PUMA®

puma.com

Annual Report 2010

PUMA Year-on-Year Comparison

	2010 € million	2009* € million	Deviation
Sales			
Brand sales	**2,862.1**	2,607.6	9.8%
Consolidated sales	**2,706.4**	2,447.3	10.6%
Result of operations			
Gross profit	**1,344.8**	1,243.1	8.2%
EBIT 1)	**337.8**	299.7	12.7%
EBT	**301.5**	138.4	117.8%
Net earnings	**202.2**	79.6	154.0%
Profitability			
Gross profit margin	**49.7%**	50.8%	-1.1%pt
EBT margin	**11.1%**	5.7%	5.5%pt
Net margin	**7.5%**	3.3%	4.2%pt
Return on capital employed (ROCE)	**31.7%**	20.3%	11.4%pt
Return on equity (ROE)	**14.6%**	7.0%	7.6%pt
Balance sheet information			
Shareholders' equity	**1,386.4**	1,133.3	22.3%
- Equity ratio	**58.6%**	58.9%	-0.3%pt
Working capital	**404.5**	323.2	25.2%
- in % of Consolidated sales	**14.9%**	13.2%	1.7%pt
Cashflow and investments			
Gross cashflow	**358.4**	278.5	28.7%
Free cashflow (before acquisition)	**125.5**	249.1	-49.6%
Investments (before acquisition)	**55.2**	54.5	1.3%
Acquisition investment	**108.4**	81.8	32.5%
Value management			
Cashflow Return on Investment (CFROI)	**15.6%**	14.9%	0.7%pt
Absolute value contribution	**156.7**	112.5	39.3%
Employees			
Employees on yearly average	**9.313**	9.747	-4.5%
Sales per employee (T€)	**290.6**	251.1	15.7%
PUMA Share			
Share price (in €)	**248.00**	231.84	7.0%
Average outstanding shares (in million)	**15.031**	15.082	-0.3%
Number of shares outstanding (in million)	**14.981**	15.082	-0.7%
Earnings per share (in €)	**13.45**	5.28	154.9%
Market capitalization	**3,715**	3,497	6.2%
Average trading volume (amount/day)	**32,045**	38,996	-17.8%

1) EBIT before special items
** adjusted comparable figures according to IAS 8, see chapter 3 in the notes to the consolidated financial statements 31.12.2010*

PUMA Group Development

	2010	2009*	2008	2007	2006	2005	2004	2003	2002	2001	2000
	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million	€ million
Sales											
Brand sales	**2,862.1**	2,607.6	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
- Change in %	**9.8%**	-5.8%	1.1%	-0.6%	15.4%	18.4%	19.2%	22.6%	36.4%	21.7%	16.2%
Consolidated sales	**2,706.4**	2,447.3	2,524.2	2,373.5	2,369.2	1,777.5	1,530.3	1,274.0	909.8	598.1	462.4
- Change in %	**10.6%**	-3.0%	6.3%	0.2%	33.3%	16.2%	20.1%	40.0%	52.1%	29.3%	24.1%
- Footwear	**1,424.8**	1,321.7	1,434.3	1,387.9	1,420.0	1,175.0	1,011.4	859.3	613.0	384.1	270.9
- Apparel	**941.3**	846.2	899.3	827.3	795.4	473.9	416.0	337.0	238.5	169.5	163.5
- Accessories	**340.3**	279.4	190.6	158.3	153.8	128.6	102.9	77.7	58.3	44.5	28.0
Result of operations											
Gross profit	**1,344.8**	1,243.1	1,306.6	1,241.7	1,199.3	929.8	794.0	620.0	396.9	250.6	176.4
- Gross profit margin	**49.7%**	50.8%	51.8%	52.3%	50.6%	52.3%	51.9%	48.7%	43.6%	41.9%	38.2%
Royalty and commission income	**19.1**	20.6	25.7	35.6	37.0	55.7	43.7	40.3	44.9	37.2	28.9
EBIT [1]	**337.8**	299.7	350.4	372.0	368.0	397.7	359.0	263.2	125.0	59.0	22.8
- EBIT margin	**12.5%**	12.2%	13.9%	15.7%	15.5%	22.4%	23.5%	20.7%	13.7%	9.9%	4.9%
EBT	**301.5**	138.4	326.4	382.6	374.0	404.1	364.7	264.1	124.4	57.4	21.2
- EBT margin	**11.1%**	5.7%	12.9%	16.1%	15.8%	22.7%	23.8%	20.7%	13.7%	9.6%	4.6%
Net earnings	**202.2**	79.6	232.8	269.0	263.2	285.8	258.7	179.3	84.9	39.7	17.6
- Net margin	**7.5%**	3.3%	9.2%	11.3%	11.1%	16.1%	16.9%	14.1%	9.3%	6.6%	3.8%
Expenses											
Marketing/retail	**501.3**	501.2	528.6	448.3	439.5	285.3	223.5	169.7	125.1	86.9	67.0
Product development/design	**63.6**	58.1	55.1	58.1	57.3	42.5	37.2	30.3	24.2	19.9	18.2
Personnel	**354.1**	320.2	306.4	278.0	265.7	199.4	163.4	126.6	103.0	81.1	64.4
Balance sheet											
Total assets	**2,366.6**	1,925.0	1,898.7	1,863.0	1,714.8	1,321.0	942.3	700.1	525.8	395.4	311.5
Shareholders' equity	**1,386.4**	1,133.3	1,177.2	1,154.8	1,049.0	875.4	550.2	383.0	252.2	176.7	131.3
- Equity ratio	**58.6%**	58.9%	62.0%	62.0%	61.2%	66.3%	58.4%	54.7%	48.0%	44.7%	42.1%
Working Capital	**404.5**	323.2	436.4	406.5	401.6	255.7	148.4	155.7	114.0	110.3	78.8
- thereof: inventories	**439.7**	344.4	430.8	373.6	364.0	238.3	201.1	196.2	167.9	144.5	95.0
Cashflow											
Free cashflow	**17.1**	167.3	85.8	208.8	10.4	134.4	256.6	107.4	100.1	3.0	9.1
Net cash postition	**436.8**	437.3	325.3	461.2	393.6	430.4	356.4	173.8	94.3	-7.8	4.8
Investment (incl. Acquisitions)	**163.6**	136.3	144.1	112.9	153.9	79.8	43.1	57.3	22.5	24.8	9.4
Profitability											
Return on equity (ROE)	**14.6%**	7.0%	19.8%	23.3%	25.1%	32.6%	47.0%	46.8%	33.7%	22.5%	13.4%
Return on capital employed (ROCE)	**31.7%**	20.3%	41.0%	54.8%	58.0%	96.7%	156.5%	120.7%	81.1%	32.8%	20.6%
Cashflow return on investment (CFROI)	**15.6%**	14.9%	21.7%	22.4%	24.0%	32.0%	42.1%	43.5%	32.2%	20.3%	13.8%
Additional information											
Number of employees (year-end)	**9,697**	9,646	10,069	9,204	7,742	5,092	3,910	3,189	2,387	2,012	1,522
Number of employees (annual average)	**9,313**	9,747	9,503	8,338	6,831	4,425	3,475	2,826	2,192	1,717	1,524
PUMA Share											
Share price (in €)	**248.00**	231.84	140.30	273.00	295.67	246.50	202.30	140.00	65.03	34.05	12.70
Earnings per share (in €)	**13.45**	5.28	15.15	16.80	16.39	17.79	16.14	11.26	5.44	2.58	1.14
Average outstanding shares (in million)	**15.031**	15.082	15.360	16.018	16.054	16.066	16.025	15.932	15.611	15.392	15.390
Number of shares outstanding (in million)	**14.981**	15.082	15.082	15.903	16.114	15.974	16.062	16.059	15.846	15.429	15.390
Market capitalization	**3,715**	3,497	2,116	4,342	4,764	3,938	3,249	2,248	1,030	525	195

1) EBIT before special items

**** adjusted comparable figures according to IAS 8, see chapter 3 in the notes to the consolidated financial statements 31.12.2010***


FAST
FAAS LAB
the Fastest PRODUCTS inspired by the FASTEST Country
PUMA
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Dear Friends of PUMA,

2010 is a year that I will always remember, a transformative year for our company in many ways.

Firstly, we decided that we will transform PUMA AG into a European Corporation—PUMA SE. This conversion requires the consent of our shareholders at the Annual General Meeting in April 2011 and—following a positive vote—we will continue the conversion process and finalize it this same year. PUMA will adopt the more flexible and international one-tier structure of a European Corporation and I will assume the role of Executive Chairman of the PUMA SE Board, which allows me to stay on board and accompany the next phase of PUMA's corporate development. Although PUMA will become a European Corporation, it will remain a company incorporated in Germany and we are and will be committed to our roots in Herzogenaurach. The form of a European Corporation also allows us to further strengthen our already international profile as well as management team.

We also decided that PUMA will become a core brand within the new Sport & Lifestyle division of our majority shareholder and French luxury group PPR, which underpins PPR's commitment to PUMA as one of the value drivers within the Group. It is a clear testimony to the success and achievements of everyone at PUMA. Being a core brand of PPR's new Sport & Lifestyle division, PUMA will be ideally positioned to tap its potential for growth, both with regard to its existing product portfolio and geographical reach.

Following PUMA's conversion into an SE, I will assume my new role as Head of PPR's future Sport & Lifestyle Division. This double function—Head of PPR's Sport & Lifestyle Division and Executive Chairman at PUMA SE—is no coincidence. As much as it will be my responsibility to contribute to the overall strategy and to set up the organization in order to build a portfolio of strong, complementary brands within the Sport and Lifestyle arena in the future, I will continue to define the high-level strategy and help implement opportunities for PUMA. This will ensure that PUMA will benefit from international growth opportunities and new synergies derived from complementary consumer universes and pooled resources.

In March this year, we announced that Franz Koch will succeed me and become Chief Executive Officer of PUMA SE. Franz Koch, who joined PUMA in 2007, has been in charge of Global Strategy for PUMA and based in Herzogenaurach. He has been responsible for the long-term strategic group development and management of special projects such as portfolio optimization, process re-eengineering as well as mergers and acquisitions. Having an exceptionally analytical yet most pragmatic mind, Franz Koch has been one of the key drivers of PUMA's strategic course and strongly contributed to our 2010 record performance. Together, we defined the company's five-year strategic plan, which will be the catalyst to tap into PUMA's envisaged sales potential of 4 billion Euros in 2015. I am convinced that Franz Koch is the right person at the right time and that he is the most qualified candidate and dedicated individual to take the helm at PUMA. I will personally accompany his transition period and I look forward to continuing a close and trusting cooperation with him.

We also introduced our new Five Year Company Strategy that we appropriately named "Back on the Attack". We continue to see the brand potential of PUMA at four billion Euros in sales deriving in most part from organic growth and this strategy will be the catalyst to tap into this potential by 2015. We laid out a roadmap of issues that PUMA will attack on its four billion Euro growth path in order to drive its leadership and remain competitive against the numerous sport, lifestyle and specialty brands.

The only blemish last year—and for me personally one of the biggest disappointments in my almost 18 years as PUMA's CEO—was that we discovered an extraordinary situation at our joint venture PUMA Hellas S.A. in Greece. We found irregularities committed by our Greek joint venture partner together with the local Greek management that affected PUMA's consolidated financial statements 2009 and 2010 and which caused us to restate our financial statements for 2009. However, rest assured that we will assert all claims as we are taking over 100% of the company to obtain full control of PUMA's business in Greece. Although no one can ever be fully protected against fraudulent activities, we have taken this most unfortunate event as an opportunity to reinforce and improve upon our measures and controls to ensure that we continue to be sustainable in all aspects, minimizing the risk that this will happen again without compromising the goodwill we have towards our people that are the essence of our success.

You will find that this annual report looks different from the past. For the first time, we are combining the reporting on PUMA's financial and business development with the reporting on our company's sustainability programs and initiatives—we feel the one can't go without the other. Sustainability is a necessary lifestyle and not a luxury anymore and is therefore central to our long-term future—not only for PUMA's business success but also for the environment upon which we all rely. Sustainability is key to PUMA's long-term progress as much as Sport and Lifestyle are part of the essence of our brand. This is why PUMA's mission is now to become the most desirable and sustainable Sportlifestyle company in the world.

Two years ago, we introduced PUMA's sustainability concept PUMAVision including the 4Keys: Fair, Honest, Positive and Creative. In 2010 we then launched the next pivotal phase of our long-term sustainability program, setting ambitious environmental targets to be achieved by 2015. This will make sustainability an integral part of the PUMA DNA that is deeply embedded in our entire value chain—starting from the sourcing of sustainable raw materials, to enhancing social and working conditions in our suppliers' factories, reducing CO_2 emissions deriving from transport, business travels and other business operations, cutting down on packaging materials and to making our stores and offices more and more environmentally friendly. Our initiatives in our PUMAVision programmes PUMA.Safe, PUMA.Peace and PUMA.Creative were recognized last year when PUMA received the German Sustainability Award in the category "Most Sustainable Strategy", when we became sector leader in the Dow Jones Sustainability Index and when we were given the Peace and Sports Award for the "Best CSR Initiative".

PUMA's solid sales and operational performance in 2010 clearly demonstrated that we have weathered the economic crisis, that the consumer environment is improving and that we—as a brand and company—are heading in the right direction. Moving into 2011, I am pleased to see that our sales outlook again proves that PUMA's organic growth is more than intact and with our five-year company growth strategy, we are well positioned towards PUMA's full brand potential. We will focus on growing our existing core business in PUMA's key strategic markets while continuing to boost our sales in the other international markets around the globe. We will drive growth with our existing brands Cobra Golf and Tretorn and we will screen the Sportlifestyle market for potential acquisition targets in order to further complement and strengthen PUMA's core business.

Before leaving you to read on about what happened at PUMA in 2010, I would like to stress that there were many PUMA moments that made my last fiscal year as your CEO as special as any other of my past years with PUMA. I will never forget the headline-making launch of our new packaging system "Clever Little Bag" in London, our successful events and initiatives around the Football World Cup in South Africa, the extension of Usain Bolt's endorsement contract or Sebastian Vettel becoming the youngest World Champion in Formula 1 history, just to name a few. But most importantly, we have made sure that the heart and soul of our brand—its product—would be strengthened in all three product categories: footwear, apparel and accessories through new and innovative approaches that are going to be the clean fuel to our future product launches in our Back on the Attack plan 2015. I know that without the hard and dedicated work of our employees the past year would have been a lot less exciting and successful. I would like to thank everyone at PUMA and you—our stakeholders—for the ongoing support and commitment to our company and hope that my successor Franz Koch will enjoy those in the future as well.

Yours Sincerely

Jochen Zeitz

Jochen Zeitz


CLEVER
LITTLE BAG

Our Principles

PUMAVision™

Fair
Honest
Positive
Creative

At PUMA, we believe that our position as the creative leader in Sportlifestyle gives us the opportunity and the responsibility to contribute to a better world for the generations to come. A better world in our vision—PUMAVision—would be safer, more peaceful, and more creative than the world we know today. The 4Keys is the tool we have developed to help us stay true to PUMAVision, and we use it by constantly asking ourselves if we are being Fair, Honest, Positive, and Creative in everything we do.

We believe that by staying true to our principles, inspiring the passion and talent of our people, working in sustainable, innovative ways, and doing our best to be Fair, Honest, Positive, and Creative, we will keep on making the products our customers love, and at the same time bring that vision of a better world a little closer every day.

The PUMA Share

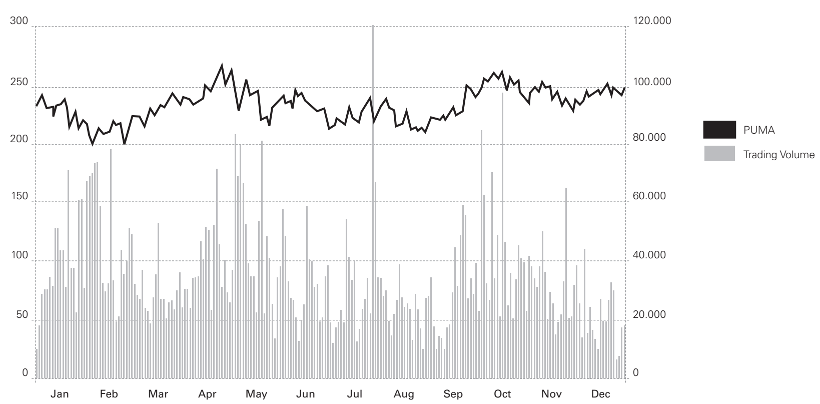
Due to the robust global economy and improved growth prospects, worldwide, stock exchange prices have continued to make progress during the course of 2010. In all, most stock indices reached the level attained before the global financial and economic crisis commenced in the second half of 2008.

In 2010, the two most important German stock indices, DAX and MDAX, rose perceptibly for the second consecutive year. As in the previous year, the MDAX, including its listed second-line stocks, surpassed the DAX performance in 2010, also. The DAX reached 6,914 points at year-end, up 16.1% from the previous year's level, while the MDAX closed at 10,128 points with a 34.9% increase.

The PUMA share, which is listed on the MDAX, showed stable development over the course of the year. The share price fluctuated within a range from € 201.50 (February 25, 2010) to € 263.75 (April 26, 2010). The average daily transaction volume was 32,045 shares, compared to 38,996 in the previous year. On December 31, 2010 the PUMA share closed at € 248.00, compared to € 231.84 on December 31, 2009. This represented an increase of 7.0% over the course of 2010.

Market capitalization of the PUMA share improved by 6.2% and reached € 3.7 billion at year-end, compared to € 3.5 billion in the previous year.

PUMA Share Performance / Trading Volume



Share Development - rebased

Key data per share		2010	2009*	2008	2007	2006
End of year price	**€**	**248.00**	231.84	140.30	273.00	295.67
Highest price listed	**€**	**263.75**	240.74	273.26	350.10	333.11
Lowest price listed	**€**	**201.50**	103.04	112.78	260.15	240.67
Daily trading volume (Ø)	**amount**	**32,045**	38,996	57,310	141,082	128,185
Earnings per share	**€**	**13.45**	5.28	15.15	16.80	16.39
Gross cashflow per share	**€**	**23.84**	18.47	25.46	26.23	24.65
Free cashflow (before acquisition) per share	**€**	**8.35**	16.52	7.21	13.63	5.71
Shareholders' equity per share	**€**	**92.24**	75.14	78.05	72.62	65.10
Dividend per share	**€**	**1.80**	1.80	2.75	2.75	2.50

** adjusted comparable figures according to IAS 8, see chapter 3 in the notes to the consolidated financial statements*

The PUMA share has been registered for the regulated market (formerly official trading) on German 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.


HERE'S TO
THE AFTER HOURS
ATHLETE

PUMAVision – Our Mission

As the creative leader in Sportlifestyle, PUMA is focused on delivering both style and substance. We have a unique opportunity and personal responsibility to contribute to a better world for future generations, and a better world, in our vision—PUMAVision—is a safer, more peaceful, and more creative world than we know today.

Our mission to be the world's most desirable and sustainable Sportslifestyle company is driven by the 4Keys: Fair, Honest, Positive and Creative, that guide our work on a daily basis. PUMA is committed to living these Keys and is focused on empowering employees and suppliers on all levels to take action towards our collective sustainable goals—ultimately helping to provide an authentic and informed customer experience.

http://vision.puma.com

Programs

PUMAVision Programs

PUMA's three programs PUMA.Safe (focusing on environmental and social issues), PUMA.Peace (supporting global peace), and PUMA.Creative (supporting artists and creative organizations), provide real and practical expressions of this vision and help us to design a better world for future generations.

PUMASafe PUMA's longstanding work and efforts to improve social and environmental standards throughout its operations date back to 1999. PUMA.Safe is the catalyst behind this, as well as PUMA's approach to social standards in the supply chain, reducing carbon emissions, curtailing excessive transportation, recycling and reusing materials, using water sparingly and becoming paperless. Initiatives such as the Cotton made in Africa campaign source environmentally sound raw materials and help build the capacity of our suppliers. In 2010, after joining the UN Climate Neutral Network in 2009, PUMA opened the industry's first carbon neutral head office—the PUMAVision Headquarters in Herzogenaurach, Germany.

