Raw materials and supplies	4.7	3.5
Finished goods and merchandise		
Footwear	211.5	178.9
Apparel	176.0	156.4
Accessories/Other	44.5	30.7
Goods in transit	97.7	89.4
Inventories, gross	534.4	458.9
Net of value adjustments	-103.6	-85.3
Inventories, net	**430.8**	**373.6**

About 60% (previous year: ca. 40 %) of the value adjustments recorded in the amount of € 103.6 million in financial year 2008 (previous year: € 85.3 million) were recognised in the income statement as cost of sales.

6. Trade Receivables

This item consists of the following:

	2008 € million	2007 € million
Trade receivables, gross	427.4	418.2
net of value adjustments	-30.9	-28.6
Trade receivables, net	**396.5**	**389.6**

Value adjustments concerning trade receivables developed as follows:

	2008 € million	2007 € million
Status of value adjustments as of January 1	**28.6**	**31.9**
Price differences	-0.4	-1.1
Additions	17.7	13.5
Utilization	-10.6	-9.3
Release	-4.4	-6.4
Status of value adjustments December 31	**30.9**	**28.6**

Gross values								
2007	**Total**	**Thereof not value-adjusted**						**Thereof value adjusted**
		Not due	**0 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 - 180 days**	**more than 180 days**	
€ million	418.2	307.4	37.0	12.3	4.1	4.6	3.3	49.6

Gross values								
2008	**Total**	**Thereof not value-adjusted**						**Thereof value adjusted**
		Not due	**0 - 30 days**	**31 - 60 days**	**61 - 90 days**	**91 - 180 days**	**more than 180 days**	
€ million	427.4	296.9	39.6	16.5	8.1	6.8	7.4	52.2

With respect to non-adjusted trade receivables, the Company assumes that the debtors will meet their payment obligations.

7. Other Current Assets

This item consists of the following:

	2008 € million	2007 € million
Prepaid expenses concerning the subsequent period	32.9	29.3
Fair value of derivative financial instruments	35.5	1.2
Other receivables	91.4	79.1
Total	**159.8**	**109.7**

The other assets are due within one year. The fair value represents the book value. Other receivables mainly include tax receivables (thereof € 23.2 million income taxes).

8. Deferred Taxes

Deferred taxes relate to the following items:

	2008 € million	2007 € million
Tax losses carried forward	4.7	2.8
Long-term assets	10.6	9.3
Provisions and other liabilities	43.8	38.2
From netting within equity capital with neutral effect on profits	35.8	29.4
Value adjustments	3.9	10.7
Deferred tax assets (before netting)	**91.0**	**90.4**
Long-term assets	32.6	30.2
Short-term assets	2.5	2.2
Provisions and other liabilities	2.0	3.3
Deferred tax liabilities (before netting)	**37.1**	**35.7**
Deferred tax assets, net	**54.0**	**54.7**

Of deferred tax assets, the amount of € 75.0 million (previous year: € 78.3 million) are short-term, and of deferred tax liabilities the amount of € 4.5 million (previous year: € 5.5 million) are short-term.

As at December 31, 2008, tax losses carried forward totaled € 47.3 million (previous year: € 18.0 million), resulting in deferred tax assets of € 11.9 million (previous year: € 4.8 million). The tax losses carried forward relate in part to inactive companies or companies for internal Group financing. Following value adjustment, claims from tax losses in the amount of € 4.7 million (previous year: € 2.8 million) were included in deferred tax assets.

Deferred tax liabilities for withholding tax from possible dividends on subsidiaries' undistributed profits which are intended to be used as a refinancing facility by the respective company were not recorded.

Deferred tax assets and liabilities are netted if they relate to a taxable entity. Accordingly, they are disclosed in the balance sheet as follows:

	2008 € million	2007 € million
Deferred tax assets	80.5	77.4
Deferred tax liabilities	26.5	22.7
Deferred tax assets, net	**54.0**	**54.7**

Deferred tax assets developed as follows:

	2008 € million	2007 € million
Deferred tax assets, previous year	77.4	63.3
Recognized in the income statement	17.4	8.2
Currency effects and inclusion in equity, neutral in effect on profits	-14.4	5.9
Deferred tax assets	**80.5**	**77.4**

Deferred tax liabilities developed as follows:

	2008 € million	2007 € million
Deferred tax liabilities, previous year	22.7	13.0
Recognized in the income statement	3.8	9.7
Deferred tax liabilities	**26.5**	**22.7**

9. Property, Plant and Equipment

Property, plant and equipment at book values consist of the following:

	2008 € million	2007 € million
Land and buildings, including buildings on third party land	76.6	54.9
Technical equipment and machines	3.0	3.2
Other equipment, factory and office equipment	118.5	110.3
Assets under construction	47.0	26.4
Total	**245.1**	**194.9**

The book values of property, plant and equipment are derived from acquisition costs. Accumulated depreciation for this item amounted to € 162.7 million (previous year: € 128.7 million).

Property, plant and equipment include lease assets (finance leasing) amounting to € 1.7 million (previous year: € 1.0 million).

The development of property, plant and equipment in financial year 2008 is reflected in the "Schedule of Fixed Assets". Impairment losses exceeding current depreciation were not recorded in financial year 2008.

10. Intangible Assets

This item mainly concerns goodwill and assets associated with the Company's own retail activities.

In accordance with IFRS 3, goodwill is not amortized according to schedule. An impairment test was performed in the past financial year in accordance with the discounted cashflow method. The test was based on the respective corporate planning data. Expenses resulting from impairment losses were not required to be recorded in financial year 2008.

The development of intangible assets in financial year 2008 is reflected in the "Schedule of Fixed Assets".

Goodwill is allocated to the identifiable cash-generating units (CGUs) of the Group on the basis of country of activity. Summarized by regions, goodwill is allocated as follows:

	2008 € million	2007 € million
EMEA	41.9	31.3
America	33.5	38.0
Asia/Pacific	79.5	83.9
Total	**154.8**	**153.2**

Assumptions underlying the impairment test:

	EMEA	Americas	Asia/Pacific
Tax rate (range)	20.0%-30.0%	28.0%-35.0%	17.5%-40.7%
WACC before tax (range)	10.3%-18.3%	11.6%-26.5%	8.3%-13.9%
WACC after tax (range)	8.5%-13.7%	8.6%-18.0%	6.1%-12.2%
Growth rate	3.0%	3.0%	3.0%
Beta	0.97	0.97	0.97

11. Other Non-Current Assets

This item consists of the following:

	2008 € million	2007 € million
Other loans	2.5	2.8
Other assets	18.7	12.2
Sub-total	**21.2**	**15.0**
Fair value of derivative financial instruments	0.0	0.0
Total	**21.2**	**15.0**

The development for financial year 2008 relating to the sub-total of € 21.2 million (previous year: € 15.0 million) is presented in the "Schedule of Fixed Assets". There were no indications of impairments in value.

12. Liabilities

The residual terms of liabilities are as follows:

	2008				2007			
		Residual term				Residual term		
	Total € million	Up to 1 year € million	1 to 5 years € million	more than 5 years € million	Total € million	Up to 1 year € million	1 to 5 years € million	more than 5 years € million
Current bank liabilities	**49.7**	49.7	0.0	0.0	**61.3**	61.3	0.0	0.0
Trade payables	**269.1**	269.1	0.0	0.0	**234.0**	234.0	0.0	0.0
Other liabilities								
Liabilities from taxes	**24.8**	24.8	0.0	0.0	**27.9**	27.9	0.0	0.0
Liabilities within the scope of social security	**4.2**	4.2	0.0	0.0	**3.7**	3.7	0.0	0.0
Liabilities to employees	**40.1**	39.2	1.0	0.0	**48.4**	44.4	4.0	0.0
Liabilities from the market assessment of forward exchange deals	**9.9**	9.9	0.0	0.0	**23.9**	23.9	0.0	0.0
Leasing liabilities	**0.5**	0.4	0.1	0.0	**0.4**	0.4	0.0	0.0
Other liabilities	**63.5**	62.2	0.3	1.0	**59.9**	57.6	0.5	1.4
Total	**461.8**	459.4	1.4	1.0	**459.0**	453.2	4.5	1.4

The credit facilities available to the PUMA Group total € 267.5 million (previous year: € 256.5 million). They may be used optionally for bank loans and guaranty credit. In addition to bank liabilities in the amount € 49.7 million (previous year: € 61.3 million), guaranty credits in the amount of € 26.9 million (previous year: € 16.6 million) were recorded as at December 31, 2008. In addition to cash and cash equivalents, the Company had unutilized credit lines of € 190.9 million (previous year: € 178.5 million) as at December 31, 2008. The effective interest rate for financial liabilities ranged between 3.9% - 10.2% in the financial year ended.