As sustainability is largely impacted at the point of design PUMA.Safe created a series of sustainability lectures which will be held annually at the Design Museum, London. The first sustainability lecture was presented on October 10, 2010 by Clever Little Bag designer Yves Béhar. http://safe.puma.com

PUMAPeace Activities directly related to our PUMA.Peace initiative include thousands of goodwill and conflict resolution football matches globally, support of peace documentary films, music concerts, sports equipment donations, subsistent farmers education and support, Fairtrade products, public service announcements, peace awards, high profile PUMA athlete peace endorsements, sponsorship of high profile actors to act as spokespeople for peace, conflict resolution and peace education, film as peace education, massive international PR and marketing campaigns to raise awareness of peace and the role sport plays in the peace process. PUMA.Peace continues its support of the United Nations Global Cease-Fire Day, Peace Day on September 21, and continues its three year long partnership with the non-profit organization that inspired it, Peace One Day. http://peace.puma.com

PUMACreative PUMA.Creative, through its Creative Networks initiatives, aims to encourage collaboration and cross-cultural exchange, providing support as well as international exposure to creative individuals, organizations, festivals and biennales. PUMA. Creative continues to develop the Creative Africa Network (CAN) and the Creative Caribbean Network (CCN), online social networking websites and cultural directories for Africa and the Caribbean as well as the Diaspora. These networks are a platform for creative professionals to connect, share information, and showcase their professional work. Through these initiatives, PUMA.Creative disseminates PUMA.Creative Mobility Awards providing travel grants for members to attend, and participate in, important cultural events around the globe, as well as PUMA.Creative Partnerships providing support and impetus behind seminal cultural activities of these regions. http://creative.puma.com

Public Feedback

Feedback

2010 was an exciting year for PUMA having both the PUMA.Safe and PUMA.Peace initiatives recognized for their efforts and rewarded by notable external organizations:

PUMA Receives the 2010 German Sustainability Award

In November, PUMA received the 2010 German Sustainability Award in the "Most Sustainable Strategy" category. With over 560 companies having entered the competition, PUMA was rewarded by the jury for our ambitious strategy to transform the company's product portfolio to a sustainable product range. PUMA's corporate social responsibility program, PUMAVision, focuses on combining the sustainable business process with creativity and innovation, and this specifically was commended by the jury headed by Dr. Günther Bachmann, Secretary General of the Council for Sustainable Development. The German Sustainability Award (www.deutscher-nachhaltigkeitspreis.de) has been established to reward role model corporations, who combine business success with social responsibility and environmental protection, with special focus on consistent sustainability management of the business and the brand.

Deutscher Nachhaltigkeitspreis

Deutschlands nachhaltigste Zukunftsstrategie (Konzern) 2010

PUMA Receives Peace and Sport Award

In December PUMA received the Award for Best Corporate Social Responsibility Initiative at the prestigious Peace and Sport Awards for its multilayered campaigns to support global peace.

peace and sport

L'Organisation pour la Paix par le Sport

The awards ceremony formed part of the 4th Annual Peace and Sports Forum (www.peace-sport.org) held in Monaco. The Peace and Sport Awards reward initiatives and individuals who have made outstanding contributions to peace and social stability in the world through sport.

The winners of these awards, including PUMA, are recognized for implementing projects that are symbolic of what sport can accomplish to create links between divided or opposed communities.

PUMA Becomes Industry Leader in Dow Jones Sustainability Index

In 2010, PUMA was rated the sustainability leader in its sector within the Dow Jones Sustainability Index (DJSI), one of the most recognized indexes for sustainable investment worldwide. Having been a component of the Dow Jones World Index and the Dow Jones Europe Index since 2006, PUMA was ranked the leading company with regards to its sustainability program in the DJSI Tex Clothing Accessories and Footwear sector for the first time.

Fair Labor Association

In 2010, the PUMA.Safe supply chain compliance program was re-accredited by the Fair Labor Association.

Campaigns by Non-Governmental Organizations

The year 2010 was a distinguished one, made so by the 2010 FIFA™ World Cup held in South Africa. Prior to the official start of this event, it was alleged that PUMA had conducted business with suppliers in Central America who had been accused of unfair working conditions, specifically paying poor wages and not allowing freedom of association or collective bargaining systems. PUMA also received criticism for working with a factory in Honduras.

PUMA.Safe conducted onsite investigations at both the factories in Honduras and in El Salvador. The outcome of our research verified that the factory in Honduras had only produced for PUMA for one month, from January 2010 to February 2010 and that no subsequent orders were placed. Research also proved that the factory did, indeed, have an independent union including the majority of the workforce, and that a collective bargaining agreement was in existence. The factories in El Salvador were audited as part of our normal audit routine. Although we found no indication of employees being paid below the legal minimum wage, it was acknowledged that the average wage paid to production workers was not sufficient to support a family—a common problem in the textile industry. In response, PUMA made this a primary topic of discussion for our stakeholders at the 8th Talks at Banz.

Talks at Banz

Engaging with our Stakeholders – PUMA's Key to Finding Solutions for Sustainable Development

Over the years, an intense dialogue with our stakeholders has provided us with valuable and constructive feedback on PUMA's sustainability strategy. Over the past eight years PUMA's Talks at Banz has evolved from a small discussion 'round-table' format to an innovative and forward-thinking debate in which representatives from NGOs, industry, suppliers, creative fields, universities, private organizations and PUMA, engage. Over the last two years we have incorporated a complete range of topics addressed by PUMAVision's three pillars—PUMA.Safe, PUMA.Peace and PUMA.Creative—into the Talks at Banz, inviting a range of corresponding stakeholders to participate.

From 22 - 24 November, 2010, PUMA hosted its 8th Talks at Banz at the Banz Monastery in Bad Staffelstein, Germany. The focus of the discussion addressed three central issues "Wages in the Supply Chain", "Business and Biodiversity" as well as the "Impact of Creative and Peace Initiatives on PUMA's Sustainability Initiatives". Prior to the meeting, we shared the draft agenda with invitees asking for their contributions and comments, and this feedback was factored into the final agenda.

Approximately seventy participants joined PUMA's CEO, Jochen Zeitz, and PUMA senior staff at the meeting, including NGO representatives from Greenpeace, WWF, Oxfam, Clean Clothes Campaign, Fair Labor Association, Transfair and the Asian Floor Wage Campaign.

"The PUMA Talks at Banz are a unique event in that they bring an unusually wide range of internal and external stakeholders together for an annual retreat. This allows for broad and deep consultations and PUMA is to be congratulated for fostering such candid discussions.

The 2010 exercise was all the more significant for the fact that the Chair and CEO, Jochen Zeitz, highlighted the issue of living wages in the supply chain and committed the company to work with NGO's to seek practical approaches to this issue. The FLA is now working with PUMA and other FLA-affiliates to develop a pilot project with the Asian Floor Wage to do exactly that."

Auret van Heerden
President and CEO of the Fair Labor Association

PUMA was also pleased to include participation by academics, creative professionals and specialists, including representatives from the United Nations Environment Program (UNEP), the International Labor Organization (ILO), United Nations Office on Sports for Development and Peace (UNOSDP), Peace Direct, Channel 4 BRITDOC Foundation, the Design Museum, London and the German Development Aid Agency (GTZ).

The outcome of 8th Talks at Banz proved successful, helping to develop the PUMA sustainability scorecard, which is a guideline that will lead the company for the next five years towards a more sustainable future, as well as aid improvements to the current wage system in the global supply chain. The discussions also identified the potential for documentaries to raise awareness of socially important issues and support processes of decision-making. Further linking creativity and sustainability, the talks discussed the design and implementation of the "Clever Little Bag", launched at the Design Museum, London earlier in the year. Finally, the discussions centered around the role of businesses supporting peace, and focused on the notion that peace is a necessary precondition for the wider sustainable economy.

"Sustainability has been key for PUMA for quite a while. In addition to environmental issues, social matters are also in the spotlight. At the same time the company does not shy away from discussing those matters with critics, as from time to time cases of violation of labour and socials standards in factories of PUMA suppliers are being revealed. A positive feature is that the company fosters long-term relationships with its suppliers and puts emphasis on eliminating potential grievances by discussing the problems with its suppliers.

However, when it comes to structural and systemic issues, the company should get engaged more. For example, the wages paid in many Asian countries are still not enough to survive. Even the legal minimum wages in some countries, such as Bangladesh, are well below the level required for securing one's living.

At PUMA's last multi-stakeholder meeting in November 2010 in Banz, the company introduced a pilot project in cooperation with the "Asian Floor Wage Campaign", which is in planning and aims at promoting the payment of living wages in Asia. This project should be realised as soon as possible.

The intiatives within the PUMA.Peace and PUMA.Creative programs are certainly interesting and important. However, it is critical for the company to become first of all an industry pioneer within its core business, which is in turn closely linked to the payment of living wages."

Elisabeth Strohscheidt
Human Rights Desk, Misereor

PEOPLE@PUMA

People

in 2010*, PUMA employed 9,539 full-time employees and 1,827 part-time employees, of which 9,516 employees worked on a permanent contract. At a non-management level the gender split equals 49% / 51% (female / male) while at a manager level the female ratio is 36%. The role of our Human Resources (HR) function is to attract, develop and retain great people and embrace diversity and inclusion across our business.

Talent management

Companies like PUMA that excel at talent identification and development win in the marketplace. Talent is a unique asset, and the only source of sustainable competitive advantage that cannot be replicated by our competition. Our talent management strategy is to develop employees and support the growth objectives in our Global Business Plan. At PUMA we are building a performance-driven organization that attracts, develops, rewards and retains top talent.

Attracting and hiring highly skilled talent is critical to ensure PUMA can meet its business objectives. During 2010, we hired more than 5,780 new employees (including seasonal staff) around the world. Hiring's were made predominantly locally. However, PUMA has a highly cultural diverse workforce. Our internal recruitment portal, called RTS, helps employees find available positions within PUMA.

PUMA strives to be the "Employer of Choice" by building a diverse and fully engaged organization. We attract the best talent from around the globe, leveraging each individual through effective assignment and promotion planning processes, and executing with excellence the critical systems that affect, as well as support, retention of each employee.

We focus on establishing long-term relationships with educational institutions that have diverse populations of highly qualified students.

*Employee figures in persons

Performance management
We ensure employees have business related objectives linked to business goals. All employees in PUMA are involved in a performance management process that consists of feedback and coaching by the managers during the year. In 2010 the Management Board of PUMA has decided to introduce bonus relevant targets to all of their worldwide senior executives which will be related to sustainability. To track the performance management globally, PUMA uses an internal system called PEOPLE@PUMA which has been introduced to all headquarters in the United States, Hong Kong, Germany and UK and to sales subsidiaries in the United States, Germany, UK and Switzerland covering now 3,755 employees or 33% of the total population in PUMA. Japan with another 398 employees will be using People@Puma in 2011. The system will be consequently rolled out to further key countries within the next years to insure consistency. Employees also participate in an annual assessment which reviews their performance against objectives and key competencies applying the PEOPLE@PUMA talent suite and other offline systems.

Global Learning and Development
Our Learning and Development efforts continued in 2010 to provide sustainability knowledge and awareness to the PUMA community.

Our newly developed modular training program which covers both business areas at PUMA as well as corporate needs has been introduced to several key countries around the globe. In 2010, 851 employees were participating in these training modules. PUMA will continue to introduce this program to all key countries. Despite the fact that the economic downturn in most markets was still affecting training budgets in 2010, PUMA continued to invest in local training around the world. Overall 64,749 training hours covering 3,220 participants have been provided. PUMA has undertaken significant engagement in hiring young talents by providing apprenticeship programs and internships.

Communication

Communication

Good internal communication helps to keep our employees informed and involved in company activities, as well as provides opportunities for them to give feedback on how we are doing. We believe that fostering strong relationships between our company and our employees improves our overall performance.

Employees that are engaged with their company and their work:

- Speak positively about the organization.
- Choose to stay with the company despite opportunities to work elsewhere.
- Choose to make extra effort to do a good job.

Therefore PUMA uses various ways to keep internal communication at a high level. Important information is shared on a regular basis with all employees around the world via e-mail or black board postings by the CEO of the company. In 2010, 76 PUMA World Reports were sent to 5,489 employees by e-mail (employees in the stores received the communication by black board posting). That means nearly every 2 weeks direct communication with the employees took place. Furthermore annual town hall meetings have been introduced, where the Management Board of PUMA has shared the current situation and the strategic plans with all employees globally via web cast.

Diversity and Inclusion

Workplace diversity is an asset to our business. Our goal is for the PUMA workforce to reflect and understand the broad range of backgrounds and experiences of our customers, consumers and communities around the world. Valuing differences and similarities across our workforce helps attract the best talent and gives every employee the opportunity to do well.

In addition to our Code of Ethics (http://images.puma.com/BLOG_CONTENT/puma_safe/PUMAethics.pdf), which was introduced in 2005, PUMA signed the "Charter of Diversity", an initiative of the German Government, at the end of 2010. PUMA has committed itself to live up to the Charter's requirements. Our organization is implementing the Charter of Diversity in order to provide a work environment free of prejudice. All employees should be respected—regardless of their gender, race, nationality, ethnic origin, religion, philosophy, physical ability, age, sexual orientation and identity. Our organization derives economic benefits from acknowledging and promoting diversity.

We provide an environment of acceptance and mutual trust. This enhances our image among business partners and consumers in Germany and the other countries of the world.

Under this Charter, we shall:

- Cultivate a corporate culture characterized by mutual respect and appreciation for each individual. We shall create the conditions so that supervisors and employees understand, share and model these values. Managers and supervisors are under a special obligation in this regard.
- Review our human resources processes to ensure they take into account the diverse talents and abilities of all employees as well as our performance standards.
- Acknowledge the diversity of society in and outside the organization, appreciate its inherent potential and put it to profitable use for the organization.
- Make the Charter's implementation a topic of discussion in and outside the organization.
- Publicly report on our activities and the progress we have made in promoting diversity and respect for difference on an annual basis.
- Inform our employees about diversity and involve them in implementing the Charter.

We are convinced that embracing and appreciating diversity has a positive impact.

Compensation and Benefits

PUMA's goal is to provide a global set of competitive compensation and benefit programs that attract and retain talented employees. Our programs are reviewed regularly to ensure they are aligned with the company goals as well as competitive practices.

Compensation

PUMA believes compensation should be aligned with performance. As a result, PUMA seeks to create compensation programs where pay components such as base salary adjustments and short- and long-term incentive awards are aligned with individual and / or business performance. Short-term incentive (or bonus) plans are offered to some employees. Short-term incentive plan payouts are aligned with business performance. Long-term awards are comprised of stock options, which are again based on company performance. In order to be consistent across the PUMA organization the current STI plan shall be rolled out to further Headquarters in Boston, London and Hong Kong as well as to further key countries. In our major locations we have Collective Bargaining Agreements in place which allow, for example, for payment above industry average, extended annual leave, etc.

Benefits

PUMA offers a variety of benefit plans. The company also offers a competitive set of defined contribution and deferred compensation retirement plans.

Work life balance

We offer flexible working arrangements to allow employees to balance work with personal commitments, where this does not conflict with the running of our business. These include flexible hours and compressed work weeks. On top of that, at the bigger locations around the world, PUMA motivates people to do sports activities using the PUMA on site fitness center facilities.

Employee satisfaction survey

At the end of 2009, PUMA conducted a global Employee Satisfaction Survey "what's the weather like" which covered 101 questions in 13 topic areas. 3,217 employees of the global PUMA population were surveyed. According to the results PUMA has proven its strengths in the areas of Social and Environmental Responsibility, Organization and Operating Efficiency, Employee Engagement, Supervision and Customer Focus. Areas of improvements have been identified in the fields of Training and Development, Company Image and overall Benefit Structure.

Employee Privacy

PUMA respects employee privacy and dignity. We will only collect and retain personal information from employees that is required for the effective operation of the Company or as required by law. We will keep that information confidential and release it only to those who have a legitimate need to know.

Corporate Governance / Whistleblower Policy

PUMA wishes to ensure that its companies comply with our ethical business standards, and that its employees have an opportunity to sound the alarm if they feel any of these standards may have been compromised. Several measures were implemented in 2010 to introduce and highlight the whistleblower scheme such as an introduction of a toll free telephone hotline which is accessible globally.

Governance

Governance Bodies

Board of Management

PUMA's Board of Management includes six members from diverse backgrounds. Three members are German, two are American and one is Italian. One board member is female, five are male.

Supervisory Board

The supervisory board consists of members from three different countries. Three are French, two are German and one is Swedish.

Works Council

PUMA AG has currently 13 members in its German Works Council. 5 members are female, 8 members are male. One person is dedicated to take care of the interest of handicapped employees. The chairperson of the German Works Council is American.

Occupational Health and Safety

The health and safety of our employees is a top priority at PUMA. In 2010, we formulated a new corporate health and safety policy to be communicated to our staff throughout 2011 and then ongoing. We operate a formal health and safety committee at our Head Office in Germany. We are pleased to report that our injury rate remains at a low and there was no fatality reported in 2010.

We offer training on first aid, fire safety as well as general occupational health and safety to our staff.

As a Sportlifestyle brand, we encourage our employees to engage in sports. We offer company sponsored participation at selected sport events and our major offices are equipped with fitness centers to be used by our employees during their breaks or at leisure time. At selected offices company physicians and physiotherapists are provided. Healthy food is served at our main canteens and we also offer organic coffee and juice drinks as well as at least one vegetarian dish option. As a general rule and to support the "Meat free Mondays" campaign—to help lessen the effects of climate change—we do not serve meat in our company restaurants on Mondays.

Total Workforce*

by employment type, employment contract, and region

Workforce Region	Permanent 2008	Permanent 2009	Permanent 2010	Fixed Term 2008	Fixed Term 2009	Fixed Term 2010	Ratio Permanent 2008	Ratio Permanent 2009	Ratio Permanent 2010
APAC	1,640	1,570	1,474	556	725	709	75%	68%	68%
EMEA	4,192	4,108	4,132	610	571	541	87%	88%	88%
Latin America	1,667	1,661	1,781	120	92	70	93%	95%	96%
North America	2,865	2,704	2,129	6	7	530*	100%	100%	80%
Total	**10,364**	**10,043**	**9,516**	**1,292**	**1,395**	**1,850**	**89%**	**88%**	**84%**

* Seasonal workers in the US have been counted in 2008 / 2009 as permanent employees

Workforce Region	Full-Time 2008	Full-Time 2009	Full-Time 2010	Part-Time 2008	Part-Time 2009	Part-Time 2010	in %
APAC	2,085	2,243	2,130	111	52	53	2.4%
EMEA	4,183	4,093	4,169	619	586	504	10.8%
Latin America	1,627	1,597	1,759	160	156	92	5.0%
North America	2,812	2,676	1,481	59	35	1,178*	44.3%
Total	**10,707**	**10,609**	**9,539**	**949**	**829**	**1,827**	**16.1%**

* Big portions of the employees in Retail in the US are part-time employees

Non Managers Region	2008 Female	2008 Male	2008 Ratio Female	2009 Female	2009 Male	2009 Ratio Female	2010 Female	2010 Male	2010 Ratio Female
APAC	1,101	875	56%	1,086	769	59%	991	764	56%
EMEA	1,957	1,739	53%	2,088	1,882	53%	2,068	1,824	53%
Latin America	530	1,134	32%	507	1,035	33%	518	1,118	32%
North America	1,093	1,203	48%	1,145	1,282	47%	1,104	1,244	47%
Total	**4,681**	**4,951**	**49%**	**4,826**	**4,968**	**49%**	**4,681**	**4,950**	**49%**

Managers Region	2008 Female	2008 Male	2008 Ratio Female	2009 Female	2009 Male	2009 Ratio Female	2010 Female	2010 Male	2010 Ratio Female
APAC	166	306	35 %	155	285	35 %	153	275	36 %
EMEA	251	500	33 %	258	451	36 %	268	513	34 %
Latin America	80	146	35 %	73	138	35 %	72	143	33 %
North America	119	166	42 %	130	154	46 %	123	188	40 %
Total	**616**	**1,118**	**36 %**	**616**	**1,028**	**37 %**	**616**	**1,119**	**36 %**

Total Number of Employees	2008	2009	2010
APAC	2,196	2,295	2,183
EMEA	4,802	4,679	4,673
Latin America	1,787	1,753	1,851
North America	2,871	2,711	2,659
Total	**11,656**	**11,438**	**11,366**

Known Handicapped Employees	2008	2009	2010
Total	**34**	**45**	**42**

*Employee figures in persons

Age distribution 2010 (permanent contracts)*	< 25 years	25-30	31-40	41-50	51-55	56-60	> 60	Total
APAC	149	381	569	241	64	23	6	1,433
EMEA	921	1,096	1,298	578	140	70	29	4,132
Latin America	373	487	617	210	48	29	17	1,781
North America	1,003	536	340	179	40	16	15	2,129
Total	**2,446**	**2,500**	**2,824**	**1,208**	**292**	**138**	**67**	**9,475**
in Percent	25.82	26.39	29.80	12.75	3.08	1.46	0.71	100.00