The medium-term liabilities to employees are associated with the Management Incentive Program and include the obligations recorded on December 31, 2008. The disclosure of conditional rental payments concerning leasing liabilities is immaterial.

The following table shows the cashflows of original financial liabilities and derivative financial instruments at positive and negative fair value:

	Book value	Cashflow		
	2008	2009	2010	2011 et seq.
	€ million	€ million	€ million	€ million
Original financial obligations				
Liabilities to banks	49.7	49.7	0.0	0.0
Liabilities from finance leasing	0.5	0.4	0.1	0.0
Purchase price liabilities	93.3	40.0	21.0	32.3
Other liabilities	250.5	230.4	7.2	12.8
Derivative financial liabilities and assets				
Currency forwards connected with cashflow hedges	9.9	9.9	0.0	0.0

The liabilities to banks are repayable upon demand. Consequently, the cashflows are disclosed in 2009.

The cash outflows concerning derivative financial liabilities are matched by cash inflows in the same amount.

13. Additional Disclosures on Financial Instruments

	Valuation categories pursuant to IAS 39	Book value 2008 € million	Fair value 2008 € million	Book value 2007 € million	Fair value 2007 € million
Assets					
Cash and cash equivalents	[1] LAR	375.0	375.0	522.5	522.5
Trade receivables	LAR	396.5	396.5	389.6	389.6
Other receivables		91.4	91.4	79.1	79.1
- financial	LAR	25.6	25.6	14.2	14.2
- non-financial		65.8	65.8	64.9	64.9
Derivatives involving hedge relationships (fair value)	n.a.	35.5	35.5	1.2	1.2
Loans	LAR	0.1	0.1	2.4	2.4
Other assets		21.1	21.1	12.6	12.6
- financial	LAR	16.6	16.6	9.5	9.5
- non-financial		4.5	4.5	3.1	3.1
Liabilities					
Bank liabilities	[2] OL	49.7	49.7	61.3	61.3
Trade payables	OL	269.1	269.1	234.0	234.0
Purchase price liabilities	OL	93.3	93.3	111.3	111.3
Leasing liabilities	n.a.	0.5	0.5	0.4	0.4
Other liabilities		63.5	57.9	59.8	59.8
- financial	OL	39.6	34.9	35.0	35.0
- non-financial		23.9	23.0	24.8	24.8
Derivatives involving hedge relationships (fair value)	n.a.	9.9	9.9	23.9	23,9

1) LAR: Loans and Receivables;

2) OL: Other Liabilities

The residual terms of cash and cash equivalents, trade receivables and other assets are short-term in nature. Accordingly, the book value as of the reporting date approximates to the fair value. Receivables are stated at nominal value taking default risk deductions into account.

The book value of loans approximates to the fair value as of the reporting date.

The fair values of other financial assets correspond to the present values, taking prevailing market interest rates into account. The other financial assets include € 14.9 million that were pledged as rental deposits.

Bank liabilities are terminable at any time and are thus short-term. Accordingly, the book value as of the reporting date approximates to the fair value.

Trade payables have short-term residual maturities. The value reported thus approximates to the fair values.

Purchase price liabilities associated with corporate acquisitions lead to prorated payments as stipulated in the respective contracts. The resulting nominal amounts were discounted at an adequate market interest rate, depending on the expected date of payment. Depending on the country concerned, the market interest rates range between 0.7% and 6.5%. Additional disclosures on purchase price liabilities are provided under paragraph 17.

The fair values of other financial liabilities are determined as cash values, taking the respective current interest parameter into account.

The fair values of derivates with a hedge relationship as of the balance sheet date are determined by the respective banks in consideration of market interest rates.

Net result according to valuation categories:

	2008 € million	2007 € million
Loans and receivables (LAR)	5.4	10.7
Other liabilities (OL)	-8.3	-5.0
Total	**-2.9**	**5.6**

The net result was determined in consideration of interests, currency effects, value adjustments and also gains and losses from sales.

General administration expenses include the valuation adjustments of receivables and exchange rate changes.

14. Pension Provisions

The benefit programs operated by PUMA vary depending on the conditions and practices in the countries concerned. In general, employees receive benefits in the event of disability, death or upon retirement.

The general pension agreement of PUMA AG provides benefits amounting to € 127.82 per month as a maximum. For some employees, individual pension agreements apply under which higher fixed pension amounts are granted. In addition, there are individual deferred compensation programs which are fully insured. The defined benefit obligation for the German pension arrangements amounts to € 17.7 million or 43.2% of the total obligation. The fair value of plan assets for these arrangements amounts to € 4.8 million. The corresponding balance sheet liability amounts to € 12.9 million.

The defined benefit scheme in the United Kingdom was closed to new entrants. Benefits are provided in the event of disability, death, or upon retirement and are based on salary and length of service with the company. Benefits are paid as annuities or can be converted partly into lump sum payments. The defined benefit obligation for the UK pension scheme amounts to € 14.7 million, or 35.9% of the total obligation. The fair value of plan assets for these arrangements amounts to € 12.8 million. The corresponding balance sheet liability amounts to € 1.9 million.

The reconciliation of the defined benefit obligation is set out below:

	2008 € million	2007 € million
Defined benefit obligation at beginning of year	**39.0**	**43.0**
Service Cost	2.8	1.0
Interest Cost	2.0	2.0
Employee contributions	0.3	0.0
Actuarial (gains) / losses	0.4	-3.5
Exchange rate changes	-4.6	0.3
Benefits paid	-1.4	-3.3
Past Service Cost	0.0	0.0
Transfers In / (Out)	2.5	0.0
Curtailments	0.0	-0.5
Settlements	0.0	0.0
Defined benefit obligation at end of year	**41.0**	**39.0**

Changes in plan assets are as follows:

	2008 € million	2007 € million
Fair value of plan assets at beginning of the year	**21.1**	**16.4**
Expected return on plan assets	1.0	1.0
Actuarial gains / (losses)	-2.6	1.7
Employer contributions	2.2	4.4
Employee contributions	0.3	0.0
Exchange rate changes	-3.7	-2.4
Benefits paid	-0.2	0.0
Transfers In / (Out)	1.6	0.0
Settlements	0.0	0.0
Fair value of plan assets at end of year	**19.7**	**21.1**

The reconciliation of the pension liability is shown below:

	2008 € million	2007 € million
Defined benefit obligation arising from plans that are wholly or partly funded	35.6	34.8
Fair value of plan assets	-19.7	-21.1
Surplus / (Deficit)	**15.9**	**13.7**
Defined benefit obligation arising from wholly un-funded plans	**5.4**	**4.2**
Unrecognized past service cost	0.0	0.0
Amount not recognized as an asset due to paragraph IAS 19.58b limit	0.0	0.0
Balance sheet liability at end of year	**21.3**	**17.9**

Benefit payments in 2008 amounted to € 1.4 million (previous year: € 3.3 million). The total benefit payments in 2009 are expected to amount to € 1.0 million, whereof € 0.9 million are expected to be paid from company assets. In 2008 company contributions of € 2.2 million (previous year: € 4.4 million) were made to plan assets. Company contributions in 2009 are expected to amount to € 2.1 million.

An analysis of the net liability is provided below:

	2008 € million	2007 € million
Balance sheet liability at beginning of the year	**17.9**	**21.9**
Pension expense	3.8	2.0
Amount recognized in the statement of recognized income and expense (SORIE)	3.0	0.3
Employer contributions	-2.2	-4.4
Benefit payments	-1.1	-3.3
Transfers in / (out)	1.0	0
Exchange rate changes	-1.1	1.4
Balance sheet liability at end of the year	**21.3**	**17.9**
Thereof pension assets	0.0	0.0
Thereof pension liabilities	21.3	17.9

The components of the pension cost for the financial year ending on 31 December 2008 are shown in the following table:

	2008 € million	2007 € million
Service Cost	2.8	1.0
Interest Cost	2.0	2.0
Expected return on plan assets	-1.0	-1.0
Past Service Cost	0.0	0.0
Effect of Settlements / Curtailments	0.0	0.0
Pension expense for defined benefit plans	**3.8**	**2.0**
Pension expense for defined contribution plans	**3.4**	**2.7**
Total pension expense	**7.2**	**4.7**
Thereof operating income	6.2	2.7
Thereof financial results	1.0	2.0

Starting in 2008, the expected return on plan assets will be included in the financial results (previous year: operating income)

The actuarial gains and losses recognized in the Statement of income and Expense ("SORIE") are shown below:

	2008 € million	2007 € million
Actuarial (gains) / losses on plan liabilities immediately recognized in the current year	3.0	0.3
Effects of paragraph IAS 19.58b limit	0.0	0.0
Total expense recognized in SORIE in current year	3.0	0.3
Expense recognized in SORIE in previous years	0.3	0.0
Exchange rate changes	-1.0	0.0
Cumulative amount of actuarial (gains) / losses recognized in SORIE	**2.3**	**0.3**

Major categories of plan assets:

	2008 € million	2007 € million
Equity securities	3.5	4.9
Debt securities	9.4	10.4
Hedge Funds	0.1	0.0
Derivates	0.1	0.0
Real estate	1.5	1.7
Insurance contracts	4.9	4.0
Others	0.2	0.1
Total fair value of plan assets	**19.7**	**21.1**

The schemes have no investments in the Group's own financial instruments. The actual return on plan assets in 2008 amounted to € -1.6 million (previous year: € 2.7 million).

The expected return on plan assets is based on capital market research and was determined for each asset category separately. 25% of the fair value of plan assets is invested in insurance contracts. The expected return on insurance contracts was derived from the published or expected return rate of the corresponding insurance companies respectively.

The assumptions used to determine the obligations and retirement benefit expenses in accordance with International Financial Reporting Standards (IAS 19) are shown in the table below.

	2008	2007
Discount rate	5.41%	5.45%
Pension increases	2.87%	2.85%
Salary increases	4.15%	4.19%
Expected return on plan assets	5.42%	4-6%

The assumptions stated above are a weighted average of the assumptions of the individual plans. The discount rate for all euro zone countries was 5.5 % (previous year 5.25%).

The calculation of the defined benefit obligation of the German pension agreements was based on the mortality tables published by Klaus Heubeck („RT 2005 G"). For the insured plans, the total expected return (guaranteed return plus additional return resulting in benefit increases) was set at 4.5%. Therefore expected future benefit increases were within the range of 0.5% to 2.25%, depending on the guaranteed return underlying the corresponding individual contracts.

Defined benefit obligation, Fair value of plan assets, Surplus / Deficit

	2008 € million	2007 € million	2006 € million
Defined benefit obligation	41.0	39.0	43.0
Fair value of plan assets	19.7	21.1	16.4
(Surplus) / Deficit	21.3	17.9	26.6

The experience adjustments in plan assets resulted in an actuarial loss of € 2.6 million in financial year 2008. The actuarial loss in the defined benefit obligation due to experience adjustments amounted to € 0.8 million.

15. Tax Provisions

	2007	Currency adjustments, reclassifications	Utilization	Release	Addition	2008
	€ million	€ million	€ million	€ million	€ million	**€ million**
Tax provisions	**18.1**	0.8	-16.6	-1.1	26.3	**27.6**

Tax provisions mainly include income taxes due but not yet paid for financial year 2008, as well as expected tax payments for previous years; they do not include deferred taxes. The provision will probably lead to an outflow of cash in the coming financial year.

16. Other Current Provisions

	2007					2008
	€ million	Currency adjustments, reclassifications € million	Utilization € million	Release € million	Addition € million	€ million
Provisions for:						
Warranties	**13.6**	0.1	-8.6	-1.3	6.3	**10.2**
Purchase risks	**7.9**	0.3	-5.6	-2.4	6.4	**6.7**
One-off effects	**0.0**	0.0	0.0	0.0	17.2	**17.2**
Others	**57.6**	0.4	-9.0	-10.8	18.7	**56.9**
Total	**79.2**	0.8	-23.1	-14.5	48.6	**91.0**

The warranty provision is determined on the basis of the historical value of sales generated during the past six months. It is expected that most of these expenses will fall due within the first six months of the next financial year.

Purchase risks primarily relate to materials risks and to the forms needed for shoe manufacture. The provision will probably lead to a pay-out in the following year.

Provisions to account for one-off effects include expenses incurred for measures, and other one-off effects associated with the difficult market environment. Additional disclosures on one-off effects may be obtained from paragraph 20.

Other provisions are primarily recorded to account for risks that may arise from litigation, anticipated losses, and other risks. Depending on the procedure applied in each case, it is expected that the significant amount in this context will lead to an outflow of cash within the next two years.

17. Liabilities from Acquisitions

In accordance with the agreements concluded, the purchase price liability associated with acquisitions led to prorated payments. The resulting nominal amounts were discounted on the basis of adequate market interest rate, depending on the expected date of payment.

The purchase price liability is structured as follows:

	2008 € million	2007 € million
Due within one year	40.0	52.7
Due in more than one year	53.3	58.6
Total	**93.3**	**111.3**

18. Shareholders' Equity

Changes in Equity in € million	Subscribed capital	Group reserves Capital reserves	Profit reserves	Difference from currency conversion	Cashflow hedges	Retained earnings	Treasury stock	Total equity before minorities	Minorities	Total
Dec. 31, 2006	**44.1**	**170.7**	**291.8**	**-34.7**	**-4.5**	**799.3**	**-225.6**	**1,041.3**	**7.7**	**1,049.0**
Dividend payment						-39.9		-39.9	-1.2	**-41.1**
Unrecognized net actuarial gain/loss						-0.3		-0.3		**-0.3**
Currency changes				-38.3				-38.3	-1.2	**-39.5**
Release to the income statement					3.4			3.4		**3.4**
Market value for cashflow hedges					-25.0			-25.0		**-25.0**
Capital increase	0.2	12.8						12.9		**12.9**
Net Earnings						269.0		269.0	2.6	**271.6**
Reduction of subscribed capital due to cancellation of own shares according to § 237 Abs. 3 AktG	-3.3		-222.3			-41.6	225.6	-41.6		**-41.6**
Purchase of treasury stock							-34.7	-34.7		**-34.7**
Dec. 31, 2007	**41.0**	**183.5**	**69.5**	**-73.0**	**-26.1**	**986.7**	**-34.7**	**1,146.8**	**8.0**	**1,154.8**
Dividend payment						-42.5		-42.5		**-42.5**
Unrecognized net actuarial gain/loss						-1.3		-1.3		**-1.3**
Currency changes/others				-19.0				-19.0	-4.4	**-23.4**
Release to the income statement					26.1			26.1		**26.1**
Market value for cashflow hedges					11.1			11.1		**11.1**
Capital increase	0.0	0.9						0.9		**0.9**
Value of employees services		1.2						1.2		**1.2**
Net Earnings						232.8		232.8	-1.1	**231.6**
Purchase of treasury stock							-181.4	-181.4		**-181.4**
Dec. 31, 2008	**41.0**	**185.5**	**69.5**	**-92.0**	**11.1**	**1,175.6**	**-216.1**	**1,174.7**	**2.5**	**1,177.2**

Subscribed Capital

The subscribed capital corresponds to the subscribed capital of PUMA AG. As at the balance sheet date, the subscribed capital amounted to € 41.0 million. It is split up into 16,032,464 fully paid-in shares of stock. Capital reserves were increased by € 0.9 million in 2008 through the issuance of new shares within the context of the Management Incentive Program. Moreover, capital reserves rose by € 1.2 million as a consequence of the valuation of the stock option programs for Management; the increase has burdened the personnel expense.