* figures differ from total permant contract since New Zealand figures are not reflected for legal reasons

Age distribution 2009 (permanent contracts)*	< 25 years	25-30	31-40	41-50	51-55	56-60	> 60	Total
APAC	228	357	556	262	88	33	12	1,536
EMEA	1,052	1,205	1,145	509	121	59	19	4,110
Latin America	343	463	577	193	45	26	14	1,661
North America	1,106	913	510	127	31	11	6	2,704
Total	**2,729**	**2,938**	**2,788**	**1,091**	**285**	**129**	**51**	**10,011**
in Percent	27.26	29.35	27.85	10.90	2.85	1.29	0.51	100.00

* figures differ from total permant contract since New Zealand figures are not reflected for legal reasons

Age distribution 2008 (permanent contracts)*	< 25 years	25-30	31-40	41-50	51-55	56-60	> 60	Total
APAC	315	439	555	257	96	25	10	1,697
EMEA	1,062	1,322	1,099	442	103	54	15	4,097
Latin America	407	473	533	176	38	28	12	1,667
North America	1,157	1,015	517	127	28	13	8	2,865
Total	**2,941**	**3,249**	**2,704**	**1,002**	**265**	**120**	**45**	**10,326**
in Percent	28.48	31.46	26.19	9.70	2.57	1.16	0.44	100.00

* figures differ from total permant contract since New Zealand figures are not reflected for legal reasons

Total number and rate of employee initiated turnover* by region	Leavings in 2008	Leavings in 2009	Leavings in 2010	Turnover in 2008 in %	Turnover in 2009 in %	Turnover in 2010 in %
APAC	235	157	404	11%	07%	19%
EMEA	1,377	1,135	1,035	29%	24%	22%
Latin America	359	329	190	20%	19%	10%
North America	287	219	1,423*	10%	08%	54%
Total	**2,258**	**1,840**	**3,052**	**19%**	**16%**	**27%**

Reporting regarding Employee Turnover has changed compared to previous sustainability reportings. The new reporting shows employee initiated turnover (including internal changes of an employee) only
* Includes seasonal workers in the US who have been counted as employee initiated leavings

Percentage of employees covered by collective bargaining agreements by region	Ratio 2008	Ratio 2009	Ratio 2010
APAC	4%	4%	4%
EMEA	35%	38%	38%
Latin America	60%	57%	76%
North America	0%	0%	0%
Total	**24%**	**25%**	**29%**

*Employee figures in persons

Total workforce who received training in occupational health and safety and first aid

Safety programs	Nr. of hours spent in safety-related training			People trained in Fire Evacuation		
	2008	2009	2010	2008	2009	2010
APAC	272	293	196	42	58	207
EMEA	11,740	9,245	8,581	1,990	2,301	3,044
Latin America	317	726	918	85	153	203
North America	11,885	16,040	288*	2,708	3,124	6**
Total	**24,214**	**26,304**	**9,983**	**4,825**	**5,636**	**3,460**

* 2010 figure doesn't include on the job trainings in the US as reported in previous years
** fire evacuation drill has not been performed in the USA in 2010 (scheduled in Q1 2011)

Number of employees trained in first aid	2008	2009	2010
APAC	35	27	20
EMEA	876	756	768
Latin America	27	28	35
North America	30	23	16
Total	**968**	**834**	**839**

Absentism rates	2008	2009	2010
APAC	0.74%	1.24%	0.41%
EMEA	6.36%	8.18%	6.54%
Latin America	4.32%	4.68%	3.36%
North America	0.47%	0.46%	1.11%
Total	**3.53%**	**4.31%**	**3.23%**

Rates of absentism, accidents etc.

Absentism rates due to sickness	2008	2009	2010
APAC	0.26%	0.46%	0.26%
EMEA	2.06%	2.69%	2.51%
Latin America	1.71%	1.55%	2.04%
North America	0.15%	0.15%	0.36%
Total	**1.19%**	**1.43%**	**1.39%**

Number of accidents	2008	2009	2010
APAC	1	2	3
EMEA	26	24	24
Latin America	60	58	54
North America	41	28	1*
Total	**128**	**112**	**82**

* Figure excluding outsourced warehouse operation in the US

Total Injury rate (OSHA)	2008	2009	2010
APAC	0.05	0.09	0.14
EMEA	0.57	0.54	0.54
Latin America	3.47	3.42	2.96
North America	1.43	1.03	0.05
Total	**1.13**	**1.00**	**0.78**

Fatal accidents	2008	2009	2010
APAC	0	0	0
EMEA	0	0	0
Latin America	0	0	0
North America	0	0	0
Total	**0**	**0**	**0**

Education Training, counseling prevention

Training hours per Region	2008	2009	2010
APAC	7,978	7,812	13,041
EMEA	56,589	37,631	39,116
Latin America	2,595	17,852	6,442
North America	45,430	47,010	6,150*
Total	**112,592**	**110,305**	**64,749**

* excluding "on the job" trainings which have been published in previous years

Training participants by Region	2008	2009	2010
APAC	756	681	962
EMEA	1,938	2,649	1,810
Latin America	519	103	310
North America	3,147	2,663	138*
Total	**6,360**	**6,096**	**3,220**

*Employee figures in persons

PUMASafe

Since 1999, PUMA.Safe has evolved from a social and environmental supplier auditing program to the social and environmental responsibility arm of PUMA. Under the PUMAVision umbrella, PUMA.Safe closely integrates with the other corporate responsibility initiatives of the company, simultaneously benefiting from and contributing to PUMA.Peace and PUMA.Creative.

PUMA.Safe has employed a strategic approach to address issues of non-compliance found amongst suppliers, implementing top-down as well as bottom-up social and environmental projects at key points in our supply chain. PUMA has also strengthened its long-term engagement with strategic supply partners across the globe ensuring they are aligned with PUMA's overall strategy. The programs initiated by PUMA.Safe help suppliers to realize and strengthen their own sense of corporate responsibility.

The PUMA.Safe team—which comprises 14 experts in Germany, Turkey, the Philippines, India, Vietnam and China—ensure that the manufacturers adhere to PUMA's Code of Conduct. This Code of Conduct was introduced in 1993 and guides the auditing process of social and environmental manufacturing standards in PUMA's supplier factories.

Our monitoring program helps to instill awareness of complex issues pertaining to fair wages and freedom of association among all levels of the factories—from senior managers to the workers at the assembly lines. Over the years, this program uncovered various setbacks and challenges, which PUMA continues to overcome by engaging with critical stakeholders to explore solutions to systemic violations of its standards.

Environmental Targets 2015

In 2010, after more than ten years of successful implementation of social and environmental standards, PUMA launched the next pivotal phase of our ambitious long-term sustainability program.

PUMA has systematically collected Environmental Key Performance Indicators (KPIs) from all its offices worldwide spanning the last six years, and we have identified several key areas that need to be addressed in order to further reduce PUMA's "paw print". In order to do this PUMA launched the next phase of PUMA.Safe initiatives in our long-term sustainability program laying out ambitious targets that we aim to achieve by 2015 based on a 2010 baseline.

The major objectives of PUMA include:

- 25% reduction of CO_2, energy, water and waste in PUMA offices, stores, warehouses and direct supplier factories.
- Paperless office policy aiming for a 75% reduction in paper usage, with an offsetting initiative compensating for the remaining paper usage, for example tree planting initiatives.
- 25% CO_2 reduction through more efficient product transport solutions by our logistics partners.
- Begin collaborations with our strategic suppliers and logistics service providers to offset their own footprints in the long-term.
- Introduction of the PUMA Sustainability-Index (S-Index) standard that serves as a benchmark for more sustainable products, and communicates the products' sustainable features to consumers.
- 50% of PUMA's international collections will be manufactured according to the PUMA S-Index standard by 2015, using more sustainable materials such as organic cotton, Cotton made in Africa and recycled polyester. This includes applying best practice production processes.

To monitor these objectives PUMA has also established an external Advisory Board of experts in sustainability to consult on our mission and PUMA's sustainability program.

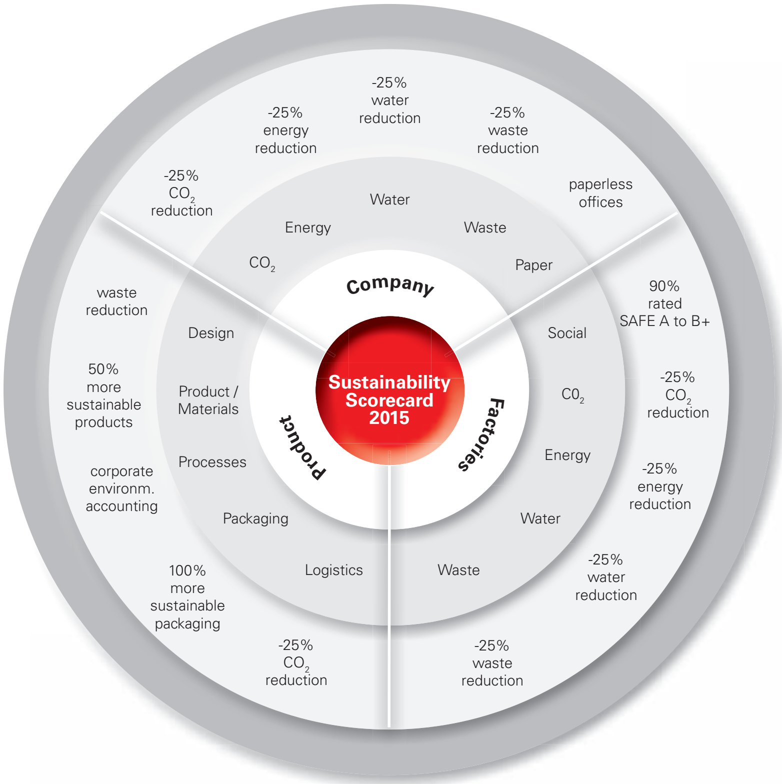
Sustainability

PUMA Sustainability Scorecard

At the beginning of 2010 we introduced our PUMA Sustainability Scorecard, built on PUMA's Sustainability Index, the S-Index. This scorecard—which supersedes the targets as defined in the sustainability report 2007 / 2008—is composed of three elements that set our sustainability approach working toward the year 2015. The company element includes offices, stores and warehouses, the supplier element focuses on PUMA's international supplier base and the material / product element is focusing on design, packaging, processes and logistics—all of which need to address increasing resource efficiency.

Limiting Environmental Impact at our Supplier Factories

The PUMA Sustainability Scorecard initiated ambitious goals for our suppliers to reduce 25% of their Environmental KPIs including water, waste and energy leading up to 2015. To assist our suppliers, PUMA initiated programs with third party service providers, and arranged capacity building programs in the countries where we do our sourcing.
PUMA has optimized our Environmental-KPI factory data collection system, and starting in 2011, using the Enablon data collection



software tool, we aim to change the excel data sheet collection to an automated data collection tool. All strategic partners are requested to submit a monthly Environmental KPI report including statistics on water and energy usage, as well as waste. This system also requests data surveying the amount of products being produced in relation to the headcount in the factory.

To reach the total goal of a 25% decrease on suppliers KPI's, PUMA has set interim targets of 5% reduction per annum.

This target also stipulates that by 2015 our product sourcing will only be allocated to 90% of factories with an internal PUMA.Safe rating of A and B+, which means their internal score ranks from 90% to 100%.

PUMA.Safe has in turn adjusted the rating tool making it more stringent and going far beyond basic compliance in terms of social, environmental as well as health and safety standards. Our Goal is that only factories that comply with our set standards will be PUMA partners in the long run.

Sustainable Products

Sustainable Products

One of the biggest challenges PUMA—and the retail industry as a whole—faces is measuring the sustainability of a product. Without a set standard of compliance, there is a 'free-floating' measurement whereby brands can apply the description 'sustainable' to a product without making any significant improvements to product materials or to their overall sustainable business practices.

At PUMA we believe this approach is unacceptable and acknowledge that business and the retail industry are currently not sustainable and impact climate, biodiversity of the planet, and future generations.

PUMA also believes that sustainability in business is no longer not an option. In fact, business is part of the problem and we believe the retail industry needs to make solid steps to prevent natural resources being depleted and to offset in areas where further mitigation is not possible. PUMA, as a company, feels ultimately responsible to neutralize its "paw print" that it leaves on the planet.

"PUMA has positioned itself well as a Sportlifestyle brand, and its innovative culture has resulted in social responsibility initiatives and activities worldwide. As well as improved working conditions, social initiatives and worldwide engagements, PUMA has put much effort into the greening of its products.

PUMA has been identifying its social and environmental hot spots and their work on sustainability has gone a long way, and sustainability is a continuous journey. As a lifestyle company, PUMA's journey goes beyond their products and into sustainable lifestyles, infrastructure and the community.

Their creativity and the organization's culture provides a good base moving forward, and has the potential to position PUMA as the leading sustainable Sportlifestyle company."

Michael Kuhndt, Head of Center for Sustainable Consumption and Production, UNEP / Wuppertal Institute

PUMA UNEP shirt made from organic cotton as example for a more sustainable product. The manufacturer of the shirt is certified according to GOTS, ISO 14001 and Oeko-Tex. The supplier has published its own sustainability report in 2010.

Organic Cotton

Organic Cotton

Conventional cotton cultivation has numerous problems, mainly the use of pesticides as well as requiring greater water consumption. By expanding our range of organic cotton products in our collections, PUMA helps to increase demand for cotton from non-genetically modified plants grown without the use of any synthetic agricultural chemicals such as fertilizers and pesticides.

PUMA is a member of the international organization Organic Exchange—now Textile Exchange—a non-profit organization supporting the cultivation and use of organic cotton to create sustainable apparel. In 2007, Organic Exchange developed the OE 100 Standard to track and document the purchase, handling and use of 100% certified organic cotton fiber in yarns, fabrics and finished goods.

In 2010, PUMA used larger volumes of organic cotton in product lines such as the "Play For Life" and "Jamaica Jam" collection. Organic cotton is already successfully being cultivated in many countries including Turkey, India and China. Switching from conventional to organic cultivation takes agricultural businesses approximately two to three years. The apparel factories of our suppliers SLN, Milteks and Tübas in Turkey have already been certified according to the Organic Textile Standard (GOTS), and provide PUMA with organic cotton apparel products.

TextileExchange
Creating Material Change

Made in Africa

Cotton made in Africa

If cotton is grown as a monoculture, the land on which it is grown can quickly become exhausted and infertile. This, and the incorrect use of chemicals in the farming process, leads to large areas of once fertile arable land becoming unsuitable for farming and therefore no longer usable in the production of staple foods.

The destruction of the environment, soil pollution and dwindling supplies of drinking water in so-called 'developing' countries are inextricably linked to the unsustainable use of natural resources, and therefore contribute to increasing levels of poverty. In 2005, realizing that the resources essential for life have to be protected, and that sustainable development ensures the prospects for future generations, Dr. Michael Otto created the Aid by Trade Foundation. Together with non-governmental organizations and partners from the business, political and scientific world, the foundation is making a contribution to the fight against poverty by aiding environmental protection in developing countries, especially on the continent of Africa.

COTTON MADE IN AFRICA

Cotton made in Africa is an initiative that produces cotton without the use of artificial irrigation and uses rainfall to irrigate their produce. The Cotton made in Africa project is an initiative of the Aid by Trade Foundation who mentor and offer advice to ensure an efficient management of its farms. Techniques such as mulching that keep the soil covered and prevent high-levels of evaporation, as well as balanced fertilization, are crucial. Farmers participating in the Cotton made in Africa project are taught the relevant skills to make these techniques effective in "Farmer Field Schools".

Since Spring 2008, to help improve the living conditions of African cotton farmers and their families, PUMA has widely supported the Aid by Trade Foundation's Cotton made in Africa initiative. Last year, PUMA produced approximately 1.7 million pieces made using Cotton made in Africa, translating to 2.4% of PUMA's overall collection.

In 2011, our goal is to further increase the number of pieces using Cotton made in Africa.

Clever Little Bag

Clever Little Bag

In April 2010, PUMA introduced a revolutionary and cutting-edge sustainable packaging and distribution system that will significantly reduce the amount of waste and CO_2 emission that traditional product packaging, such as shoe-boxes and apparel polyethylene bags, generate.

PUMA, again, set new standards within the Sportlifestyle retail industry when it partnered with designer Yves Béhar, of San Francisco based fuseproject, to rethink the way the millions of pairs of shoes that it sells each year, are packaged. Less packaging means fewer raw materials, reduced use of water and energy in production, and less weight to ship and ultimately less to be disposed of.

Béhar designed the Clever Little Bag to replace the cardboard shoebox with a re-usable shoe bag, that protects each pair of shoes from damage—from the point it leaves the factory until the consumer takes it home—thus generating savings on production due to less material used, reducing weight during transport and eliminating the need for extra plastic carrier bags in shops. Through the introduction of the Clever Little Bag concept, PUMA will reduce the paper used for shoeboxes by 65% and carbon emissions by 10,000 tons per year. Continuing this, our goal is for the remaining packaging materials to be sustainable by 2015.

PUMA has found a solution to a central sustainability issue facing the retail industry–how to transform the traditional cardboard shoe box. Following PUMA's lead, other companies in the industry have created their own packaging projects illustrating how significant the impact of the Clever Little Bag is to PUMA and the industry as a whole.

"I was excited to partner with PUMA and contribute to such a game changing project," said Yves Béhar.

"PUMA's initiative to look closely at one of the most challenging issues facing the retail industry in regards to sustainability and environmental harm was inspirational. In changing the packaging and distribution life cycle from the ground up, we hope our new design and comprehensive solution encourages other retail companies to follow suit."

Yves Béhar, fuseproject

As a result of a 65% paper reduction, PUMA will also reduce water, energy and diesel consumption during manufacturing by more than 60% per year.

In other words*:
- approximately 8,500 tons less paper will be consumed
- 20 million Mega joules of electricity will be saved
- 1 million liters less of fuel oil will be used
- 1 million liters of water will be saved
- during transport 500,000 liters of diesel will be saved.

The calculated savings are based on a formal product life cycle assessment conducted by PE International on behalf of PUMA according to ISO 14040 and ISO 14044.

In November, the Clever Little Bag made its debut in stores in North America and Europe with selective footwear collections. In general, PUMA's apparel collections will be bagged using more sustainable material, replacing traditional polyethylene bags. This means that 720 tons of polyethylene bags can be saved per year, which equals a total saving of 29 million plastic bags—enough to cover an area the size of 1000 football pitches. Furthermore, PUMA T-shirts will be folded one more time to reduce the packaging size and thus saving CO_2 emissions and costs during transport.

By switching out current plastic and paper shopping bags in PUMA stores and replacing them with sustainable biodegradable bags, PUMA is looking to save another 192 tons of plastic and 293 tons of paper annually.

The launch of the Clever Little Bag took place at the Design Museum, London as part of the PUMA sponsored exhibition "Sustainable Futures* *(Can design make a difference?)" produced in partnership with PUMA.Safe and PUMA.Creative. The exhibition showcased a range of design and architecture projects that explored the most important issues associated with sustainability. Celebrated through a selection of pioneering and forward thinking design approaches, the exhibition placed sustainable design centre stage, focusing on how design can lead the way and make a positive contribution towards a more sustainable future. This exhibition attracted record attendance and offered a series of supporting educational programs, sponsored by PUMA.Safe and PUMA.Creative, for students and scholars.

"PUMA has found a clever way to deal with paper by designing the new shoe packaging. It will reduce the environmental footprint by using a carton made of recycled content, and with less weight. If fully implemented, this will mean no negative impact on the world's rainforests.

The use of leather in sneakers in general has been linked to rainforest destruction in the Brazilian Amazon.

PUMA needs to stay engaged and help to implement a method to control the sourcing of leather, and guarantee its leather is not linked to rainforest destruction."

Oliver Salge, Head of Forest and Oceans Campaign, Greenpeace Germany

Sustainable Supply Chain Management

Over 17 years ago, to ensure that human and labour rights are respected in our daily operations, PUMA introduced its Code of Conduct. Today, ensuring that suppliers on all levels adhere to the PUMA Code of Conduct, remains a challenge. A large proportion of PUMA suppliers are not able to attain 100% compliance to these standards partly due to weaknesses in the regulatory framework as well as the social structure in the respective countries of production—these include a lack of clear implementation guidelines of local laws, an inadequately educated manpower pool, poverty, and more. Adding to this, many suppliers have limited access to local manpower with the technical skills and experience to systematically manage compliance. This problem is perpetuated by the high turnover rate of compliance staff. This results in suppliers having problems finding a balance of resources to improve social standards and maintain short-term business competitiveness.