SAPARDIS S.A. is a fully-owned subsidiary of PPR S.A., Paris, and holds 65.25% of the subscribed capital as at the year-end (corresponds to 69.36% of the shares outstanding).

Structure of shares outstanding:

Shares outstanding as at January 1	**share of stock**	**15,902,964**
Conversion from Management Incentive Program	share of stock	4,500
Share repurchase	share of stock	-825,000
Shares outstanding as at December 31	**share of stock**	**15,082,464**

Cashflow Hedges

The "Cashflow Hedges" item includes the valuation of derivative financial instruments at market value. The item includes € 11.1 million (previous year: € -26.1 million), which is set off against deferred taxes in the amount of € - 4.6 million (previous year: € 10.7 million).

Own Shares / Treasury Stock

Based on a resolution of the Annual General Meeting of April 22, 2008, the Company was authorized to acquire own shares of up to ten percent of the capital stock by October 21, 2009. If acquired through the stock exchange, the acquisition price per share may not exceed or fall below 10% of the closing price for the Company's shares with the same features in XETRA trade (or a comparable successor system), on the last three trading days prior to acquisition. At the same time, as a result of the authorization resolution, the previous decision of the Annual General Meeting from 2007 was revoked.

The Company made use of the authorisation to purchase treasury stock (own shares) and repurchased 825,000 shares of stock totalling € 181.4 million in the reporting year. As at the balance sheet date the Company holds a total of 950,000 shares in its portfolio, which corresponds to 5.9% of the subscribed capital. Of these shares, 575,000 shares of stock were acquired within the framework of the repurchase program 2007 (by April 22, 2008), and 375,000 shares were acquired in the context of the new approval of April 22, 2008. Including the treasury stock acquired in the previous year (125,000 shares), acquisition costs totaled € 216.1 million.

Authorized Capital

Pursuant to Article 4, Items 3 and 4 of the PUMA AG Articles of Association, the Board of Management is authorized, with the approval of the Supervisory Board, to increase the share capital by April 10, 2012 as follows:

A) through the issuance of new shares once or repeatedly in exchange for contributions in cash by a total of up to € 7.5 million. The shareholders are generally granted a subscription right. (Authorized Capital I)

and

B) through the issuance of new shares once or repeatedly in exchange for contributions in cash or in kind by a total of up to € 7.5 million. The subscription right may be excluded fully or in part (Authorized Capital II).

Conditional Capital

Pursuant to Article 4, Item 2 of the Articles of Association, conditional capital was created in the amount of € 3.9 million within the framework of a decision taken by the Annual General Meeting of May 10, 2001 in order to finance a total of 1,530,000 stock options. The stock options were issued to Management in several tranches within the scope of the Stock Option Program. In addition, in accordance with a resolution of the Annual General Meeting on April 22, 2008, the capital stock can be increased by up to € 1.5 million through the issuance of up to 600,000 new shares of stock. The conditional capital increase may only be used for the purpose of issuing subscription rights (stock options) to members of the Board of Management and other executives of the Company and the executives of subordinated affiliated companies.

On December 31, 2008, conditional capital was reported in the total amount of € 1.8 million (previous year: € 0.3 million).

Dividends

The amounts eligible for distribution relate to the net retained earnings of PUMA AG, which are determined in accordance with German Commercial law.

The Board of Management and the Supervisory Board propose to the Annual General Meeting that a dividend of € 2.75 per outstanding share, or a total of € 41.5 million (relative to the shares outstanding as of December 31), from the PUMA AG net retained earnings be approved for distribution to the shareholders for financial year 2008. This corresponds to a payout rate of 17.8% relative to the consolidated net income, in comparison to 15.8% in the previous year.

Appropriation of PUMA AG net retained earnings:

		2008	2007
Net retained earnings of PUMA AG as of Dec. 31	€ million	50.0	50.0
Dividend per share	€	2.75	2.75
Number of shares outstanding *	share of stock	15,082,464	15,452,964
Dividend, total *	€ million	41.5	42.5
Carried forward to the new accounting period *	€ million	8.5	7.5

** Previous year's value adjusted to the status as of the Annual General Meeting*

Minority Interest

The minority interest remaining at the balance sheet date relates to Chalayan LLP; London, England (60%).

19. Equity Participation Plans /Management Incentive Program

PUMA uses share-based remuneration systems in the form of stock option programs (SOP) and stock appreciation rights (SAR) with a view to providing long-term incentive effects and thus retaining management staff in the Company over the longer term. The programs are valued using a binomial model or a Monte Carlo simulation, respectively.

The current programs are described below:

Explanatory Comment: "SOP"
The **"SOP 2001"** stock option program was introduced within the scope of the conditional capital created in 2001. The conditional capital increase is used to service the option rights granted to members of the PUMA AG Board of Management, members of the executive bodies of affiliated companies, the executive staff of PUMA AG and affiliated companies. Those participating in the program are given an opportunity to acquire PUMA shares at the exercise price within a period of between one to five years, and following a two-year blocking period, as from the date of issue. The exercise price is the mean value of the XETRA closing prices on the five trading days prior to issuance of the option rights or, if higher, the closing price on the date of issue of the respective tranche, in addition to a 15% performance target. On the basis of the respective share price, each share acquisition leads to a value appreciation which results after deduction of the corresponding exercise price. Option rights were issued in the years from 2001 to 2004 in several tranches and were exercised largely as at the balance sheet date.

Development of the "SOP 2001" program in the financial year:

SOP 2001	Grant date	Number issued	Exercised in 2008	Average stock price when exercised	Forfeited in 2008	Outstanding as at December 31		Exercise price	Residual term until December 31, 2008
						2008	2007		
Tranche IV	31/03/2004	459,000	-4,500	€ 230.00	0	14,250	18,750	206.20	0.25 years

The SOPs outstanding as at the balance sheet date are held exclusively by Management (executive staff of PUMA AG and affiliated companies). No expense resulted from the program issued in 2001.

Upon resolution of the Annual General Meeting of April 22, 2008 a new stock option program, **"SOP 2008"**, in the form of a " performance share program" was resolved upon. To this end, conditional capital was created, authorizing the Supervisory Board or the Board of Management, respectively, to issue subscription rights to members of the Board of Management and other executives of the Company and subordinated affiliated companies up to the end of five years after entry of the conditional capital in the Commercial Register, but at the least, however, up to the end of three months after the end of the ordinary Annual General Meeting in the year 2013. The term of the subscription rights issued or to be issued is five years in each case. They can be exercised after two years at the earliest, provided however, that the price of the PUMA share has increased by at least 20% as from the grant date. Other than in the case of traditional stock option programs, the equivalent amount of the value appreciation of the PUMA share since the granting date is serviced in shares, whereby the beneficiary pays an option price of € 2.56 per share issued.
Furthermore, in accordance with the authorization, the Supervisory Board (in compliance with the recommendations of the Corporate Governance Code), can limit the scope of content of subscription rights issued to members of the Board of Management either in full or partially in the event of extraordinary unforeseen developments. The Board of Management can make use of this possibility with respect to the other executives concerned.

Development of the "SOP 2008" program in the financial year:

SOP 2008	Grant date	Number issued	Exercised in 2008	Average stock price when exercised	Forfeited in 2008	Outstanding as at December 31		Exercise price	Residual term as at December 31, 2008
						2008	2007		
Tranche I	21/07/2008	113,000	0	na	0	113,000	0	€ 2.56	4.58 years

At the allocation date, the average fair value per option is € 49.44. Taking the vesting period into account, the expense for the current year totals € 1.1 million. The options issued in the financial year include 85,500 options issued to the Board of Management.

The following parameters were used for fair value determination:

	2001 - Tranche IV	2008 - Tranche I
Share price at the granting date	€ 179.30	€ 199.27
Expected volatility	30.0%	29.1%
Expected interest payment	0.56%	1.50%
Non-risk interest rate, Board of Management	2.19%	4.60%
Non-risk interest rate, executive staff	2.26%	4.60%

The historical volatility for the year prior to the date of valuation was used to determine the expected volatility.

Explanatory Comment: "SAR"

In addition to the SOP programs, stock appreciation rights (SARs) were issued in 2004 and 2006 within the scope of the Long-Term Incentive Program for members of the Board of Management of PUMA AG, members of the managements of affiliated companies and executive staff of PUMA AG, and affiliated companies who are responsible for long-term increase in corporate value.

The term of vested option rights under the **"SAR 2004"** program is five years after issuance. They can be exercised after a blocking period of two years at the earliest. An exercise gain results from the positive difference between the current share price in the event of a virtual sale and the exercise price. A minimum exercise gain of 4% and a maximum exercise gain of 50% was agreed upon for tranche III (2006/2011). Tranches I, II, IV and V were completed in previous years.

Development of the "SAR 2004" program during the financial year:

SAR 2004	Grant date	Number issued	Change in 2008	Outstanding as at December 31		Exercise price	Residual term as at December 31, 2008
				2008	2007		
Tranche III	25/04/2006	150,000	0	150,000	150,000	€ 345.46	2.32 years

A return of € 2.4 million results from the program issued in 2004. The option rights are held by the Board of Management.

The following parameters were used for fair value determination as at the balance sheet date:

	2004 - Tranche III
Share price on December 31, 2008	€ 140.30
Expected volatility	46.1%
Expected dividend payment	2.3%
Non-risk interest rate	1.9%
Expected residual term	2.32 years

The historical volatility for the year prior to the date of valuation was used to determine the expected volatility.

The maturity of option rights concerning the **"SAR 2006"** program is five years overall as from receipt of the acceptance statement. The option rights may be exercised after a blocking period of one year at the earliest, whereby a maximum of 25% can be exercised in the second year, a maximum of 50% in the third year, up to 75% in the fourth year, and the full 100% only in the last year. The options can only be exercised if, at the exercise date, the exercise price relative to the allotment price increased by at least 20% in the second year, by at least 24% in the third year, by at least 27 % in the fourth year, and in the fifth year by at least 29% (exercise hurdle). Each stock appreciation right entitles the owner to realize as profit the positive difference between the share price at the exercise date (at a maximum, however, of twice the allotment price), and the allotment price plus the respective exercise hurdle. The allotment price was calculated from the average of XETRA closing prices for the twenty trading days preceding issuance of the rights.

Development of the "SAR 2006" program during the financial year:

SAR 2006	Grant date	Number issued	Exercised in 2008	Forfeited in 2008	Outstanding as at December 31		Exercise price	Residual term as at December 31, 2008
					2008	2007		
Tranche I	01/10/ 2006	66,250	0	-5,000	60,000	65,000	€ 317.23 - € 341.02	2.75 years

A return of € 0.6 million results from the program issued in 2006. The option rights include 6,000 option rights for the Board of Management.

The following parameters were used to determine the fair value as at the balance sheet date:

	2006 - Tranche I
Share price on December 31, 2008	€ 140.30
Expected volatility	46.1%
Expected dividend payment	2.2%-2.3%
Non-risk interest rate	1.7%-1.9%
Expected residual term	1.38-2.25 years

The historical volatility for the year prior to the date of valuation was used to determine the expected volatility.

20. Other Operating Income and Expenses

Other operating income and expenses include personnel, advertising and selling expenses as well as rental and lease expenses, travel costs, general legal and consulting expenses and other administration expenses. Income typical of the business which is associated with operating expenses is netted with the respective item.
Selling and administration expenses also include income of the sourcing organization in the amount of € 32.7 million (previous year: € 35.2 million). Rental and lease expenses relating to PUMA's retail operations include sales-based rental components.

Classified by functions, the other operating income and expenses are as follows:

	2008 € million	2007 € million
Selling expenses	849.59	713.3
Product development and design	55.1	58.1
Administration and general expenses	102.4	133.8
Total	**1.007.0**	**905.2**
Thereof depreciation	55.9	46.0

Marketing/retail expenses account for the major part of operating expenses within selling expenses and also include expenses for PUMA's retail activities, in addition to advertising and promotion expenses. The other selling expenses include warehousing expenses and other variable selling expenses.

The selling expenses for the reporting period include special influences that resulted from valuation as at the balance sheet date due to the difficult market environment. They include reorganization measures taken (€ 9.0 million), anticipated losses from unfavourable contracts (€ 8.2 million) and additional inventory risks concerning the current collection (€ 7.8 million). For more detailed explanations, reference is made to the management report.

Administration and general expenses include expenses in the amount of € 0.8 million respecting the annual auditor of PUMA AG, thereof audit fees in the amount of € 0.5 million, tax consultancy costs of € 0.2 million, and other consulting services of € 0.1 million. This item also includes currency differences of € -1.6 million.

In all, other operating income and expenses include personnel costs which consist of the following:

	2008 € million	2007 € million
Wages and salaries	246.4	217.1
Social security contributions	36.6	32.7
Expenses from option programs	-1.9	7.2
Expenses for pension schemes and other personnel expenses	25.2	20.9
Total	**306.4**	**278.0**

The annual average number of staff on a full-time basis was as follows:

	2008 € million	2007 € million
Marketing/retail/sales	6.672	5.688
Product development/design	693	653
Administration and general units	2.139	1.998
Total annual average	**9.503**	**8.338**

A total of 10,069 employees were employed at year-end (previous year: 9,204) on a full time basis.

21. Financial Result

The finacial result is structured as follows:

	2008 € million	2007 € million
Interest income	11.9	21.2
Interest expense	6.7	5.3
Net interest income	**5.2**	**15.9**
Interest expense regarding purchase price liabilities from acquisitions	3.0	3.5
Valuation of pension plans	1.0	2.0
Total	**1.1**	**10.5**

22. Taxes on Income

	2008 € million	2007 € million
Current income taxes		
Germany	14.7	12.6
Other countries	86.9	92.6
Total current income taxes	**101.6**	**105.2**
Deferred taxes	**-6.8**	**5.8**
Total	**94.8**	**110.9**

In general, PUMA AG and its German subsidiaries are subject to corporation tax, plus a solidarity surcharge, and trade tax which is deductible within the scope of determination of income subject to corporation tax. For the financial year, a weighted mixed tax rate of 27.22% applied.

Numerical reconciliation of theoretical tax expense with current tax expense:

	2008 € million	2007 € million
Earnings before income taxes	**326.4**	**382.6**
Theoretical tax expense		
Tax rate for the AG = 27.22% (previous year: 36.91%)	88.9	141.2
Difference from tax rate in other countries	-2.6	-28.6
Other tax effects:		
Intra-group entries	2.6	5.2
Value adjustment on deferred taxes	5.1	-0.4
Changes in tax rates	0.1	-1.9
Other non-deductible expenses and income, and consolidation and other effects	0.8	-4.5
Effective tax expense	**94.8**	**110.9**
Effective tax rate	29.0%	29.0%

23. Earnings per Share

Earnings per share are determined in accordance with IAS 33 by dividing the consolidated net earnings of the parent company attributable to the shareholder by the average number of outstanding shares. Potential shares from the Management Incentive Program may lead to a dilution of this indicator. In the financial year ended, the stock option program (SOP) had no diluting effect on profits, however. Depending on future price development, the outstanding options may lead to diluting effects.

The calculation is shown in the table below:

		2008	2007
Consolidated earnings, net	€ million	232.8	269.0
Average number of stock outstanding	share	15,359,925	16,018,027
Diluted number of shares	share	15,359,925	16,030,601
Earnings per share	€	15.15	16.80
Earnings per share, diluted	€	15.15	16.78

24. Management of the Currency Risk

In financial year 2008 PUMA concluded "forward purchase USD/sale euro" currency derivative deals as cashflow hedges in order to hedge the payable amount of purchases denominated in USD, which is converted to euro.