To address the root causes of non-compliance, PUMA.Safe has been supporting various training projects to improve management skills and worker awareness on issues such as freedom of association, health and safety and the carbon footprint of the manufacturing process. By supporting key supplier partners through these kinds of initiatives, PUMA implements a sense of responsibility throughout its supply chain.

Our key measures to assess effectiveness of compliance to the PUMA Code of Conduct are audits, capacity building projects to correct deficiencies in management systems, the integration of compliance in mainstream business practice, as well as communicating our efforts to the general public. The following sections will highlight our efforts and initiatives made during the reporting period.

PUMA AG

PUMA-Way 1, D-91074 Herzogenaurach, Germany

CODE OF CONDUCT

We at PUMA AG declare our strict adherence to the respect of Human Rights. As such, we share with our partners a commitment to high ethical standards and guarantee the following Code of Conduct:

- **No employment of minors. For this purpose, we consider a minor as one who is below 15 years of age, or the minimum age mandated by the applicable law, or the age for completing compulsory education, whichever of the three is higher.**
- **A workplace that promotes the health and safety of the workers as well as the protection and preservation of the environment.**
- **A normal workweek according to local labor law, up to a maximum of 48 hours, with a limit of 12 extra/overtime hours, including one day off for every seven-day period, as well as overtime compensation policies that are in accordance with local law.**
- **Compensation that is respectful of basic needs and all benefits mandated by law. As a floor, payment of at least the minimum wage required by local law or the prevailing industry wage, whichever is higher.**
- **Respect and equality, regardless of race, creed, age, sex, social origin, political views, sexual orientation, or position.**
- **A workplace where there is dignity and respect, free from any form of forced labor, harassment, abuse or corporal punishment.**
- **Freedom of association and the right to join unions or other work or industry related associations as well as the right to collective bargaining.**

Please direct all enquiries and suggestions regarding this code to sustain@puma.com or contact:

S.A.F.E. Office China	Tel. + 86 20 38815769	Fax. +86 20 38805767
S.A.F.E. Office Far East & America	Tel. + 632 886 07 16	Fax. + 632 886 0718
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Wages in the Supply Chain

Recently, more and more NGOs have raised the issue of paying a living wage rather than what minimum wage dictates. In order to properly address this issue of what constitutes a fair wage, in 2010 PUMA engaged with the Asian Floor Wage Campaign (AFWC) and the Fair Labor Association (FLA) in an attempt to work out what would define a fair wage. PUMA has long participated in discussions as part of the FLA project in Turkey that developed the concept of the Wage Ladder back in 2007. In cooperation with the FLA, PUMA studied the wage systems in its most significant suppliers in China, Vietnam, Cambodia and Malaysia and compared the resulting wage ladders to the Asian Floor Wage rates for these specific countries.

In general wages at our supplier factories prevail above the minimum wage threshold as these factories employ different incentive schemes and paid allowances to improve the workers' take home pay. Total wages, however, are still below the suggested floor wage from the Asian Floor Wage Campaign.

Wages are an integral cost factor of running a business and need to be balanced in relation to overall operating costs. PUMA intends to continue engaging with the AFWC to find strategies that are beneficial for all parties involved. Specifically, an Environmental Profit and Loss accounting project will help pave the way for a thorough analysis of all social and environmental costs of factories. Improvements in production systems and other operation systems through suggested methods such as LEAN will provide the resources to allow suppliers to address fair wage issues. It is not a project that PUMA expects to be accomplished immediately as improvements in social systems such as human resources and industrial relations, also need to be systematically implemented. Finding a solution to a fair wage is something that cannot be done by one brand alone, and PUMA hopes that over the years this will become a shared endeavor with like-minded retailers and buyers.

"PUMA's multi-stakeholders' meeting in 2010 was dedicated to wage issues. It also carried out during the year a Fair Wage assessment among its suppliers that will continue in 2011.

This is a first essential step that will help PUMA and its suppliers to identify poor wage practices and start providing necessary remedies.

It also reflects PUMA's willingness to start addressing wage issues along the supply chain."

Daniel Vaughan-Whitehead
Co-Chair, Fair Wage Network, www.fair-wage.com

Factory Audits

Factory Audits

Improving the Factory Monitoring System

In 2010 we changed our factory monitoring system to reflect new and more stringent requirements.

The new PUMA.Safe Handbooks, issued in 2009, provide detailed guidelines to our factories explaining how to comply with our Code of Conduct. These guidelines promote the management systems approach to make compliance sustainable and effective. With established management systems, an operating cycle of policies, procedures and practices help factories to control and measure performance, and issue results in a certain area or function.

PUMA wants our factories to continuously improve their level of compliance, however, many factories opt to remain at the level they are comfortable with. For this reason, the audit rating system has been revised and new questions added that require factories to adopt systematic approaches to implementing compliance. Questions with an emphasis on environmental concerns were also added and demerit points for failing to comply with issues that we consider as non-negotiable were introduced. These additional questions led to a downgrade in the audit results of those factories that lacked the required systems, but were of very minimal effect on those factories that already have established systems.

With the new internal rating system, PUMA moved away from simply asking “yes” and “no” questions toward collecting detailed Key Performance Data including accident rates, wage payments compared to minimum wages, staff turnover rates, percentage of permanent staff versus the total employee base, trainings as well as reported grievance cases.

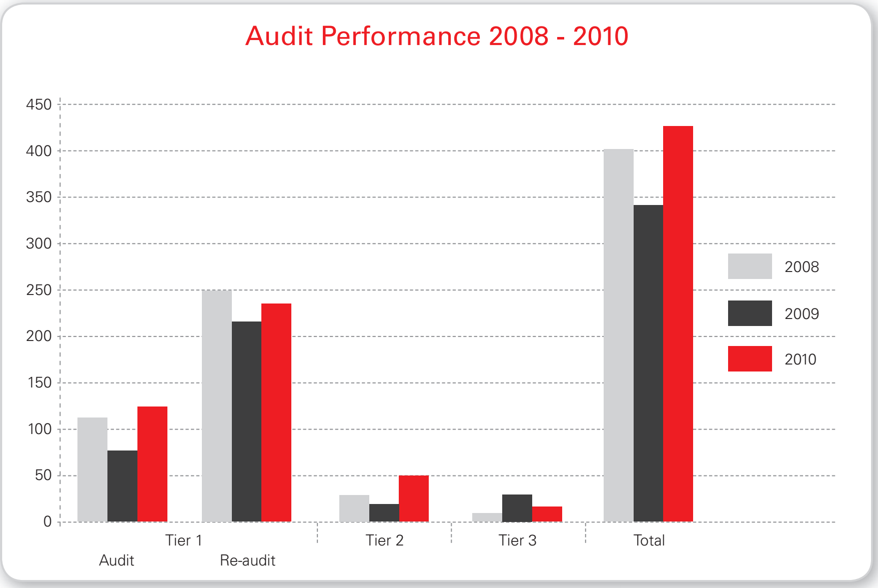
For the environmental KPI collection of data we included important KPIs such as energy, water and waste consumption per piece of manufactured product.

Factory audits remain a major tool in the enforcement of compliance to the PUMA Code of Conduct, and further improvement initiatives continue to be undertaken. Audits provide us with an instant picture of the level of compliance at the factory. The auditor’s presence during the audits also helps develop the workers’ confidence in PUMA’s compliance efforts. The numbers of complaints received through PUMA’s hotline and the workers’ openness during interviews have reflected this confidence.

To some extent, factory audits can also be seen as an extension of training activities, specifically when auditors help factories to implement necessary corrective actions for issues found during the audit. In many cases, the factories expressed appreciation of the auditors’ visit.

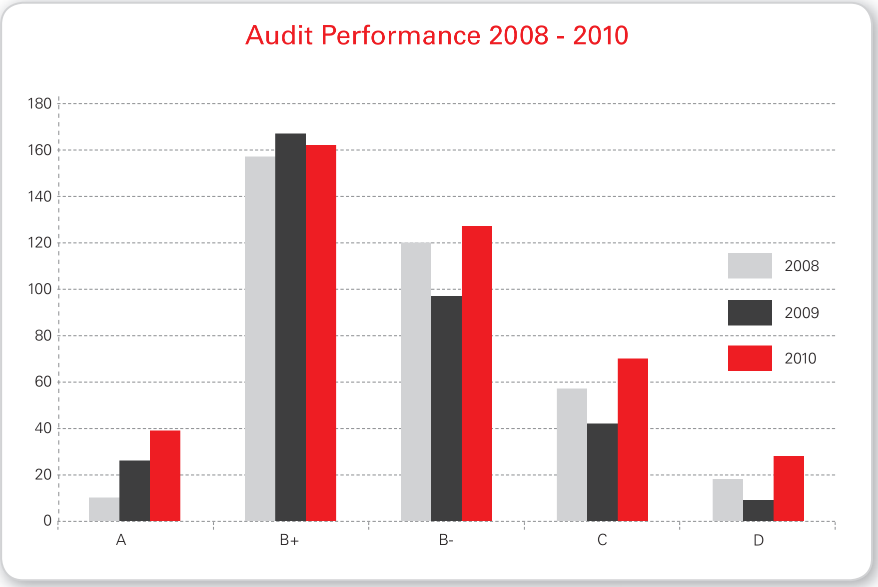
Audit Performance from 2008 to 2010

In 2010 PUMA performed more audits performed than in 2009 and 2008 respectively, as the chart and table show:



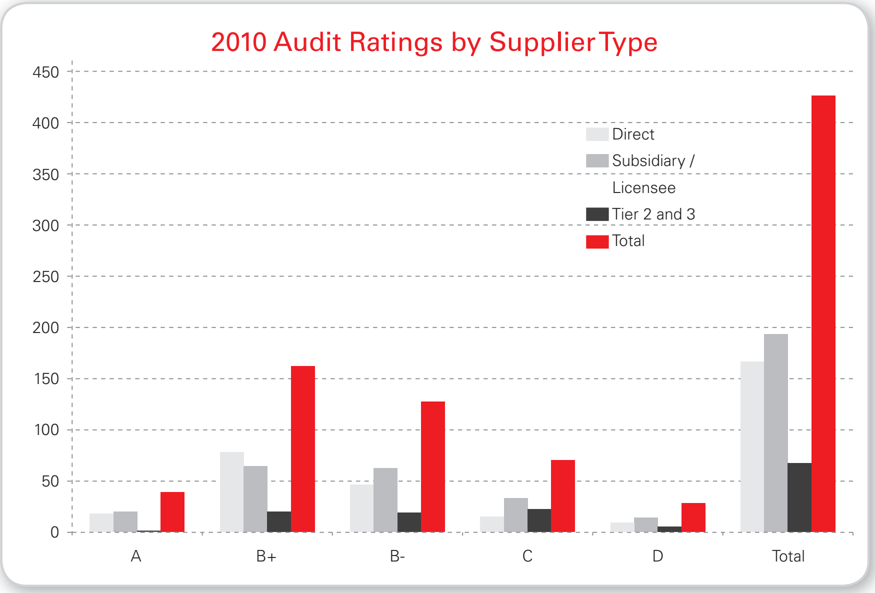
The rise in the number of audits was due to an increased number of new factories. The audits of new factories increased to 161 audits in 2010, compared to 105 in 2009 and 135 in 2008. This corresponds with the general outlook of an improved business climate in 2010.

Another cause for an increased number of audits is the increase in the coverage of Tier 2 and Tier 3 suppliers, included in the PUMA. Safe monitoring system in 2008 for the first time with increasing percentage of coverage targeted at 25% for Tier 2 and 10% of Tier 3 by 2010. As of 2010, 46% of the known Tier 2 and 8% of the known Tier 3 suppliers were audited.

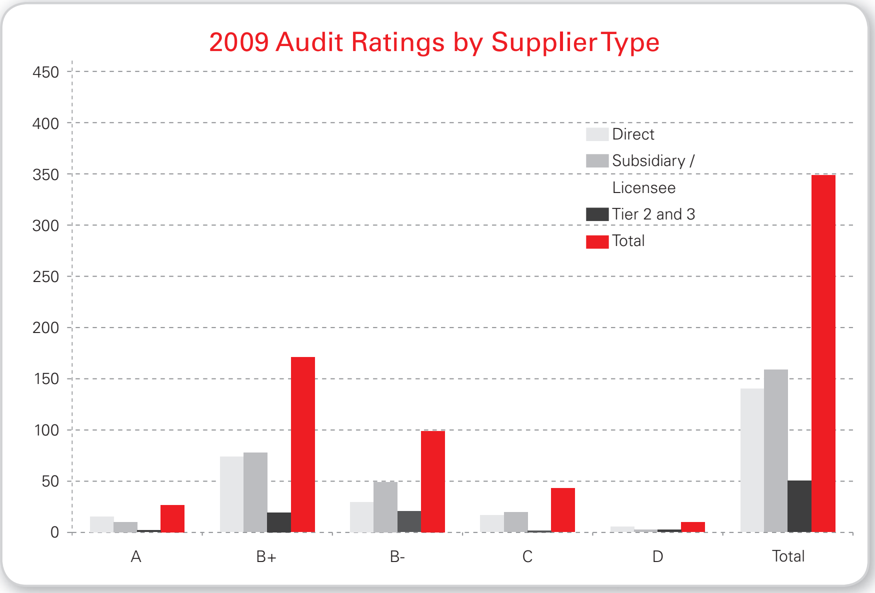


Although more factories received an "A" rating in 2010 than in 2009 and 2008, the number of factories that failed with "C" and "D" ratings were also higher in 2010 than in the previous two years. This was due to more Tier 2 and Tier 3 factories receiving a higher percentage of failure rates. Most of these lower tier factories were audited for the first time and were therefore not yet familiar with PUMA.Safe standards.

A breakdown of the audit rating in 2010 and 2009 by factory category is shown in the charts below:



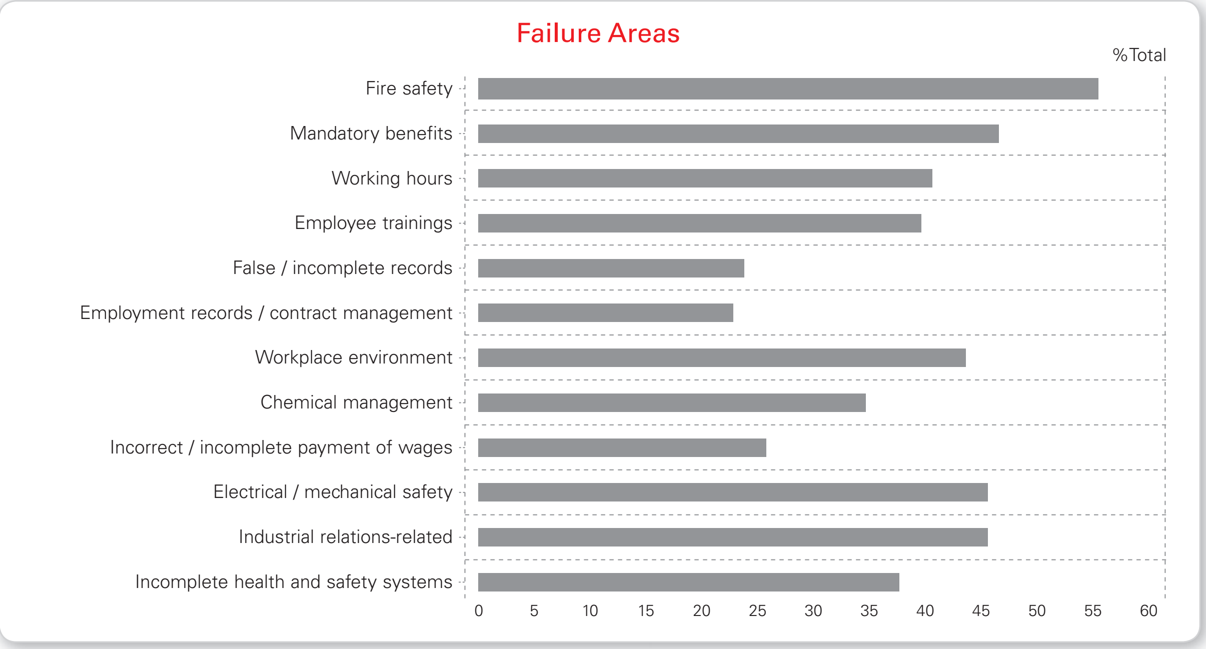
In comparison to 2009 Audit Ratings by Supplier Type



There was a substantial increase in the number of audits for both the direct PUMA suppliers and the suppliers of PUMA subsidiaries and licensees.

Areas of Failure

The new rating system introduced in 2010 reflected the changes we had made to the PUMA.Safe standards in 2009. These changes focused more on compliance-related management systems, particularly in the areas of human resources, health and safety and environment. Though all key suppliers were informed about and trained in the new standards in 2009, it must be noted that the new system required major changes in the management systems of the factories. It was obviously not possible for many suppliers to implement those changes within one year and as a result, the top 12 failure areas found in 2010 from a random sample of the total number of active factories, across all grade classifications, reflected this issue.



Incomplete health and safety management systems, further broken down by unresolved fire safety, workplace environment, chemical management and electrical / mechanical system issues, were identified across the globe. Factories further struggled with implementing formal risk analysis, occupational health program developments and proper formalization and documentation of all health and safety practices.

Employee training is an area of weakness closely linked to weak industrial relations within factories, further highlighting the necessity for strengthening management-worker engagement practices and protocols.

In China, social insurance is supposed to be a mandatory benefit, yet is not completely enforced by the government on a nationwide scale. This results in long-standing and unresolved problems for domestic migrant workers. Social insurance benefits are also not transferable between provinces, deterring workers and their employers from contributing to social insurance schemes, as workers may not receive benefits later on. Local authorities therefore allow for exceptions from social insurance schemes, and in some cases we found leave benefits had not been paid at all by some factories in India and Vietnam.

Our KPI tracking and factory auditing shows, that the majority of our suppliers do pay average wages well above the national minimum wage set by local laws.

Nevertheless, the widespread industry standard of using piece rate systems for wage calculations in some countries, such as China and Vietnam, makes it hard to evaluate whether all legal obligations, such as overtime bonus payments, are being met. While the workers in question earn well above minimum wage, piece rate systems provide an incentive to work long hours. This led to factories keeping double sets of records as some tried to hide additional working hours and work on rest days. In these cases it is difficult to determine if all working hours are properly paid.

Training and Certification of Suppliers

Projects developed, implemented and evaluated in 2009-2010 (including training projects, outreach workshops and stakeholder engagements)

Project Title	Country	Description / Objectives
PUMA.Safe Live Training	China	Explain the PUMA compliance program to Parigi licensee representatives and suppliers
Single Issue Workshops	Vietnam, China, Malaysia	Workshops on various issues across Asia. Target: Upgrading the knowledge / skill of compliance staff on the mentioned issues. Engaging factory management with relevant stakeholders on the issue concerned.
PUMA.Safe Round Table Dialogues for Suppliers	China, Vietnam, Indonesia	A platform for suppliers to engage and discuss with PUMA.Safe and invited parties on what they can do to further improve PUMA.Safe ratings; current challenges in terms of compliance and expectations from PUMA and the PUMA.Safe Team to overcome these difficulties. Sharing of updates on emerging issues in sourcing countries, as well as feedback from local government agencies and other relevant stakeholders.
Energy Efficiency Improvement Project with Institute for Sustainable Communities (ISC), EHS Academy	China	Improve the energy efficiency of World Cat factories and reduce energy expenditures, air pollution, and green-house gas emissions. Help strategic suppliers to achieve PUMA sustainability target of 25% reduction in energy consumption by 2015. Institute for Sustainable Communities (ISC), EHS Academy.
Supplier Development Institute (SDI) Membership	China	China Training Institute (CTI) is a service provider for suppliers and an ongoing independent project run by BSR, which started in 2004 and aims to help brand companies and their Chinese suppliers improve CSR (Corporate Social Responsibility) performance and overall competitiveness through a wide range of Training, Roundtables, Salons and long-term Training Programs. The project is a solutions-based workshop, aiming to provide suppliers with tools and resources to implement sustained CSR improvement within their facilities.
Suggestion Box and Hotline Project (with China Labor Watch)	China	The critical NGO China Labor Watch and PUMA investigated labor conditions and exchanged opinions regarding four factories in China in 2009. To continuously help suppliers build better investor-labor relations, PUMA and CLW collaborated in 2009 to build better factory internal communication channels, worker training and empowerment, thus improving awareness of PUMA.Safe standards in 5 footwear factories.
Participative EHS Committee	China	Free POHSI (Participative Occupational Health and Safety Institution) training conducted by Hong Kong Worker Health Center.
New SAFE standards training	Vietnam, China, Cambodia, Malaysia, Indonesia	Suppliers were trained on the new PUMA.Safe rating system.
Multi-Brands Human Resources Management Systems (HRMS) Project, Vietnam (Phase 2)	Vietnam	To provide the participating factories with methodology and tools to measure and evaluate their Human Resources Management (HRM) performance. To build a framework for effective HRM in the factory which results in sustainable compliance with code standards and supports high performance workplace systems and production processes. Based on the premise that proper HRMS will ensure sustainable business growth, collaboration between Brands and Suppliers provides access to a wider network of technical assistance and innovative practices.
Better Work Vietnam / Better Factories Cambodia	Vietnam / Cambodia	Better Work Vietnam (BWV) is a spin-off of Better Factories Cambodia (BFC), an initiative which offers both 3rd party regular monitoring of member factories as well as provides training on labor and H and S issues. The program is ILO supported. It serves not only as a training vehicle, but also as platform for engagement with stakeholders in the area of labor.
Labor Law Training / Consultation	Vietnam	Updates on labor law as presented by representatives of respective country labor agencies. As the labor law in Vietnam is currently being updated, factories are presented a unique opportunity to voice their concerns regarding the upcoming law.
Sustainability Reporting on Supplier Level (Global Action Network for Transparency in the Supply Chain)	Vietnam, China, Malaysia, Cambodia, Bangladesh, South Africa, Turkey, Portugal, Pakistan	The GANTSCh program supports supplier factories reporting on their social and environmental initiatives. The Global Reporting Initiative (GRI) offers trainings from local consultants to the suppliers on how to write the reports. The participating suppliers produce their first GRI Level C Sustainability Report.
Greenbiz Environmental Training with Vietnam Chamber of Commerce and Industry (VCCI)	Vietnam	The project will offer a comprehensive baseline survey on factory environmental performance and combined training and consulting on environmental and waste management as well as clean production.
Workers' Rights in Egypt	Egypt	Workers awareness training conducted at an apparel supplier in Egypt. Topics: Human, women and workers' rights issues. The training was carried out with 3 trainers and 2 coordinators, with coordination of a local NGO -BASHAR. The training covered 57 employees and took place in one working day.
Workers' Rights in Turkey	Turkey	Women's rights and workers' rights awareness training, mainly focusing on female staff.
Occupational Health and Safety Training for Turkish Suppliers	Turkey	Occupational Health and Safety training with external service provider consultant companies.
Supplier Workshop in Turkey	Turkey	The aim of the workshop was to re-inform the participants about the PUMA.Safe programs, communicate the new PUMA.Safe audit system and highlight the importance of audit findings, 2015 targets, as well as review the latest sustainability status.

Results	Remarks	2009				2010			
		Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
Workshop with around 35 participants among them four representatives from Parigi. Topics: PUMA.Safe Program, PUMA.Safe Standards and Handbooks as well as Sustainability. Representatives from China Training Institute (CTI) conducted a briefing on the Consumer Product Safety Improvement Act (CPSIA).									
Q and A on Wildcat Strikes and Industrial Relations, Training in industrial relations and the role of trade union officer and PUMA.Safe compliance officer; Updates on minimum wage legislation; Impact of Financial Crisis in China and Vietnam; Stakeholder engagement on foreign migrant workers and trainees in Malaysia and Japan.	At least all major footwear and apparel suppliers attended in Vietnam and in China. In Japan, three factories attended, while one factory represented the Malaysian suppliers.		■	■	■				■
Three Round Tables in Vietnam with workgroups on issues of labor, health and safety as well as environmental issues. Subsequent dialogues focused on upcoming labor law policies. In China, discussion with Strategic Supplier Partners raised their expectations and difficulties in handling compliance implementation. In Indonesia, discussions with World Cat and Licensees as well as their subcontractors on the PUMA.Safe Strategy, as well as priority areas of support that PUMA.Safe can facilitate for suppliers to better implement compliance.	Participants in Vietnam and China included all the Strategic Partners in each country across footwear, apparel and accessories categories. In Indonesia, not only Strategic Partners but also key Tier 2 and 3 subcontractors participated. In all cases, all factory representatives raised their concerns regarding the implementation of the new PUMA.Safe audit system as well as securing management support for compliance improvements.						■	■	■
Energy audits in three World Cat footwear factories to identify gaps. Design training program on energy efficiency and best practice sharing. Follow up on energy efficiency practices in all factories.								■	■
Eight suppliers attended the training. The training coverage included energy saving case studies, how to manage an under - 20 workforce, labor relation coordination system building and implementation as well as occupational health and safety topics.							■	■	■
Nearly 1000 workers across all 5 factories were trained, in addition brochures reached nearly 2000 workers across all 5 factories. Workers were encouraged to improve their communication skills and law awareness. Female workers were mobilized to get involved. Grievance reporting rate (workers' calls to PUMA) dropped around 50% in 2010 after the project.		■	■	■	■				
Two suppliers attended the project. In factory one: The project started December 2008 and finished at the end of July, 2010. In factory two: The project started mid 2009 and continued up to 2010. Each factory went through a baseline survey, two trainings for workers and management participants for a total of 60 trainees. These trainees became the candidates for the formed Occupational Health and Safety Committees.		■	■	■	■	■	■	■	
All Tier 1 World Cat and the majority of Licensee suppliers in all countries mentioned attended. Some Licensee and Subsidiary staff also attended. Four separate sessions were conducted throughout the year.				■	■				
Phase 1 started in Dec. 2008 with 13 footwear factories located in Ho Chi Minh City and nearby provinces. Phase 2 started in March 2010 covering major apparel suppliers from Ho Chi Minh City and nearby provinces. Graduates of Phase 1 are being provided remedial post-project support during the implementation of Phase 2. A Sharing Best Practices Meeting (SBPM) culminated Phase 1 in mid-2010. The following areas were covered in the project (1) HRM general, (2) Recruitment, (3) Compensation and Benefits, (4) Training, (5) Performance Evaluation, (6) HR Planning.	Compliance staff turnover was found to have been one factor why some factories were still unable to fully implement the taught HR functions. New factory representatives from Phase 1 would observe Phase 2 training as a refresher.	■	■	■	■	■	■		
PUMA participates by supporting the entry of qualified factories into the program. Only one factory from PUMA has participated in the one-year program. BVW also offers public training, and a number of factories have participated.	Most World Cat factories have participated in the free trainings offered by the program. The results are still under review.				■	■	■	■	■
Initial discussion already started. Initial comments already provided, but no face to face consultation yet. PUMA drafted comments on draft law, and forwarded those to factories. Joint PUMA-VCCI-Molisa consultation workshop is planned to be held at PUMA Village.								■	
In total 10 sustainability reports have been published already in 2010. PUMA agreed with another 18 Strategic Partners located in Bangladesh, China, Cambodia, Malaysia and Vietnam to develop their first Sustainability Reports by 2011. First workshop in Vietnam and China already undertaken in 2010.	http://safe.puma.com/us/en/2010/05/puma-commits-its-strategic-suppliers-to-sustainability-reporting/		■	■	■	■	■	■	■
Participating companies comprise 11 footwear and component suppliers, each employing over 1000 workers. Training on environmental protection and sustainable business, environmental management, waste management and cleaner production. Improvements were realized in all participating factories, such as savings of 35% of water usage at one supplier and increased boiler efficiency by 10% in another factory. One factory, Jia Hsin led the way in effective employee retraining and awareness raising on environmental issues.					■	■	■	■	■
An evaluation report was prepared by the NGO BASHAR, detailing the active worker participation and suggesting a follow up training.	The trained supplier is the only authorized PUMA supplier in Egypt.							■	
Evaluation report confirms higher confidence of women in their legal rights both as women and as workers.	Execution via the NGOs - SOGEP and KADAV. Over 100 participants from two main PUMA suppliers over a period of several weeks.						■	■	
15 Turkish suppliers and sub-contractors entered into an agreement with an external health and safety service provider. The training covers the following aspects: Risk analysis, air quality and noise level tests, regular OHS plan, regular OHS training, inspection of electrical and firefighting equipment, etc.	Project concluded in a permanent contract between suppliers and Bir Engineering, Uzman Engineering and Gri / Mor Engineering to provide regular trainings.					■	■	■	■
Participation of all Turkish suppliers as well as key sourcing staff from the Istanbul Sourcing Office.							■		

Suppliers

Sustainability Reporting of PUMA Suppliers

In 2009, PUMA became the first member of Global Action Network for Transparency in the Supply Chain (GANTSCh). The central purpose of the GANTSCh initiative is for large companies to provide support to their Small and Medium Enterprise (SME) suppliers to measure and report their economic, environmental and social performance – known as sustainability reporting.

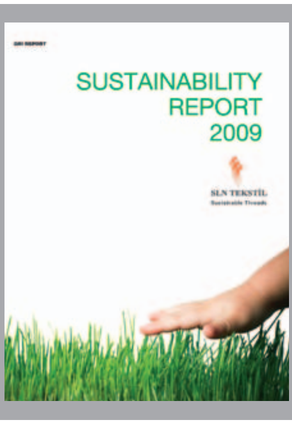
GRI has a strong track record working with both multinational enterprises and smaller firms to drive a sustainability agenda through transparent public reporting. PUMA originally joined the GRI-GTZ pilot project "Transparency in the Supply Chain", launched in 2006, in which three PUMA suppliers in South Africa were trained on sustainability reporting. These PUMA suppliers received GRI certified training on transparent measurement and reporting of their sustainability performance using the GRI G3 Guidelines—the world's most widely used framework for sustainability reporting.

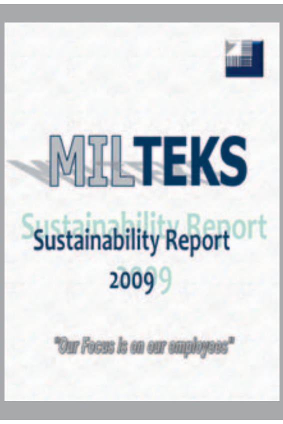
According to the participants, the project helped them to understand sustainability concepts through direct training from experts in the field. The participants learnt how to measure their own sustainability performance using key performance indicators, as well as how to report on energy consumption, waste production, work accidents and other related issues in order to become more transparent. They expanded their understanding of customers' needs regarding sustainability issues, whilst improving their competitive advantage and reputation.

The second phase of the project included ten suppliers in six countries, namely Bangladesh, China, India, Pakistan, Portugal and Turkey, all of whom released their sustainability reports in 2010. From 2011 onwards, 18 key suppliers in South East Asia and other major sourcing regions—which collectively produce more than two thirds of all PUMA products consumed—have agreed to issue their own sustainability reports. http://safe.puma.com/us/en/wp-content/uploads/GRI-SLN-2009.pdf

The GANTSCh project helps to ensure that our suppliers embrace the concept of sustainability by introducing these respective programs within their companies. Increasing sustainability and transparency in our supply chain through sustainability reporting is an important element in PUMA's overall sustainability strategy. PUMA continues to improve working and social standards through factory audits and capacity building projects over time, and PUMA aims to work with the best suppliers in this regard. Sustainability reporting by our suppliers provides the opportunity to reveal what has already been achieved and highlight where more work is necessary.

PUMA's key suppliers have been called upon to improve their own environmental performance under PUMAVision guidelines. In 2008, an initial baseline study of the environmental performance of our suppliers was undertaken, and it was discovered that the majority of suppliers across all product categories needed technical assistance in this area. In 2009 and 2010, suppliers in Vietnam underwent a program to raise awareness of their environmental impact, and help track their environmental KPIs. This is an ongoing process that will be replicated globally across all key suppliers.





Environmental Management

Since 2005, PUMA has been collecting environmental key performance data of energy and water usage, as well as waste creation of PUMA's global operations. We started by setting ourselves the ambitious target to reduce electricity and water usage as well as waste creation in our offices by 25% by 2010, based on average consumption figures per employee.

In 2008, in alignment with our majority shareholder and French luxury group PPR, we upgraded our analysis tool and introduced an environmental management software, allowing PUMA to extend our elevation coverage, and to better differentiate between PUMA offices, stores and warehouses on country level.

As a result, we are now in the position for the first time in 2010, to report on PUMA's total CO_2, energy, water and waste footprint worldwide, rather than only average figures per employee or square meter as we did in previous years. We continuously aim at further improving the accuracy of our reported data, and for this reason we have also commissioned auditing and consulting firms Pricewaterhouse Coopers (2010) and Deloitte (CO_2 data for 2009) to externally verify PUMAs sustainability reporting (limited assurance). The verification scope was extended to selected regional PUMA subsidiaries (Deloitte) and we have also decided to step up PUMA's sustainability reporting frequency from every second year, to annual reporting.

Average data per Office Employee	2005	2006	2007	2008	2009	2010
Electric Energy (kWh)	5,204	4,409	4,885	3,174	3,336	3,713
Water (m^3)	11.3	11.5	15	9.9	11.7	11.5
Waste (tons)	0.48	0.45	0.38	0.28	0.18	0.15
Paper (tons)	-	-	-	0.05	0.07	0.06

* The separate data collection for offices, stores and warehouses since 2008 in a new software system might lead to an overstatement of historic figures, as these, in some instances, include consumption of warehouses and stores.

Environmental KPIs of PUMA's Own Entities in 2010*	2010
Paper consumption in tons (offices, stores, warehouses) *	379
Waste production in tons (offices, stores, warehouses) *	6,458
Energy consumption in MWh (offices, stores, warehouses) *	75,923
Water consumption in m^3 (offices, stores, warehouses) *	116,532
CO_2 in tons (energy and business travel) *	**43,366**

*Covering only PUMA owned or operated entities including own manufacturers in Argentina

We emphasize that in 2010 PUMA set ambitious environmental targets of a further 25% reduction of water and energy usage as well as waste creation by the year 2015. In driving the achievement of those targets, PUMA has decided to link future bonus payments for executive managers to the progress of reaching the company's environmental targets.

In addition, PUMA rewards outstanding environmental performances of its subsidiaries. Since 2009, the PUMA subsidiary with the best annual environmental performance has been given the PUMA.Safe Award. This measure ensures that good practice examples are supported and communicated throughout the company. In 2010, our subsidiary PUMA France received the PUMA.Safe Award as—out of 46 countries— it stood out with an above average performance in the main areas of energy efficiency, water efficiency, waste minimization, as well as optimization of paper usage.

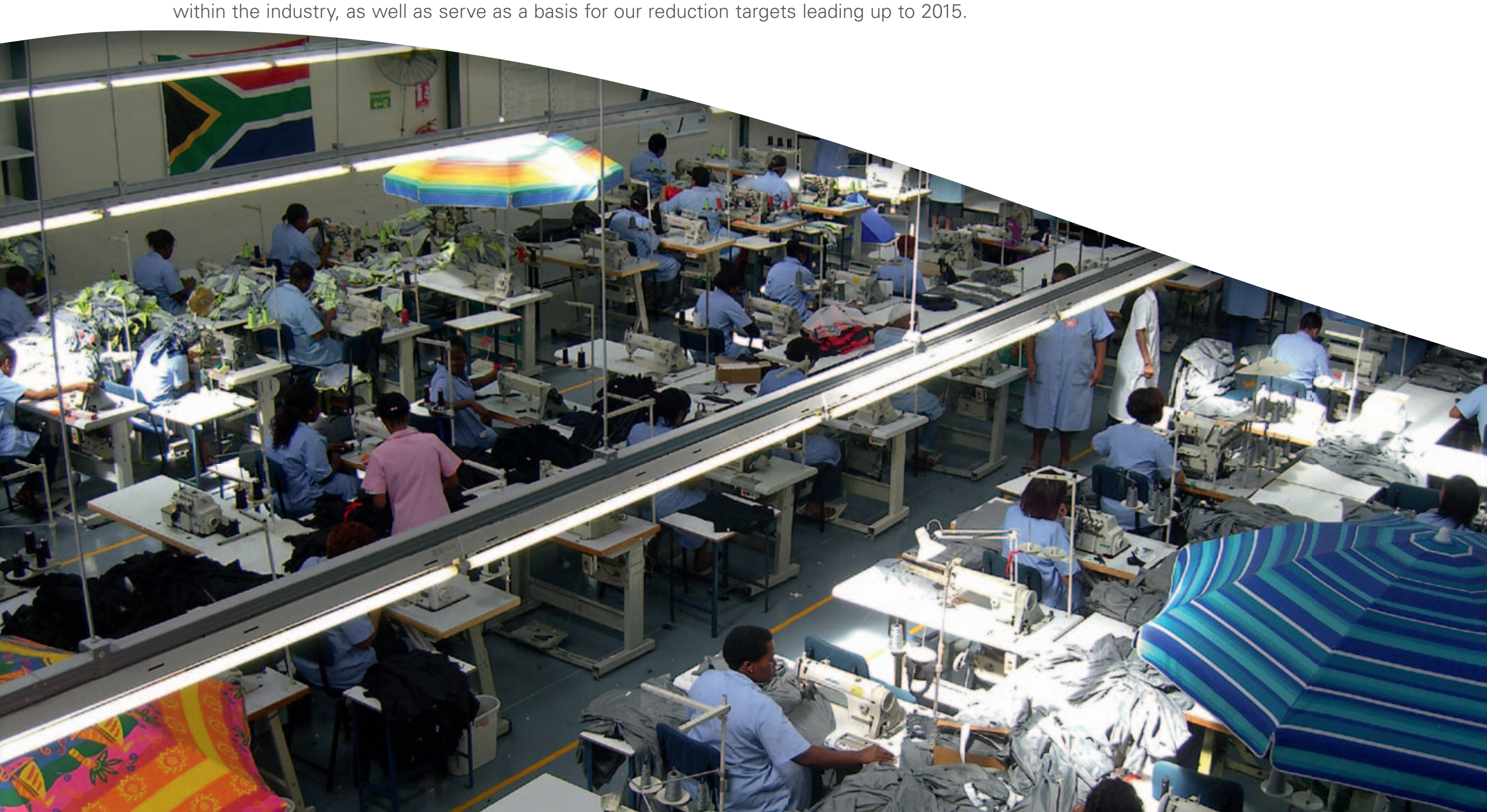
However, PUMA's environmental footprint by no means ends at our offices, stores and warehouses. The majority of our emissions is derived from the manufacturing and transportation of PUMA products, managed by external supplier partners and logistics service providers. Therefore, the 25% reduction of CO_2, energy, water and waste that we aim to achieve by 2015 also applies to our supplier factories and logistics partners (CO_2). In order to make sure that we gather accurate data from our external factories and service partners, we work with several data collection models.

PUMA's logistics department collects CO_2 emissions data for shipping, road, rail and airfreight worldwide on an annual basis from our logistic service providers.

PUMA monitors our supplier factories using our environmental profit and loss accounting project to further dig down into the supply chain and collect direct factory emissions data. In addition, we continue to collect annual key performance data from our main suppliers through questionnaires. To improve this reporting tool, we are currently looking to extend our environmental management software into the area of manufacturing. First tests in 2010 have proved successful, and we are confident that the software will be rolled out to our strategic supplier partners in the first half of 2011.

In cooperation with the Global Reporting Initiative (GRI), PUMA expanded its project to support supplier factories to report on their social and environmental initiatives, and committed our strategic partners to issue their own sustainability reports from 2011 onwards. PUMA is also running several environmental capacity building projects in China and Vietnam to increase the understanding and ownership of environmental aspects at the supplier level.

The reported data for 2010 includes average figures per pair of shoes or product during the manufacturing process at our direct contract partner factories (Tier 1 suppliers). Our goal is to publish these figures to help create a benchmark among our suppliers and within the industry, as well as serve as a basis for our reduction targets leading up to 2015.



Climate

2010 was a milestone year for PUMA's climate protection initiatives.

After joining the Climate Neutral Network of the United Nations Environment Program in 2009, PUMA implemented numerous innovative energy-saving features throughout the buildings of our new corporate Headquarters, PUMAVision, in Herzogenaurach, Germany. All electricity used at the Headquarters is generated from renewable energy sources only, and the remaining CO_2 emissions are offset by a wind farm project PUMA actively supports in Turkey. As for 2010, these measures have made the PUMA Headquarters the first climate neutral head office in the Sportlifestyle industry.