The nominal amounts and market values of open hedging transactions which mainly relate to cashflow hedges consist of the following:

	2008 € million	2007 € million
Total currency forwards	419.8	371.4

The following cashflows concerning the underlying basic transactions are expected in 2009.

The market values of open rate hedging transactions include the following:

	2008 € million	2007 € million
Currency forwards, assets	35.5	1.2
Currency forwards, liabilities	-9.9	-23.9
Net	**25.6**	**-22.7**

Since the risk-induced fluctuation in the value of underlying transactions is compensated for by an opposite value development of the hedging transaction, no inefficacies result.
The development of cashflow hedges is shown under paragraph 18 in the schedule of shareholders' equity.

Risks are discussed in greater detail in the group management report.

25. Segment Reporting

Primary segment reporting is based on geographical regions. Within the scope of primary segment reporting, as a first step, sales and gross profit are shown according to the geographical region where sales are realized (according to customers' head offices). In a second presentation, sales are allocated to the region where the head office of the respective group company is located. Intra-group sales are eliminated. Allocation of the remaining segment information is also determined on the basis of the respective group company's head office. The sum totals equal the amounts on the income statement or on the balance sheet, respectively.

Internal segment sales are earned on the basis of market prices.

The operating result for the respective region was adjusted for intra-group settlements such as royalty and commission payments. Worldwide royalty income, which is largely realized by PUMA AG, the cost of international marketing, product development, and other international costs as well as special influences are included under Central Units/Consolidation. Regional allocation with respect to the sales business would not be reasonable.

Gross assets include assets used to generate the operating result of the respective segment. Non-operating assets, including tax deferrals and Group assets which cannot be allocated, are disclosed in the Central Units/Consolidation column.

Liabilities include the respective debt capital from the viewpoint of the companies allocated. Intra-group assets and debts are eliminated in the Central Units/Consolidation column.

Investments and depreciation/amortization relate to additions and, respectively, to the depreciation/amortization of property, plant and equipment, and of intangible assets during the current financial year.

Since PUMA is active in one business field only, namely that of the sporting goods industry, the sales revenues and gross income concerning secondary reporting is allocated to the Footwear, Apparel and Accessories product segments in keeping with the internal reporting structure. The operating result and most of the asset and liability items cannot be allocated in a reasonable manner.

Primary segment data

Regions	Sales (total) 2008 € million	Sales (total) 2007 € million	Internal sales 2008 € million	Internal sales 2007 € million	External sales with third parties 2008 € million	External sales with third parties 2007 € million	Gross profit 2008 € million	Gross profit 2007 € million	Sales 2008 € million	Sales 2007 € million
	by head office location of customer								by head office location	
EMEA	**1,506.6**	1,418.9	**207.3**	183.7	**1,299.3**	1,235.3	**695.0**	665.4	**1,509.7**	1,421.2
Asia/Pacific	**608.2**	528.2	**34.6**	31.3	**573.6**	497.0	**291.5**	251.4	**607.6**	527.5
Americas	**682.9**	662.5	**31.6**	21.3	**651.3**	641.2	**320.1**	324.8	**680.3**	660.9
Central units/consolidation									**-273.4**	-236.2
	2,797.6	2,609.6	**273.4**	236.2	**2,524.2**	2,373.5	**1,306.6**	1,241.7	**2,524.2**	2,373.5

Regions	Profit from operations 2008 € million	Profit from operations 2007 € million	Gross profit 2008 € million	Gross profit 2007 € million	Liabilities 2008 € million	Liabilities 2007 € million	Investments 2008 € million	Investments 2007 € million	Depreciation 2008 € million	Depreciation 2007 € million
			(balance sheet total)							
	by head office location of group companies									
EMEA	**236.8**	262.2	**963.4**	1,078.4	**615.5**	495.7	**74.8**	63.8	**31.3**	26.9
Asia/Pacific	**116.7**	101.3	**315.0**	245.0	**209.4**	168.7	**13.7**	15.7	**7.1**	3.7
Americas	**94.7**	112.8	**351.9**	312.2	**200.6**	183.0	**31.1**	30.2	**17.3**	14.9
Central units/consolidation	**-97.8**	-104.3	**268.4**	227.4	**-304.1**	-191.9	**9.5**	2.1	**0.3**	0.6
One-off effects	**-25.0**									
	325.4	372.6	**1,898.7**	1,863.0	**721.5**	655.5	**129.2**	111.8	**55.9**	46.0

	External sales with third parties 2008 € million	External sales with third parties 2007 € million	Gross profit in % 2008 %	Gross profit in % 2007 %
Footwear	**1,434.3**	1,387.8	**51.7%**	52.3%
Apparel	**899.3**	827.3	**51.9%**	52.2%
Accessories	**190.6**	158.3	**51.7%**	52.8%
	2,524.2	2,373.5	**51.8%**	52.3%

26. Notes to the Cashflow Statement

The cashflow statement has been prepared in accordance with IAS 7 (revised); it is subdivided into cashflows from operating, investing and financing activities. The indirect method is used to determine the cashflow from operating activities. The gross cashflow, derived from earnings before taxes on income and adjusted for non-cash income and expense items, is determined within the cashflow from operating activities. Free cashflow is understood to be cash provided by operating activities, reduced by investments in property, plant and equipment and intangible assets.

Cash and cash equivalents reported in the cashflow statement include all cash disclosed in the balance sheet; i.e., cash in hand, checks and bank balances.

27. Contingencies

There were no reportable contingencies.

28. Other Financial Obligations

The Company's other financial obligations relate to license, promotion and advertising contracts. In addition, the Company leases and rents offices, warehouses, facilities, a car park, and also sales premises for its own retail business. The residual term of the lease contract for the logistics centre in Germany (operative leasing) is 1.5 years. The term of rental contracts concerning the retail business is between five and fifteen years. The terms of all other rental and lease contracts are between one and five years.

As of the balance sheet date, the Company's financial obligations were as follows:

	2008 € million	2007 € million
From license, promotion and advertising contracts:		
2009 (2008)	66.0	62.9
2010- 2013 (2009 – 2012)	168.5	155.3
from 2014 (from 2013)	22.3	16.7
From rental and lease contracts:		
2009 (2008)	101.3	90.4
2010- 2013 (2009 – 2012)	249.5	261.6
from 2014 (from 2013)	101.5	116.5
Outstanding payment concerning PUMA Plaza	19.1	46.5

29. Board of Management and Supervisory Board

Disclosures pursuant to Section 314 (1) Item 6 HGB

In accordance with the law on the disclosure of Board of Management remuneration of August 31, 2005, the Annual General Meeting can resolve on the scope of disclosures of remuneration for the Board of Management. In accordance with the legal provisions of the Commercial Code, individual remuneration concerning members of the Board of Management may not be disclosed for a period of five years pursuant to Sections 286 (5); 285 sent. 1 No. 9 letter a, sent. 5 to 9; 314 (2) sent. 2; 314 (1) No. 6 letter a, sent. 5 to 9 HGB. if so resolved by the Annual General Meeting.

By resolution of the Annual General Meeting of 22, April 2008, the Company was authorized to refrain from disclosures pursuant to Section 285 sent. 1 No. 9 letter a, sent. 5 to 9 and Section 314 (1) No. 6 letter a, sent. 5 to 9 HGB with respect to the financial year beginning on January 1, 2008, and the following financial years which end on December 31, 2012 at the latest.

The Board of Management and the Supervisory Board are of the opinion that the shareholders' justified interest in information is sufficiently accounted for by disclosing the total remuneration for the Board of Management. The Supervisory Board ensures the appropriateness of individual remuneration in accordance with its statutory duties.

Board of Management

In the financial year, fixed remuneration for the six members of the Board of Management (previous year; three members) amounted to € 5.2 million (previous year: € 4.3 million), and performance-based (profit-sharing bonus) remuneration amounted to € 6.2 million (previous year: € 5.3 million).