Going even further, PUMA completely offset our global CO_2 emissions (calculated emissions from offices, stores and warehouses without production) to become the first carbon neutral company within our industry. Our calculations to measure our global carbon emissions were based on the previous years figures, and included all direct emissions caused by our own entities* (through the use of fossil fuels) as well as all our indirect emissions (through the use of electricity and business travel). Our own carbon neutral statements for both our PUMAVision Headquarters as well as the company as a whole were externally validated by Deloitte.

The 40.000 tons of CO_2 emissions estimated in 2009 (excluding production), were calculated via our environmental management software for direct emissions, electricity and steam as well as business travel. To offset this, PUMA invested in Voluntary Emission Reduction Certificates (VERs) with two projects in Africa, in alignment with PUMA's longstanding commitment to the African continent and support of several African National Football teams. The projects were selected for their focus on supporting local social benefits, as well as for carbon reduction. The offsetting of CO_2 emissions allows PUMA to link environmental emissions to a monetary value for the first time, and thus create a further motivation to introduce reduction initiatives.

In 2010, PUMA offset the emissions of all flights for our seven PUMA-sponsored football teams for the FIFA™ World Cup in South Africa. This offset was done by supporting a project responsible for the generation of compost from organic waste, at a dedicated plant in Cape Town, South Africa. Controlled composting eradicates methane emissions from uncontrolled decomposition of organic matter in landfills, and waste is turned into a valuable fertilizer, which is used by local farmers to enhance the fertility of the soil. A second project, run by Eco Trust, Uganda, supports local farmers to grow food trees and plants that are beneficial, and at the same time capture CO_2. The Voluntary Emission Reduction Certificates for both projects are externally monitored and validated.

In addition to our offsetting initiatives, PUMA continues to report our CO_2 emission to the Carbon Disclosure Project, making this information publicly available. In 2010, PUMA was included in the CDP Carbon Disclosure Leadership Index (Germany) for the first time.

*including joint ventures over 50%

Emissions caused by PUMA owned and operated entities as well as business travel:
The overall CO_2 emissions reported from PUMA owned or operated entities (offices, stores, warehouses) increased from 2009 to 2010. While 2009 was the first year of complete global data collection, we aimed at improving the data quality over time—a process that is still ongoing. The reported overall trend can partly be attributed to the acquisition of new companies (Brandon AB, Dobotex BV, Cobra Golf). On a per employee basis the trend is rather ambiguous. While emissions from combustion of fossil fuels decreased, business travel emissions and emissions from electricity and steam show a clear increase over time. Clearly this poses a main challenge and opportunity, taking into consideration that PUMA has set a target of 25% reduction of energy and CO_2 emissions by 2015.

2009	Tons CO_2 / Employee	Total
Direct CO_2 emissions from combustion of fuels	0.27	2,509
Indirect CO_2 emissions from electric energy and steam	2.6	24,388
CO_2 emissions of business travel	3.56	12,988
Total		**39,885***

*total emissions excluding production and transport of goods, verified by Deloitte

2010	Tons CO_2 / Employee	Total
Direct CO_2 emissions from combustion of fuels	0.26	2,275
Indirect CO_2 emissions from electric energy and steam	3.19	27,758
CO_2 emissions of business travel	3.28	13,333
Total		**43,366***

*total emissions excluding external production and transport of goods

Explanation on data quality and comparability:
The environmental data for PUMAs owned and operated entities covers hundreds of sites in 50 countries. The calculation of the KPIs is based on calculated and estimated figures and the emission factors of French Environment Agency ADEME. In certain countries typically several and sometimes up to 100 stores are in operation. Warehousing activities are either run by PUMA or are completely outsourced. While we are relatively confident about the data collection procedures for our main offices, where we track E-KPIs since 2005, we need to consider that we just opened two of our largest offices worldwide in Herzogenaurach (Germany) and Ho Chi Min City (Vietnam) in 2009, which makes a direct annual comparison difficult. It is even more challenging to collect comparable data for our stores and warehouses. Due to restructuring efforts, between 2008 and 2010 a significant number of PUMA stores were opened and closed, meaning that the number and location of the physical sites considered in the data collection changed over time. Adding to this complexity, many stores are operated in shopping malls where it is hard and sometimes impossible to collect firsthand data on energy, water and waste figures since those services are provided and managed by the malls. Therefore, we are working with extrapolations and sometimes also estimations for those entities, where meaningful data could not be collected at the respective closing date for the year. Despite those limitations we are still confident that the accuracy of our E-KPI data improves over time and that the here presented 2010 data represents the highest level of data quality since we started collecting environmental performance data in 2005.

Emissions Deriving from Transport of PUMA Goods

The years 2008 and 2010 show sets of comparable emissions data, while during the year 2009 our global logistics network reported roughly 25% lower emissions. We attribute this dip to the fact that there was a lack of a major sports event in 2009, while 2008 and 2010 saw the European Football Championship and the FIFA™ World Cup, respectively. In addition, PUMA was affected by the economic crisis in 2009 which led to stock clearances and decreasing orders from our supplier network. The situation recovered in 2010 when the economic recovery led to an increase in order volumes.

The figures presented below are based on average emission factors which do not take into consideration some efficiency measures which were already undertaken by PUMA Logistics partners. The calculation of sea freight in TEU-Days for example lead to higher emissions calculated when ships are running on lower speed, a measure implemented by our carriers to improve fuel efficiency and thus reduce real CO_2 emissions. Therefore, we aim at further increasing the precision of the data collection and calculation method, besides our set reduction target of 25% from 2010 to 2015. As a first step in this direction, PUMA USA commissioned an external study on CO_2 emissions caused by transportation of goods in 2010.

B to B Transport	Road Freight	Sea Freight	Air Freight	Rail Freight	River Freight	Total
2010						
Freight converted in t.km	43,474,611		22,178,447	22,013,389	0	**87,666,447**
Freight converted in teu.day		385,811				**385,811**
CO_2 emissions in tons of CO_2	3,801	38,581	23,746	404	0	**66,532**
2009						
Freight converted in t.km	53,448,060		16,362,453	21,143,737	3,956,800	**94,911,050**
Freight converted in teu.day		301,913				**301,913**
CO_2 emissions in tons of CO_2	4,671	30,191	15,007	109	122	**50,100**
2008						
Freight converted in t.km	47,331,096		22,220,335	21,221,174	4,400,000	**95,172,605**
Freight converted in teu.day		396,178				**396,178**
CO_2 emissions in tons of CO_2	4,004	39,629	20,204	108	134	**64,079**

Energy

Energy

The consumption of conventional energy is closely linked to the emission of Carbon Dioxide—and every company requires energy to be able to operate. Energy therefore plays an important cost factor; further providing incentive for our ambitious targets to reduce electricity and energy consumption by 25% leading up to the year 2015, and in doing so generate cost savings.

In our last sustainability report PUMA reported the aim to switch to renewable electricity where economically feasible. We are pleased to confirm that all major PUMA operations in Germany, including our largest office, as well as our warehouse, are now being supplied with renewable electricity. Aside from saving a considerable amount of CO_2 emissions, the switch to renewable energy also enabled us to realize substantial financial savings, generating the often sought after win-win situation for both the environment and the financial bottom line.

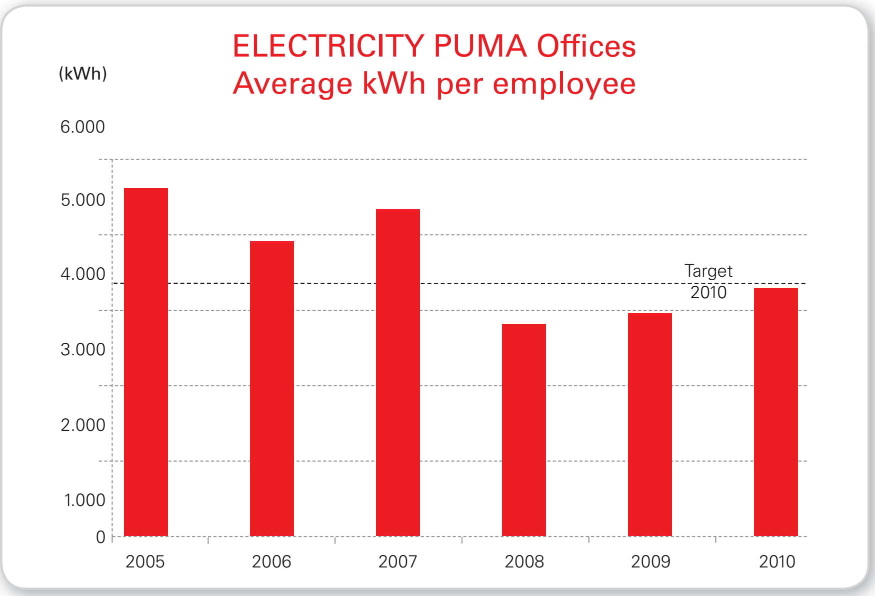
In addition to our solar power plants installed on top of the PUMA Outlet Store in Herzogenaurach, Germany and the PUMA office building in Boston, USA, we also installed a solar power plant on the roof of our car park at the PUMAVision Headquarters in Herzogenaurach this year. To follow, the installation of photovoltaic power plants in other PUMA offices is planned for throughout 2011.

	Offices / employee	Offices / m²	Shops / employee	Shops / m²	Warehouses / employee	Warehouses / m²	
2008							
Electric Energy (kWh)	3,174	107	6,172	219	10,338	37.6	
Water (m³)	9.9	0.3	14.8	0.5	32.7	0.1	
Waste (tons)	0.28	0.01	0.89	0.03	2.95	0.01	
Paper (tons)	0.05	-	0.03	-	0.06	-	
2009							
Energy (kWh)	5,345	147	7,226	249.3	16,286	56.1	
Water (m³)	11.7	0.94	12.5	0.87	24.6	0.5	
Waste (kg)	179	4.9	733	25.3	2,799	9.6	
Paper (kg)	69	1.2	36	0.63	73	0.2	
2010							**Total***
Energy (kWh)	5,612	163	10,238	281	14,775	61	**75,922,511**
Water (m³)	11.5	0.78	11.7	0.79	21.1	0.54	**116,532**
Waste (kg)	146	4.2	939	25.7	2,273	9.4	**6,458,148**
Paper (kg)	56	1.0	30	0.4	42	0.2	**379,258**

*Covering only PUMA owned or operated entities including own manufacturers in Argentina

PUMA is also planning to formally introduce staggered emission caps to our car fleet worldwide, which will be reduced annually in line with our reduction targets for CO_2 and energy. We plan to add the first zero emission electric car to our car fleet at our German PUMAVision Headquarters.

In the year 2007 we set a 25% reduction target in electricity usage per FTE in offices from 2005 to 2010. The figures of the table show that we have reached this target. On the other hand, the energy consumption figures on a per employee or per m^2 basis over the last three years show an increasing overall trend. The opening of large, fully air conditioned and spacious offices in Germany and Vietnam may be one reason. This development will serve as a motivation for us to work even harder to reach another 25% reduction by 2015 for our offices, stores and warehouses on a per FTE basis.



* The separate data collection for offices, stores and warehouses since 2008 in a new software system might lead to an overstatement of historic figures, as these, in some instances, include consumption of warehouses and stores.

Water

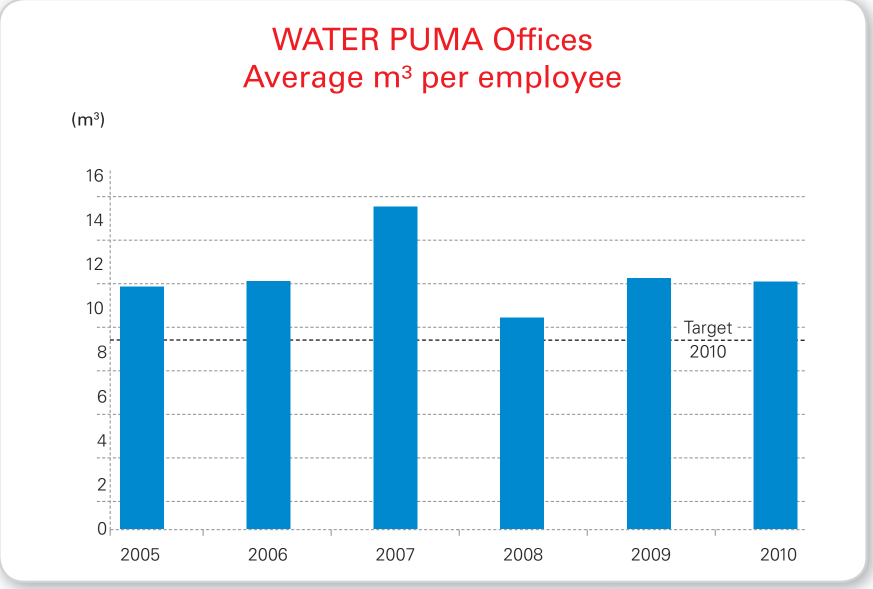
Water

The use of water at PUMA derives mainly from domestic water sources, in offices, stores and warehouses. Our collected environmental data revealed that even within the manufacturing process of our PUMA goods, our direct contract manufacturers (Tier 1) do not use large amounts of water in the manufacturing process. However, where our suppliers are set up vertically to include, for example, their own dyeing operations, substantial amounts of water are used in the process.

Therefore, we are fully aware that the water consumption figures we report are unable to cover the full water footprint (virtual water) of our products. Water consumption from the cultivation of cotton or during the usage phase of our products has, for example, not yet been included. Nevertheless, we feel responsible for our direct and indirect water consumption and hence continue to report on the data available to us.

At our new PUMAVision Headquarters, we collect and use rainwater to supply our sanitation facilities. The urinals for men are running on a dry system, which only flushes once per night. By doing so, we are able to save approximately 1,000 liters of water per day.

PUMA's water usage is the only environmental KPI which had not shown a satisfactory improvement in the last years. We have therefore increased our efforts and made sure that water saving plans are being implemented at the individual PUMA entities at country level, providing for better resource management.



* The separate data collection for offices, stores and warehouses since 2008 in a new software system might lead to an overstatement of historic figures, as these, in some instances, include consumption of warehouses and stores.

The chart illustrates that the water consumption in our offices remained stable between 2005 and 2010. Therefore, we did not reach our target of 25% reduction during this period. Although we were able to reduce water consumption at some PUMA offices through better resource management, our new PUMA Village building in Vietnam and some other PUMA entities, did generate over-average water consumption. As a result we are taking steps to further reduce the water consumption at our PUMA Village by installing additional meters to measure water consumption in the canteen and the sample production area separately in order to detect where the majority of the water is used, and consequently tackle these issues.

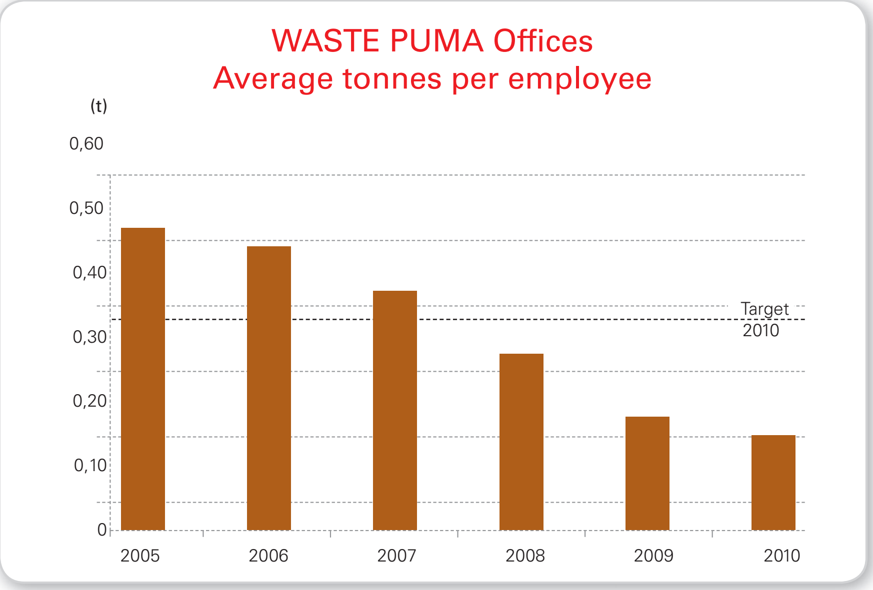
On a global scale, water usage will in future be covered by our environmental profit and loss accounting project. This will ensure an accurate water footprint figure (including virtual water) and a better evaluation of where water usage is most critical, for example in arid (dry) or semi-arid regions.

Recycling

Waste and Recycling

Next to CO_2, energy and water, the recycling of waste is the fourth most relevant environmental key performance indicator at PUMA. Everything that PUMA produces will ultimately end up on landfills or will be recycled. Also waste from our suppliers that is generated during the manufacturing process is a consequence of our operations.

Over the last few years, our offices have managed to consistently reduce the amount of waste they produce—at the same time our figure for recycling remains around 30 percent. One main resource used at PUMA entities is paper, and during the last two years PUMA has emphasized in our internal communication that we endorse a paperless office policy. Printers in our PUMA offices worldwide were switched to duplex printing, and we requested that single printed paper be reused for note taking, and all unnecessary printing and paper use should be avoided. In line with this policy, the PUMA sustainability report 2007 / 2008 and Annual Report 2009 were only published online, apart from the legally required minimum quantity that had to be printed for PUMA's Annual Shareholder Meeting. We also reduced the number of printed product catalogues, switching to electronic versions where possible.



* The separate data collection for offices, stores and warehouses since 2008 in a new software system might lead to an overstatement of historic figures, as these, in some instances, include consumption of warehouses and stores.

A major milestone in reducing waste and saving resources was the launch of our new packaging and distribution system, Clever Little Bag (page 36). We had identified enormous resource saving potential with our product packaging, and started a sustainable packaging initiative. The innovative Clever Little Bag will hit more stores in the second half of 2011, and we hope to complement this new concept with the Clever Little Shopper, a shopping bag made from renewable materials.

In line with our Sustainability Scorecard targets for 2015 (page 32) we will continue to push for accurate and reduced waste figures, while increasing the amount of waste reused or recycled. At head office level we have implemented take-back schemes for batteries, CDs and organic waste, and continue to recycle paper and plastics.

Production Related Environmental Data

Nearly all PUMA production has been outsourced to independent supplier factories. Nevertheless, we at PUMA feel responsible for the social and environmental footprint that is caused through the production of our products. We therefore have been collecting environmental performance data from our main suppliers since 2007. We are fully aware that our different footwear, apparel and accessory products generate different footprints. Likewise the depth of manufacturing reaches from factories with nearly vertical setups that include all major production steps to factories where only the final assembly of a shoe or garment is being handled. Under these circumstances, data collection and validation are a challenging task. Nevertheless, we feel that a report about PUMA's environmental footprint would not be complete without reporting about our supplier's performance. The values presented below are based on information we received from monthly questionnaires filled in by our strategic manufacturing partners:

Summary EKPI Supplier Data 2010	Unit	Footwear Value 2010	Footwear Range	Apparel Value 2010	Apparel Range	Accessories / Bags Value 2010	Accessories / Bags Range
Energy / piece or pair	kWh	ca. 1.7	0.6-3.3	ca. 1.3	0.63 - 2.15	ca. 0.4	0.3 - 0.92
CO_2 / piece or pair	kg	ca. 1.1	0.58 - 1.98	ca. 0.9	0.33 - 2.39	ca. 0.3	0.2 - 0.68
Water / piece or pair	l	ca. 40	20.9 - 90.3	ca. 90	33 - 157	ca. 30	8.4 - 74.64
Waste / piece or pair	g	ca. 220	56.6 - 442.7	ca. 70	37.6 - 102.2	ca. 60	20.7 - 107.64

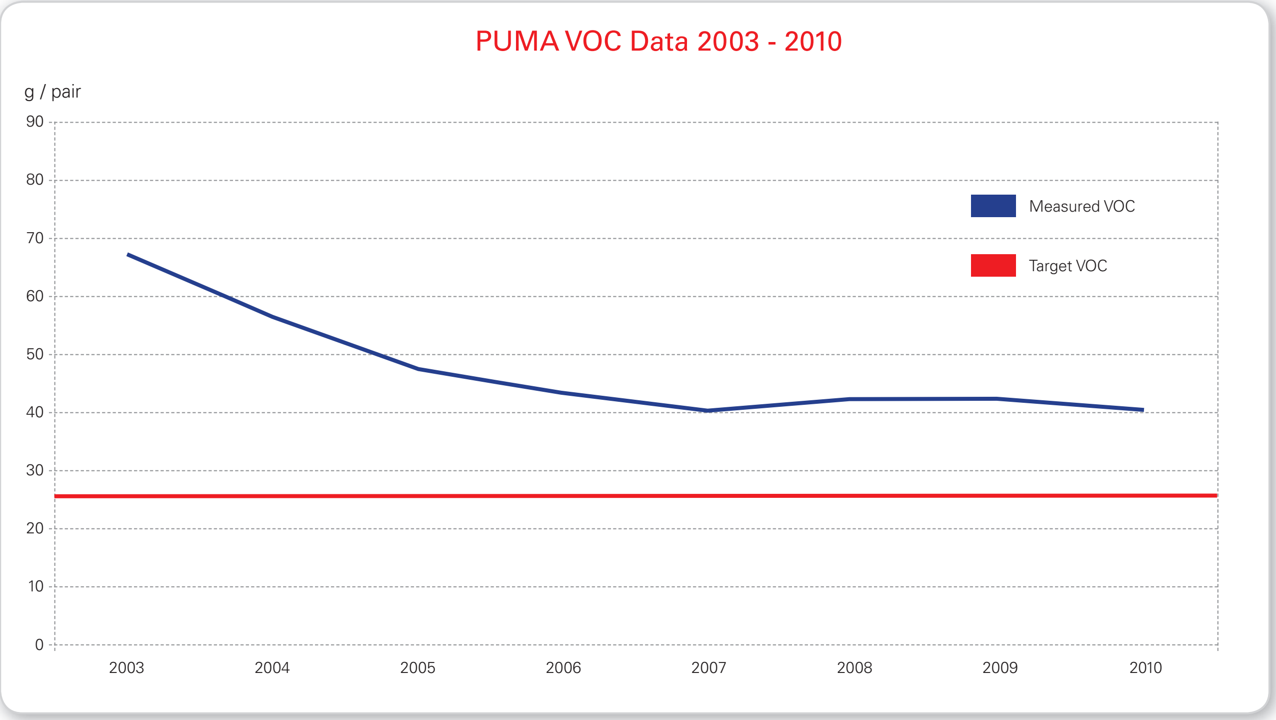
* The figures were calculated from a summary of monthly E-KPI reports which PUMA is collecting from all strategic partner supplier factories. Data sets with a variance of 3 or more compared to the total average were excluded to improve data consistency. The data covers 45% - 100% of the products manufactured by PUMAs strategic partners, which cover approximately 85% of total PUMA production.

We are working with our main supplier partners to improve the environmental efficiency during the manufacturing process. In this respect we have been running capacity building projects in China and Vietnam and included all strategic manufacturers in our supply chain sustainability reporting project. Despite these efforts the data does not indicate a clear trend yet. However, after our suppliers' environmental performance has now been included in our objective to reduce our main E-KPIs by 25% between 2010 and 2015 we hope to generate clear savings in the near future.

Volatile Organic Compounds – PUMA's VOC Index

In 2002 PUMA started measuring the volatile organic compound content in its factories globally to reach the target of 25 g / pair of shoes. This VOC in g / pair is calculated on a monthly basis.

The chart below presents the VOC figures from 2003 until 2010.



We have set up a global VOC tracking system where, together with the factories and the corresponding PUMA staff members, VOC data is collected, evaluated and analyzed.

The actual VOC amount per pair of shoes amounts to 40.2 VOC / pair—this is approximately the same usage reported in 2008. Our internal goal was to reduce the amount of VOC / pair of shoes, however we experienced several issues such as bonding problems, which did not allow for a more significant reduction. We continue to work towards our target to find solutions to reduce the VOC in our footwear range.

Biodiversity

Biodiversity is the latest addition to our environmental management system. 2010 marked the International Year of Biodiversity, and in recognition of this, PUMA partnered with the United Nations Environment Program (UNEP) creating the Play for Life campaign. Capitalizing on the first ever FIFA™ World Cup in Africa, as well as PUMA's strong portfolio of African football players and teams, we used the Play for Life campaign to create awareness for the protection of Biodiversity in Africa, as well as on the globe. All revenues from the sale of dedicated products representing the Play for Live campaign, including the groundbreaking PUMA Unity Kit Fanwear, the Play for Life T-Shirt and PUMA Lacelets, were donated to three selected UNEP projects working with endangered species in Africa. The three conservation projects were selected through a worldwide public vote and included "The African Lion: King Without a Kingdom", "Transboundary Migration Corridors for Elephants in Ivory Coast and Liberia" and "GRASP (Great Apes Survival Partnership): Promoting Community Participation in Gorilla Conservation".

Thanks to thousands of customers and approximately 3 Million Facebook visitors, over $800,000 was raised by the Play For Life campaign and divided among the three projects.

PUMA CEO Jochen Zeitz meeting the project representatives Andy Payne, Chief Executive Officer and Derek de la Harpe, Sustainability Director, Wilderness Safaris, Ilka Herbinger, Director of the Wild Chimpanzee Foundation and Andrew Dunn, Wildlife Conservation Society, Nigeria Country Director.

PUMA Extends it's Efforts to Support Biodiversity

In 2010, PUMA joined the Business and Biodiversity Initiative "Biodiversity in Good Company", an international initiative implemented by the German Federal Ministry for the Environment. In March, we hosted an exhibition at our PUMAVision Headquarters that demonstrated the link between Businesses and Biodiversity, and members of the PUMA.Safe team participated in various conferences discussing Biodiversity issues.

At our Stakeholder Dialogue "Talks at Banz" held in November 2010, we discussed issues of Biodiversity with representatives of critical NGOs, including the United Nations Environmental Program. By doing so, PUMA created dialogue around our own indirect biodiversity footprint derived from suppliers, as well as the use of leather and paper in PUMA products. To better control the origin of raw materials and the discharge of waste and water at our supplier factories, we have an environmental questionnaire in our PUMA.Safe supplier auditing tool. This includes topics such as proper waste water treatment and waste disposal or recycling. PUMA advises all tanneries supplying leather to PUMA manufacturers to become a member of the Leather Working Group, an initiative dedicated to allowing the tracing of the origin of leather in order to implement best practice environmental technology at tannery level. To address the issue of paper usage, PUMA is working to eliminate, or substitute, the use of virgin paper wherever possible, with a special focus to avoid virgin paper from countries like Indonesia, where natural forests are still affected by the paper industry.

Acquisition of Minority Stake in Wilderness Holdings Limited

Another milestone in our support of Biodiversity was the acquisition of a 20% stake in Wilderness Holdings Limited, a company operating out of Botswana and South Africa. Wilderness is the leading ecotourism and conservation company in southern Africa, operating under the premise that it is building sustainable economies through experience-based tourism that contributes to both biodiversity conservation and development of rural communities.

Purchasing shares in a business that enables local income generation through Ecotourism also underlines PUMA's corporate mission of becoming the most desirable and sustainable Sportlifestyle company, as it highlights our belief that doing good for the environment, to be truly sustainable in the long term, must be combined with doing good for local communities and with an effective financial bottom line. Last year a media campaign by Survival International questioned the integrity of both Wilderness and PUMA for their involvement in the Central Kalahari Game Reserve after Wilderness was accused that one of its camps in the Kalahari is having a negative effect on local Bushmen.

The Bushmen settlement in question is some 60 km by road from the site of the camp and continues to exist. PUMA was assured that the acquisition of Kalahari Plains Camp and the usage of water do not have any impact on the Bushmen.

PUMA has known Wilderness as an ethically operating and transparent organization who enjoys good relationships with community neighbors in other developments in southern Africa. We will continue to follow the case.

Targets

2010 Target Assessment

In PUMA's sustainability report 2007 / 2008 we reported on our set and achieved targets for the reporting period. In addition, we have established new targets for the years to come.

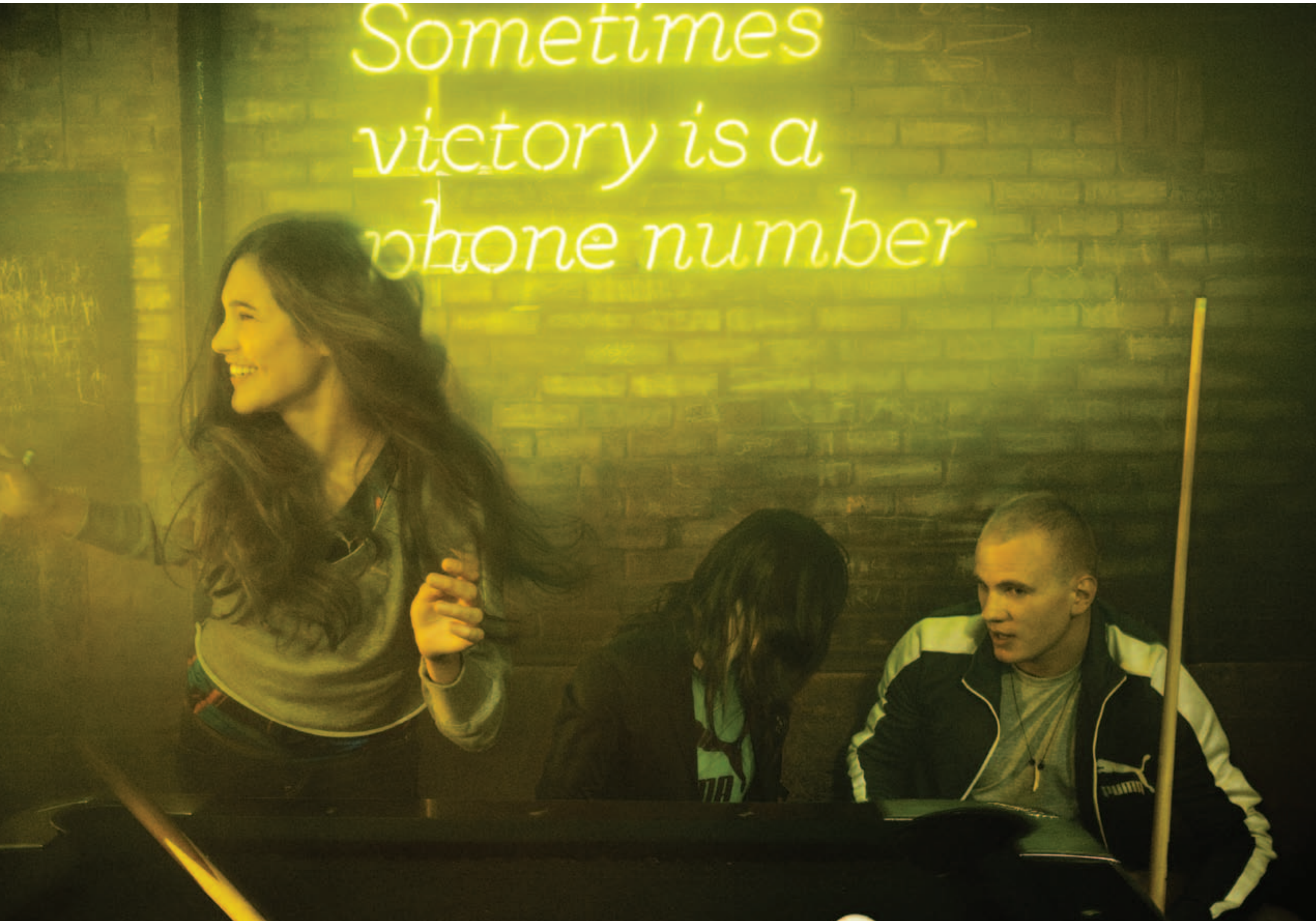
Long Term Targets	Achievement in 2009		Achievement in 2010		Comments
	25%	50%	75%	100%	
Social Targets Auditing Direct Suppliers Target: 100 % of all direct suppliers to be audited					All direct suppliers audited at least once, most supplier audited several times.
Auditing Licensees Suppliers Target: 100 % of all licensee suppliers to be audited					All licensee suppliers audited at least once, most suppliers audited several times.
Code of Conduct Awareness / Distribution Target: To improve the awareness of the Code of Conduct content amongst our suppliers through distribution of posters, manuals and other materials NOTE: Target achieved and will no longer be reported					
External and Unannounced Audits by FLA Target: Suppliers to be audited externally by the FLA					As an accredited FLA member a reduced amount of audits are performed while the focus moved towards capacity building projects.
PUMA.Safe training for World Cat staff globally Target: 100 % of key staff members to be trained					All our sourcing managers have attended a PUMA.Safe audit and / or received live training on diverse issues such as new regulations, RSL etc.
Re-auditing Target: All active factories to be reaudited according to the PUMA.Safe rating					In total 234 re-audits were performed during 2010 and 216 re-audits in 2009.

Long Term Targets	Achievement in 2009		Achievement in 2010		Comments
	25%	50%	75%	100%	
Supplier trainings conducted by the PUMA. Safe team or external service provider Target: 100 % of key suppliers to participate in various trainings and projects. Note: Refer to section on Trainings and Certifications					GANTSCh project, HRMS Phase 2 and Greenbiz Vietnam; for 2010 all strategic partners included in GANTSCh project, among other projects.
Freedom of Association Awareness for Suppliers. Target: Raise awareness for Freedom of Association in countries we are sourcing from Note: KPI will no longer be reported and will be replaced with "Improvement in grievance management process in key supplier factories" with target "Increase rate of resolution of worker complaints submitted to PUMA"					Despite continued efforts to develop FoA awareness raising and improvement projects in China and Vietnam, projects that directly addressed this concern were stalled at development stage during this period, involving lengthy negotiations with unions, government and other players in the field of industrial relations. FoA concept is introduced in all trainings conducted internally by PUMA.Safe with workers. In 2009, overall 405 complaints were received and this went down to 204 in 2010. Resolution rate in 2009 was 41 % and 39.5% in 2010.
Safety and Environmental Targets PUMA.Safe Live Training for all subsidaries and Licensees Target: 100 % of key staff members to be trained					Figure estimated. Intensified activities planned for 2011.
VOC Index and reduction of solvent based adhesives Target: 25 g / pair of shoes					Please refer to chart in E-KPI section on page 57.
ISO 14001 Certification Target: Increasing the amount of ISO 14001 factories among factories over 1000 employees					This is an ongoing process founded on increasing environmental awareness and improving environmental practice in the factories. Nearly all major suppliers in Vietnam and China are participating in environmental awareness and management skills training to help prepare eventual implementation of ISO 14001 certification.

Targets set in the 2007 / 2008 sustainability report	Achievement in 2009		Achievement in 2010		Comments
	25%	50%	75%	100%	
The development of environmental reduction targets in PUMA stores and warehouses					In 2010 clear targets of 25 % reduction of environmental KPI's in stores and warehouses have been set for the 2015 goal.
To increase analyses of the carbon footprint of products for each category (footwear, apparel and accessories)					Selected supplier carbon footprint studies carried out in 2010. Life Cycle Assessment conducted for new shoe packaging concept "Clever Little Bag".
To increase percentage of audits at the tier 2 and tier 3 supplier level Target: For 2010 25% of Tier 2 and 10% of Tier 3					In 2009 18% registered Tier 2 and 8% Tier 3 were audited. For 2010, 46% of the registered tier 2 and 8% of the tier 3 supplier have been audited. Ongoing process.
To expand our sustainability material focus in the design and development stages. Target will no longer be reported. Instead percentage of products with Sustainability Focus (S-Index approved) will be reported					With the announcement of the PUMA Sustainability Scorecard the sustainability focus in design and development stages has been identified.
To switch to "Green Energy" where economically feasible					All major German operations are being powered using 100% renewable electricity. A new solar power plant was added in 2010 to PUMAVision Headquarters. The headquarter in Boston is partly powered by solar energy. Percentages estimated. Ongoing process.
The publication of new sustainability reports (10) from different suppliers					In 2010 ten sustainability reports from different suppliers have been published. All strategic suppliers are requested to publish their reports by mid 2011. Ongoing.
Broader sustainability communication to consumers					In 2010 several sustainability communication campaigns such as "Clever little bag". PUMA's S-Index and the Play for Life Campaign were realized.

We will certainly continue to fulfill our commitment in achieving our social and environmental targets. However, we have decided to change the reporting mechanism for the future.

With the introduction of PUMAVision in 2008 and our Sustainability Scorecard in 2010, we have classified our objectives as either long-term or short terms strategic targets for our company, suppliers and product performance. The year 2010 serves as the baseline of our 2015 Sustainability Scorecard targets.


Sometimes
victory is a
phone number

PUMAPeace

PUMA.Peace and Peace One Day partnered for the fourth consecutive year on the One Day One Goal campaign, encouraging goodwill football matches globally on September 21—Peace Day— a day of global ceasefire and non-violence.

One Day One Goal participants in South Africa, home to the 2010 World Cup

Peace

In 2010, One Day One Goal focused on inter-cultural cooperation, conflict resolution and education. This resulted in over 3,000 friendly matches being played across the globe, including in all 192 UN Member States, as well as 21 One Day One Goal Unity Matches, supporting peace building efforts in areas of conflict such as the formerly war-torn Democratic Republic of Congo, an inter-ethnic match in Ghana, and a game at the national stadium in Port-au-Prince, Haiti, a nation recovering from the devastating effects of an earthquake.

In support of these key One Day One Goal goodwill matches, PUMA.Peace created One Day One Goal football kits using Cotton made in Africa, as well as Fairtrade One Day One Goal footballs provided to selected registered matches. Furthermore, the PUMA. Peace Award was given to a match played in a region historically in conflict, inspiring conflict resolution among other regions through collaborative sport and play in the name of peace.

As a lead up to Peace Day, the annual Peace One Day concert was held in Paris on September 19, 2010, and helped garner support and raise awareness for the One Day One Goal campaign. PUMA.Peace Ambassador and Haitian actor, Jimmy Jean-Louis advocated support for Peace Day and One Day One Goal onstage at the sold-out Le Zenith venue alongside actors and musicians such as Sharon Stone, Jude Law, Patti Smith and Vanessa Paradis, following in the steps of last years' PUMA.Peace Ambassador Senegalese actress Aïssa Maïga.

In 2010 PUMA.Peace activated a multitide of public relations and marketing platforms to help raise international awareness for the One Day One Goal campaign. These platforms included product sold at selected PUMA retail stores across the globe with retail Point of Purchase support carrying Cameroonian football star, Samuel Eto'o's endorsement, product sold on both the United States and European e-commerce sites; PUMA Facebook and Twitter platforms reaching over 3 million followers, international and regional One Day One Goal media coverage; Peace One Day Concert 2010 licensed and broadcast in countries around the world; feature film "Peace One Day Part Three" highlighting the adidas and PUMA truce broadcast on BBC World with a reach of 306 million households in over 200 countries, to name but a few.

Founder, Jeremy Gilley and PUMA.Peace Ambassador Jimmy Jean-Louis

In 2009, news of the historic handshake between adidas and PUMA was heard around the world. In 2010, to continue this new legacy of peace and conflict resolution, a One Day One Goal tournament was held in Herzogenaurach, Germany, the hometown of the two companies where a 60 year history of conflict had also existed between the townspeople. Under the leadership of the two chief executives Herbert Hainer (adidas) and Jochen Zeitz (PUMA), and with the support of 700 employees, a total of 192 adults and children took part in the Peace One Day Cup 2010, playing in mixed teams including employees, representatives from the town administration including the mayor, local churches, and teachers and pupils from Herzogenaurach's four schools. Each team was named after a Nobel Prize winner or the word for peace in different languages.

On December 4, 2010 PUMA won the Award for the Best Corporate Social Responsibility (CSR) Initiative at the prestigious Peace and Sport Awards as part of the 4th annual Peace and Sport International Forum in Monaco. HSH Prince Albert II of Monaco and Joel Bouzou, President and Founder of the organization, paid tribute to achievements that best embody the role of sport to promote dialogue and build bridges between divided communities, commending the PUMA.Peace program and its multilayered campaigns in supporting global peace.

PUMAVision Programme Director Mark Coetzee accepts the Award for the Best Corporate Social Responsibility (CSR) Initiative


GIVE
75%

PUMACreative

Creative
Africa
Network

Launched in 2009, the Creative Africa Network (CAN) www.creativeafricanetwork.com remains the premiere go-to place for creative professionals to connect to the arts within Africa and its Diaspora. With over 2,700 members, Creative Africa Network is a hub for news, information, networking and opportunities for the creative communities.