The stock appreciation rights in accordance with the Long-Term Incentive Program represent another performance-based remuneration component with long-term incentive effect. Following expense allocation to the vesting period, the resulting income for newly issued options and the options issued in the previous year amounted € 1.6 million, compared to expense of € 6.8 million in the previous year. The return in 2008 resulting from valuation is due to the difference between newly issued options (expense: € 0.9 million) and the options issued in previous years (return € 2.5 million). In the financial year, a total of 85,500 options were issued to the Board of Management from the "SOP 2008" program. The fair value as at the grant date was € 49.45 per option.

In the event of premature termination of the employment relationship, a Board of Management member is paid the agreed-upon salary components up to the original end of the contract term. With respect to the salary components from the Long-Term Incentive Program, it is agreed that option rights already granted shall be paid out at a value determined in accordance with "black-scholes" at the time of leaving the company.

The Board of Management is provided with pension commitments for which the Company took out a pension liability insurance policy. The proportion of the pension capital which is already financed through contributions to the pension liability insurance is deemed to be a vested claim. Following an addition of € 0.5 million, as of the balance sheet date this results in a pension claim of T€ 233 p.a., or one-off capital compensation in the amount of the present value upon retirement.

Pensions commitments to former members of the Board of Management amounted to € 2.0 million (previous year: € 2.0 million). They are recorded in pension provisions. No pension benefit payments have been made.

Supervisory Board

In accordance with the Articles of Association, the Supervisory Board has six members. Supervisory Board compensation includes a fixed and a performance-based component.

Fixed amounts to T€ 30.0 for each member of the Supervisory Board. The Chairman of the Supervisory Board receives twice this amount and the Deputy Chairman receives one and a half times the amount. Overall, total fixed compensation in the financial year amounted to T€ 225.0 (previous year: T€ 222.2)

Performance-based compensation amounts to € 20.00 per € 0.01 of the earnings per share as reported in the consolidated financial statements (before dilution) that exceed a minimum amount of € 16.00, the maximum amount being T€ 10.0 per year. The Chairman of the Supervisory Board receives twice this amount, and the Deputy Chairman receives one and a half times the amount.
Owing to earnings per share of € 15.15 in the financial year, no performance-based compensation is paid for financial year 2008 (previous year: T€ 11.9).

30. Relationships with Related Parties

Sales with related parties from the sale of merchandise were generated in the amount of € 14.4 million. Related parties include companies that are controlled by the controlling parent company, PPR S.A., either directly or indirectly and that are not included in the consolidated financial statements of PUMA AG.

One member of the Supervisory Board is also Vice President of a company which has received a consideration from PUMA in the amount of € 0.3 million within the framework of a consulting and service agreement associated with the expansion and growth strategy.

31. Corporate Governance

The Board of Management and the Supervisory Board have issued the required Compliance Declaration respecting recommendations issued by the Government Commission pursuant to Section 161 AktG. This declaration is available on a permanent basis on the company's homepage (www.puma.com). Attention is also drawn to the Corporate Governance Report.

32. Events after the Balance Sheet Date

With effect from January 1, 2009, PUMA has held a majority stake in the former licensee "Dobotex International BV" in the Netherlands. In accordance with the agreements concluded with the "minority shareholder" respecting the possibility of a 100% take-over during the contract period, Dobotex is already included in the PUMA Group to 100% in economic terms. Dobotex holds the international PUMA license for socks and bodywear and has been a PUMA partner for many years.

In addition, with effect from January 1, 2009, PUMA will fully consolidate the corporate merchandising company, "Brandon Company AB". The acquisition of the Swedish company enables PUMA to strengthen its core business and to expand into new business segments such as merchandising and event marketing.

Also with effect from January 1, 2009 sales activities in Cyprus were taken over by the newly founded joint venture of "PUMA Cyprus Ltd.". In accordance with the agreements concluded with the "minority shareholder", the company is already fully included in the PUMA Group in economic terms and will be consolidated correspondingly.

The change in the consolidated group will impact on the net assets and financial position at the date of initial consolidation (January 1, 2009). In all, the expected purchase price, including future variable purchase price components, will amount to approximately € 164 million, including the amount of € 15 million which is attributable to the fair values of acquired net assets; the surplus amount is attributable to goodwill. Of the expected purchase price, approximately € 60 million will be paid in 2009. The remaining purchase price will be paid in coming years on the basis of "earn-out" agreements.

Responsibility Statement ("Bilanzeid")

To the best of our knowledge, and in accordance with the applicable reporting principles, the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group. The group management report provides a true and fair view of the course of business of the Group and appropriately describes the significant opportunities and risks of the expected developments of the Group.

Date of Release

The Board of Management of PUMA AG released the consolidated financial statements for further distribution to the Supervisory Board on February 4, 2009. The Supervisory Board is to examine the consolidated financial statements and comment on whether the consolidated financial statements should be endorsed.

Herzogenaurach, February 4, 2009

The Board of Management

Zeitz **Harris-Jensbach** **Bock** **Caroti**

Deputy Board of Management

Bertone **Seiz**

„Auditors' Report

We have audited the consolidated financial statements, consisting of a balance sheet, income statement, statement of recorded income and expenses, cashflow statement, notes to the financial statements and the group management report of PUMA Aktiengesellschaft Rudolf Dassler Sport, Herzogenaurach, for the business year from January 1 to December 31, 2008. The preparation of the consolidated financial statements and the combined management report in accordance with the IFRSs, as adopted by the EU, and the additional requirements of German commercial law pursuant to § (Article) 315a Abs. (paragraph) 1 HGB („Handelsgesetzbuch": German Commercial Code), are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion on the consolidated financial statements and the group management report on the basis of our audit.

We conducted our audit of the consolidated financial statements in accordance with § 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany, IDW) and additionally observed the International Standards on Auditing (ISA). These audit standards require that we plan and perform the audit so that misstatements materially affecting the presentation of net assets, financial position and results of operations in the consolidated financial statements in accordance with the accounting principles applied and the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and evaluations of possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting disclosures and valuations in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of companies included in consolidation, the definition of the consolidated group, the valuation and accounting principles applied, and significant estimates made by the Board of Management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any objections.

In our opinion based on the findings of our audit the consolidated financial statements comply with the IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315a Abs. 1 HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these provisions. The group management report is consistent with the consolidated financial statements and provides, as a whole, a suitable view of the Group's position and suitably presents the opportunities and risks of future development."

Frankfurt am Main, February 4, 2009

PRICEWATERHOUSECOOPERS

Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Bernd Wagner	Dr. Ulrich V. Störk
German Public Accountant	German Public Accountant

Report of the Supervisory Board

In the following report, the Supervisory Board provides information about its activities during financial year 2008. In particular, the report covers the continuous dialogue with the Board of Management, key consultancy issues in plenum, committee work, the audit of annual and consolidated financial statements as well as changes in the group structure and executive bodies.

Dear Shareholders,

Overall, we can look back on a successful year 2008. The major sporting events were used successfully to enable further growth and to further enhance the brand desirability. Record sales were achieved in 2008 for the fourteenth consecutive year. Triggered by the global financial crisis, however, a perceptible weakening of the global economy became apparent in the fall of last year. As a consequence, and also as a result of the planned brand investments, the operative result is below the previous year's level. Nevertheless, Management succeeded in generating high profitability in comparison with other major competitors. The year 2009 will present a great challenge for all market players; however, this is both a challenge and an incentive to systematically continue with our strategic corporate goals in a difficult market environment and to enhance the desirability of the brand.

François-Henri Pinault
Supervisory Board Chairman

Monitoring Activities of the Supervisory Board

During the financial year, the Supervisory Board assumed the tasks imposed on it by law and the statutes and dealt intensively with the business development, the financial position and strategic orientation. We have monitored the Management Boards activities carefully and regularly and, in this context, provided advisory services regarding the Group's strategic further development as well as significant individual measures.

To this end, on the occasion of the periodic Supervisory Board meetings the Management Board provided regular, timely and comprehensive information about the business policy, all relevant aspects of corporate development, the economic situation of the company, the assets and financial position and results of operations as well as on all decisions and business transactions that are of importance to the Group. Moreover, individual members of the Supervisory Board communicated with the Board of management in writing or orally. We discussed all significant business events on the basis of the reports provided by the Management Board. Any deviations from plans and targets, which we had also reviewed on the basis of documentation presented to us, were explained to the Supervisory Board. We were involved in all significant decisions at an early stage.

Following thorough examination and consultation, the Supervisory Board voted on the report and draft resolutions presented by the Management Board to the extent required by law and the statutes.

Focal Points of Consulting

In addition to current business development, numerous subjects which we discussed intensively with the Management Board were on the agenda at the individual Supervisory Board meetings. No doubts arose respecting the appropriateness and legitimacy of the way in which the Management Board conducted its business.

In financial year 2008, emphasis was mainly on the following issues:

- Audit and approval of the annual financial statements 2007
- Determining the agenda for the Annual General Meeting
- Stock Repurchase Program
- Current Business Development
- Corporate planning 2009 and medium-term planning including investments
- Acquisitions
- Changes in the Management Board and contractual issues concerning the Management Board
- Dividend policy
- Corporate Governance Code/Compliance Declaration
- Management Incentive Program

Personnel Committee
The Personnel Committee includes François-Henri Pinault (Chairman), Thore Ohlsson and Erwin Hildel. In 2008, the Personnel Committee convened within the context of the Supervisory Board meetings. The main emphasis of the issues dealt with was on general remuneration- and contract issues, changes in the Board of Management, the Management Incentive Program and various personnel-related matters.

Audit Committee
The Audit Committee includes the Supervisory Board members: Thore Ohlsson (Chairman), Jean-François Palus and Oliver Burkhardt. The Audit Committee received the monthly PUMA Group financial figures, thus enabling it to continuously track the development of net assets, the financial position and results of operations as well as the development of the orders position. Moreover, the Audit Committee dealt with accounting and performance-related issues and discussed these with Management. After the Supervisory Board had placed the audit engagement for financial year 2008, the Audit Committee discussed the audit engagement and the focal points of the audit with the annual auditor. In a meeting on February 17, 2009, the audit report for financial year 2008 was discussed in detail with the annual auditor.

Corporate Governance
We welcome the German Corporate Governance Code (DCGK) which covers significant legal provisions and recommendations governing the management and monitoring of listed companies, and which also includes standards for responsible corporate management. Almost all of these standards have been part of PUMA's day-to-day business for a long time.

With one exception, the Company meets all DCGK requirements and expresses this in its Compliance Declaration. The Compliance Declaration is made permanently available to our shareholders on the Company's homepage.

Annual Financial Statements Approved
PUMA AG's annual financial statements as prepared by the Board of Management, the consolidated financial statements, the management report and the group management report, including the underlying accounting system, have been audited and provided with an unqualified auditor's opinion by the auditors of PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, who were appointed as annual auditors by the Annual General Meeting on April 22, 2008.

In his report, the annual auditor arrives at the conclusion that the risk management system institutionalised by PUMA pursuant to Section 91 (2) Stock Corporation Act is suitable for early recognition of any developments that may endanger the Company as a going concern, and for taking appropriate counteractive measures. To this end, the Board of Management has informed the Supervisory Board at regular intervals about the assessment of market and sourcing risks, financial risks including currency risks, and about organisation-related risks.

The financial statements documentation and audit reports of the annual auditor as well as the Board of Management's proposal concerning the appropriation of retained earnings were available to all members of the Supervisory Board in good time. The auditor reported about major audit results and discussed these in detail with Board of Management and Supervisory Board members at the Audit Committee meeting on February 17, 2009, and at the following Supervisory Board meeting on the same day.

No inconsistencies were found. In addition, at today's meeting the Board of Management informed the Supervisory Board about disclosures made in the management report, pursuant to Section 289 (4) and Section 315 (4) HBG.

After thorough examination, we approve the annual financial statements and consolidated financial statements as prepared by the Board of Management and concur with the auditor's result. No objections are raised. The Supervisory Board thus approves the annual financial statements as prepared by the Board of Management. The annual financial statements are thus endorsed. Furthermore the Supervisory Board agrees with the Board of Management's proposal that a dividend of € 2.75 per share of stock be distributed to the shareholders. The dividend is to be financed from liquid assets; this does not put the Company's liquidity at risk. In all, the amount of € 42.5 million is to be distributed from the retained earnings of PUMA AG. The remaining retained earnings of € 8.5 million shall be carried forward to the new accounting period.

Changes in the Management Board

Melody Harris-Jensbach was appointed as Deputy CEO with effect from January 1, 2008 in her role as Chief Product Officer (CPO). Stefano Caroti was appointed as Member of the Board of Management with effect from August 1, 2008 and assumes the newly established function of Chief Commercial Officer (CCO).

In addition, as at January 1, 2008, Antonio Bertone, Chief Marketing Officer (CMO) and Mr. Reiner Seiz, Chief Supply Chain Officer (CSO) were appointed to act as Deputy Members of the Board of Management. Both will continue to be responsible for their current functions.

Dependent Company Report

A dependent relationship pursuant to Section 17 AktG has existed between PUMA AG Rudolf Dassler Sport and the firm of SAPARDIS S.A., a fully-owned subsidiary of PPR S.A., as from April 10, 2007. The report on relations with affiliated companies prepared by the Management Board pursuant to Section 312 AktG has been presented to the Supervisory Board. The annual auditor reviewed the report and provided the following audit opinion:

"In our opinion and in accordance with our statutory audit, we certify that

1. the factual disclosures provided in the report are correct,

2. the Company's consideration concerning legal transactions referred to in the report was not unduly high and any disadvantages were compensated for."

Following thorough scrutiny, the Supervisory Board approves the dependent company report prepared by the Management Board and concurs with the findings of the annual auditor. No objections are to be made.

Thanks to the Board of Management and Staff

We wish to express our great appreciation and gratitude to the Board of Management, to the managements of the Group companies, the staff's elected representatives, and to all employees for their high personal dedication, their performance and continued commitment.

Herzogenaurach, February 17, 2009

On behalf of the Supervisory Board

François-Henri Pinault
Chairman

The Board of Management

Jochen Zeitz
Chairman and CEO

Member of other Supervisory Boards or similar boards:
- PPR, Paris/France (Executive Committee)
- Harley-Davidson Inc., Milwaukee/USA

Melody Harris-Jensbach
Deputy CEO
(Chief Product Officer)

Dieter Bock
(Chief Financial Officer)

Stefano Caroti (from August 1, 2008)
(Chief Commercial Officer)

Reiner Seiz
(Chief Supply Chain Officer)
Deputy Member of the Board of Management

Antonio Bertone
(Chief Marketing Officer)
Deputy Member of the Board of Management

Supervisory Board

François-Henri Pinault
Chairman
Paris, France
Président-Directeur Général of PPR, Paris/France

Member of other Supervisory Boards or similar boards:
- Boucheron Holding S.A., Paris/France
- Yves Saint Laurent S.A.S., Paris/France
- Gucci Group NV, Amsterdam/The Netherlands

Thore Ohlsson
Deputy Chairman
Falsterbo, Sweden
President of Elimexo AB, Falsterbo/Sweden

Member of other Supervisory Boards or similar boards:
- Nobia AB, Stockholm/Sweden
- Bastec AB (Chairman), Malmö/Sweden
- Elite Hotels AB, Stockholm/Sweden
- Tretorn AB, Helsingborg/Sweden
- T. Frick AB (Chairman), Vellinge/Sweden
- T.M.C. AB (Chairman), Skanör/Sweden

Jean-François Palus
Paris, France
Directeur Financier of PPR, Paris/France

Member of other Supervisory Boards or similar boards:
- Gucci Group NV, Amsterdam/The Netherlands

Grégoire Amigues
Paris, France
Buyco SAS, Paris/France

Erwin Hildel
Employees' Representative
Herzogenaurach, Germany
Sales Administration Manager

Oliver Burkhardt
Employees' Representative
Moehrendorf, Germany
User & System Support / Multimedia-Specialist

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