In 2010, the Creative Africa Network forged major partnerships with the 8th Danse l'Afrique danse! Biennale in Bamako, Mali, and along with its new partner Creative Caribbean Network, the 17th Biennale of Sydney, Australia. Collectively, over 100 PUMA.Creative Mobility Awards were awarded to creative professionals to travel to, and participate in, major global events.

Creative
Caribbean
Network

The Creative Caribbean Network (CCN) www.creativecaribbeannetwork.com is the second of PUMA.Creative's Art Networks, launched officially in December 2010 with a three-year creative partnership program for Caribbean artists at the Bass Museum of Art in Miami, USA.

This program follows a number of Caribbean partnerships including support of the Global Caribbean Symposium hosted by the University of Miami and Little Haiti Cultural Center, Miami, USA providing PUMA.Creative Mobility Awards to three keynote speakers; the Calabash Literary Festival in Treasure Beach, Jamaica providing three PUMA.Creative Mobility awards to featured writers; the Caribbean Studies Association conference, St Peters, Barbados providing PUMA.Creative Mobility Awards to three featured poets and novelists; as well as providing support to the Haiti and the Americas conference, Florida Atlantic University, Boca Raton, USA and the Federation of Caribbean Associations of Architects conference, Ponce, Puerto Rico.

"Storytelling is at the heart of every culture because sharing stories is how we explore, question and celebrate our world. Documentarians make real films about real people and real places – real stories that can challenge, engage and delight their audiences. PUMA.Creative's commitment is the first of its kind and their long-term support will catalyze the next wave of documentary filmmakers to find their voices and surprise us with their stories."

Jess Search, CEO of Channel 4 BRITDOC Foundation

"The Global Caribbean Conference: Interrogating the Politics of Location in Literature and Culture" symposium coming so closely on the heels of the tragedy that struck Haiti, seemed particularly relevant. The conversation began to move from the specific presentations on Caribbean literature and culture, to the role and function of these modes of representation, particularly in times and instances such as the earthquake in Haiti. The artists and intellectuals gathered in Little Haiti Cultural Center began to reflect on the depth of the losses and how important it was to have a space and an occasion for cultural workers in the larger diaspora to engage one another first to begin to process the magnitude of what lay before the country, its citizens and those Caribbean people living in "diaspora."

The partnerships with the Creative Caribbean Network (CCN) have been instrumental in supporting what I would call sustainable knowledge and cultural production between and among Caribbean artists, teachers, students and intellectuals on a global scale. While these conversations have historically always taken place, what the CCN provides is an organized comprehensive system for critical dialogues, a vehicle for people to meet, exchange and be exposed to and participate in creative projects that have lasting impacts on the social environment of the Caribbean."

Professor Patricia Saunders, University of Miami

In 2010, PUMA.Creative forged four major global creative partnerships:

PUMA.Creative and 17th Biennale of Sydney Partnership

PUMA.Creative partnered with the 17th Biennale of Sydney (2010) supporting all participating artists from Africa, the Caribbean and Diaspora to participate in the biennale.

"Distance, Diaspora and Aesthetics in African and Caribbean Art", a forum supported by PUMA.Creative

As the world's third oldest biennale and Australia's largest and most respected contemporary visual arts event, the Biennale of Sydney, held this year from May 12– August 1, is considered a seminal meeting place for arts professionals from across the globe. To ensure a platform of dialogue for Afro-Caribbean interests, PUMA.Creative initiated and funded the forum "Distance, Diaspora and Aesthetics in African and Caribbean Art", and facilitated the participation of its keynote speakers through the PUMA.Creative Mobility Awards program.

PUMA.Creative and Channel 4 BRITDOC Foundation Launches New Initiative to Support Documentary Films

On September 10, 2010, PUMA.Creative launched a unique long-term partnership with Channel 4 BRITDOC Foundation creating six PUMA.Creative Documentary Awards and Programs to support documentary film. These awards and programs provide support, creative counsel and industry recognition to documentary filmmakers whose work addresses creative, social justice, peace or environmental issues globally.

The PUMA.Creative Documentary Awards and Programs include the PUMA.Creative Catalyst Award, an international rapid response development fund consisting of 40 grants annually of up to 5,000 Euros each to enable the production of film trailers; the PUMA.Creative Impact Award, awarded annually to the documentary of the year that has made the most significant social impact— this 50,000 Euro Award is shared between the filmmaking team as well as the associated outreach campaigns; the PUMA.Creative Catalyst Program providing workshops and education to film makers; and the PUMA.Creative Mobility Award, incorporated into PUMA's existing Mobility Awards program, is a dedicated documentary film director travel grant.

PUMA.Creative and Channel 4 BRITDOC Foundation announced the first ten Catalyst Awards winners at The Good Pitch, London, UK, 2010. These winners were later honored at the PUMA.Creative and Channel 4 BRITDOC Foundation Gala Awards Ceremony held at the Criterion in London with guest of honor Her Majesty Queen Noor of Jordan.

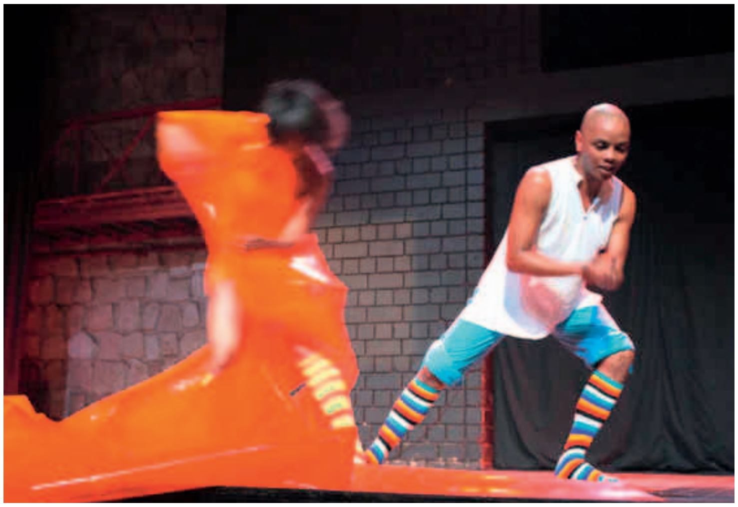
PUMA Chairman and CEO Jochen Zeitz introduces the PUMA.Creative Documentary Awards at The Good Pitch UK, London.

Hugh Hartford (Director, Ping Pong), PUMA Chairman and CEO Jochen Zeitz, Anson Hartford (Producer, Ping Pong), Claude Haffner (Director, Kasai), John Baker (Producer, Dragonslayer), Danielle Schleif (Director, Ham Without Borders), Tristan Patterson (Director, Dragonslayer), Philippe Gasnier (Director, Natural Wine for a Happy Life), Jacqui Edenbrow (Producer, Teenage), Matt Wolfe (Director, Teenage), and Riaan Hendricks (Director, Wretched of the Rainbow) at the PUMA.Creative and Channel 4 BRITDOC Foundation Gala Awards Ceremony

PUMA.Creative and 8th Danse l'Afrique danse! Biennale Partnership

As a major partner of the 2010 Bamako Dance biennale Danse l'Afrique danse!, Bamako, Mali, PUMA.Creative awarded all dance companies and individual dancers performing, as part of the official program and competition, PUMA.Creative Mobility Awards. Held October 29 - November 5, 2010, Danse l'Afrique danse! is the most important contemporary dance event in Africa, and provides a vital platform for over 200 invited dancers and choreographers from 16 African countries, as well as the globe, to perform in front of key professionals and talent seekers.

Lending further incentive and support, PUMA.Creative debuted two dance awards; the PUMA.Creative Africa Dance Award awarding 10,000 Euros to two dance companies, Horácio Macúacua Company, Mozambique for "Obroy, stop!", choreographed by Horácio Macúacua and Studio Mahoukou, Congo for "On the steps", choreographed by Florent Mahoukou; and the PUMA.Creative Africa Award for Women in Dance awarding 5,000 Euros to Julie Iarisoa for her choreography of "Sang Couleur" for Compagnie Anjorombala, Madagascar.



"Fangalapiery",
Gaby Saranouffi and Ariry Andriomoratsiresy
- Danse l'Afrique danse! Centre Culturel Française

PUMA.Creative and the Bass Museum of Art Creative Caribbean Network Partnership

On December 1, 2010, PUMA.Creative and the Bass Museum of Art announced a three-year Creative Caribbean Network partnership at an official launch as part of the international art fair Art Basel, Miami Beach. This partnership creates an international platform for performers, photographers, writers, musicians and other artists, affiliated with the Caribbean region. The first exhibition featured internationally renowned British / Saint Lucian artist Isaac Julien whose nine-channel video installation, Ten Thousand Waves, opened to over 4,000 visitors.

Over the next three years a series of exhibitions, music performances and educational activities at the Bass Museum of Art, as well as collaborating institutions, aim to explore the rich artistic heritage of the Caribbean region and the Caribbean Diaspora.

Isaac Julien, Ten Thousand Waves, 2010, Courtesy of the artist, Victoria Miro Gallery, London and Metro Pictures, New York

Independent Assurance Report[1]

To PUMA AG, Herzogenaurach

We have been engaged to perform a limited assurance engagement on corporate responsibility (CR) information for the business year 2010 presented in the chapters "PUMAVision", "PUMA.Safe", "PUMA.Peace" as well as "PUMA.Creative" of the Annual Report 2010 of PUMA AG, Herzogenaurach[2].

Management's Responsibility

PUMA AG's management is responsible for the preparation of the chapter on "PUMAVision","PUMA.Safe", "PUMA.Peace" as well as "PUMA.Creative" in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3 (pp. 7-17) of the Global Reporting Initiative (GRI):

- Materiality
- Stakeholder Inclusiveness
- Sustainability Context
- Completeness
- Balance
- Clarity
- Accuracy
- Timeliness
- Comparability and
- Reliability.

This responsibility includes the selection and application of appropriate methods to prepare the above mentioned chapters and the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of above mentioned chapters.

Practitioner's Responsibility

Our responsibility is to express a conclusion based on our work performed as to whether any matters have come to our attention that cause us to believe that the CR information for the reporting period 2010 presented in the above mentioned chapters of the Annual Report 2010 has not been prepared, in all material respects, in accordance with the abovementioned criteria of the Sustainability Reporting Guidelines Vol. 3 of the GRI. We also have been engaged to report on recommendations for the further development of the CR-management and reporting on the basis of the results of our limited assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This standard requires that we comply with ethical requirements and plan and perform the assurance engagement, under consideration of materiality, to provide our conclusion with limited assurance.

In a limited assurance engagement the evidence-gathering procedures are more limited than for a reasonable assurance engagement (for example, an audit of financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code"), and therefore less assurance is obtained than in a reasonable assurance engagement.

[1] Translation of the Independent Assurance Report issued in German language - Translation - the German text is authoritative
[2] Our engagement applied to the English Version of the chapters mentioned above. Data referred to external resources was not included in the scope of our assurance engagement.

The procedures selected depend on the practitioner's judgment. Within the scope of our work we have performed amongst others the following procedures:

- Inspection of documents regarding the CR strategy, the CR program, the CR management and stakeholder dialogue;
- Participation at PUMA's annual stakeholder dialogues "Talk at Banz" on 22nd and 23rd November 2010;
- Inquiries of personnel of the head office departments PUMA.Safe, PUMA.Creative, PUMA.Peace, Human Resources and Logistics and Distribution in Herzogenaurach responsible for the preparation of the above mentioned chapters regarding the processes used to gather and consolidate CR information and related control procedures;
- Inspection of the documentation of systems and processes used for gathering, analysing and aggregating CR data as well as retracing on a sample basis (e.g. Enablon database for sustainability reporting, Enablon database for social reporting, Lotus Notes databases for factory audits);
- Telephone inquiries with personal located in Argentina, China, Germany, Japan, UK and USA which are responsible for environmental data collection in Enablon regarding gathering and analyzing selected environmental indicators for Argentina, China, Germany, Japan, UK and USA;
- Telephone inquiries with personal located in Asia-Pacific, Chile, Germany, North America, Mexico and Austria which are responsible for CO_2 data collection in the logistic sector regarding gathering and analyzing of indicators for Asia-Pacific, Chile, Germany, North America, Mexico and Austria;
- Analytical procedures of selected indicators;
- Substantive testing on selected information on a sample basis, amongst others by the inspection of internal documents, external reports, contracts and invoices as well as by the analysis of reports generated from IT systems.

Conclusion

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the CR information for the reporting period 2010 in the chapters "PUMAVision","PUMA.Safe", "PUMA.Peace" as well as "PUMA.Creative" of the Annual Report 2010 has not been prepared, in all material respects, in accordance with the abovementioned criteria of the Sustainability Reporting Guidelines Vol. 3 (pp. 7-17) of the GRI.

Emphasis of matter - Recommendations

Without qualifying our conclusion, we recommend for the further development of CR management and CR reporting the following: PUMA AG introduced a monthly reporting of environmental performance indicators by strategic manufacturers in 2010 and initiated a review of these indicators in the context of supplier audits. At the time of reporting there was no comprehensive knowledge about the quality of the manufacturer's data. As part of the validation of the manufacturer's data by PUMA AG for the year 2010 strongly divergent values from the average were not considered in the total calculation. We believe that the approach applied by PUMA in 2010 is justifiable to meet the GRI criteria for the reporting of the environmental indicators of strategic manufacturers, but we recommend the enhancement of the internal procedures for data validation and the specification of requirements for data collection processes for the manufacturers.

Furthermore, we recommend the integration of the selection process of CR topics into future CR reporting as well as the standardization of definition, implementation and documentation of control procedures for CR data at country level throughout the entire company.

Frankfurt am Main, Februar 14, 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Michael Werner

ppa. Nina Müller
German Public Auditor


It's not over until you sing
a fat lady's song

BRAND STRATEGY

"Joy has always been a fundamental part of who we are."

Antonio Bertone, Chief Marketing Officer, PUMA

In 2010, we took an intense look at how to differentiate the PUMA brand from our major competitors in the sports market. Our brand clarification involved evolving our positioning, a more detailed understanding of our target consumers and a zooming into who we are and how we look at the world with the crucial addition of sustainability to the PUMA brand's vision.

When we looked at how others in our space viewed sports, and competition overall, we saw a lot of intense, dark imagery – a warrior approach and an understanding of competition as work. This was totally opposed to the way we see things, and when we stripped everything back to the most essential aspect of the way we approached the world, we landed on a word that has driven our shift in strategy – that word was Joy.

We all live in a world that's way too eager to share bad news. PUMA, however, is creating an oasis for people looking to enjoy the original purpose of sport. Joy stands out as a beacon for us all to rally around. Going forward, we'll focus on the ways we can use each and every one of our product categories as platforms to communicate and spread Joy.

As you already know, we want to become the most desirable and sustainable Sportlifestyle company, and brand, in the world. So when it came to making PUMA products more sustainable, we knew we needed to proceed with great caution, building on everything we have achieved so far since we introduced PUMA.Safe in 1999 as well as PUMAVision in 2008. We were allergic to the idea of joining the "green washing" movement by just slapping a "sustainability" label on our products. We knew we had to take a long hard look at what we do, and take into account our place in society and our responsibility within the wider world. And we knew we had to communicate our sustainable action points simply, accurately and transparently.

We started by developing a fun, but clear and consistent visual system that we could use to communicate all of our sustainable activities across the entire brand. The **PUMA Ecotable** features graphic elements that we'll use on-line, in store, and throughout our product packaging.

One of the first results of our ongoing efforts is the Clever Little Bag and we'll reduce our consumption of approximately 8,500 tons of paper, 1 million liters of oil, and 1 million liters of water every year by migrating to this new packaging system.

We are also focused on finding opportunities for true engagement beyond the traditional broadcast of commercials or print ads to our consumers and we are leveraging the power of the so called "new" media – the digital on-line and mobile space – connecting in more efficient and measurable ways.

> *"PUMA 2.0 is a rallying cry, a mantra to ensure that we deliver great stories to our consumers, while also leveraging the changes we see in our younger, more media savvy audience."*
>
> Antonio Bertone, Chief Marketing Officer, PUMA

Let's take the world of Social Networking – PUMA as a brand was born to go viral since we've always thought of ourselves as simply a person reaching out to other people. And with people, it's all about relationships. That is precisely why we will continue to increase our investments in the area of social media. And with a Facebook fan base of almost 4 Million strong and growing, we are already one of the most active brands on the major social networks globally.

TEAMSPORT

PUMA turned the first Football World Cup on the African continent into a success not only through sponsoring four of the African teams that qualified for the tournament, but also by being present through various innovative marketing initiatives, events and activities that portrayed the unique aspects of Africa and African football as an integral part of the PUMA brand identity. The tournament served as a great platform that allowed us to portray the full range of the brand, from sport to lifestyle, as well as our commitment to supporting African culture and environmental issues.

Our goal for the Football World Cup 2010 in South Africa was to strengthen and expand PUMA's position as the number three football brand in the market. As the tournament came to an end, we were pleased with the results of our activities as well as with our visibility both on and off the pitch.

Seven World Cup teams - Italy, Uruguay, Switzerland, Ghana, Algeria, Ivory Coast and Cameroon - sported the leaping cat logo on their jerseys. This amounted to 22% of all nations participating in the World Cup. Uruguay, the most successful PUMA sponsored federation, progressed right through to the semi-final, eventually coming fourth overall. Through these federation sponsorships, PUMA gained brand visibility in 41% of all World Cup matches. In other words, at least one PUMA team participated in 26 out of the 64 games.

"PUMA is creating a unique kit embracing the diversity of African Nations teams while valuing the unity of players and supporters towards a common goal."

Jochen Zeitz, Chairman and CEO, PUMA AG

The World Cup Year 2010 coincided with the International Year of Biodiversity and PUMA – being the brand that joyfully mixes the influences of Sport and Lifestyle with the desire to contribute to a better world – seized the opportunity to combine its passion for sports, Africa and nature.

We partnered up with the United Nations Environment Programme (UNEP) and launched the "Play For Life" campaign to support biodiversity worldwide and specific initiatives in Africa. Our goal was to raise awareness about habitat and species conservation among football fans and the general public during the Football World Cup and other football events worldwide.

PUMA's key fundraising lever was the revolutionary Africa Unity Kit - the world's first 'continental football kit' designed to be worn by the 13 African football national teams that PUMA sponsors. The Africa Unity Kit was approved by FIFA™ who officially recognised it as the Official 3rd kit to be worn by those PUMA-sponsored African teams. With all eyes on Africa during the 2010 football season – the Africa Unity Kit made a compelling global statement. By supporting the Africa Unity Kit, African teams are not only uniting as a powerful force in world football, but also raising awareness of the importance of environmental issues. The Unity Kit related products were amongst the top ten sellers in PUMA stores throughout the duration of the World Cup.

PUMA once again lived up to its reputation as the leader in design and product innovation within the Sportlifestyle industry. PUMA's third generation v1.10 football products that were worn by some of the best players in the world - including Samuel Eto'o, Emmanuel Eboue, Chinedo Obasi, Mohamed Zidan and Mario Gomez - scooped the prestigious iF product design award 2010 in the Leisure/Lifestyle category. The v1.10 boots and gloves combine high-performance materials with an African-inspired design aesthetic.

We received even more applause for our renowned design competence as three products from our PUMA PowerCat Football collection were awarded the "Red Dot Award Product Design 2010". The Power Cat football, the football boot and the Italy home shirt take their inspiration from the idea of 'raw' football, harkening back to a player's primal instincts of fight versus flight. It is designed for each player to maximize his 'fight' instinct – when making contact with the ball.

RUNNING

In our Running category, we took steps to ensure PUMA stays on track by renewing our sponsorship contract with longstanding brand ambassador and sprint superstar Usain Bolt for a further three years. Bolt will continue to sport PUMA performance, training and lifestyle apparel and footwear on and off the track, and work with PUMA design teams to create new and exciting lines to the recently launched Bolt Collection.

"Usain Bolt has been a revelation for Track & Field athletics."

Jochen Zeitz, Chairman and CEO of PUMA AG

Bolt's formula to success is simple: Be the fastest man in the world and look good doing it! To make sure that his unique personality and style are reflected in PUMA performance wear, Bolt worked closely together with the PUMA design team to transfer his inspiration into a PUMA training collection of apparel, footwear and accessories. These products, designed to withstand a hard-core workout but with street-style, incorporate Bolt's favourite colours, preferred styles and graphics.

This collection was launched at the 100th Boys & Girls Champs in Kingston, Jamaica – an event that PUMA has a strong association with through our partnership with many participating schools. Media from multiple markets were present at the unveiling of the collection, at which Bolt spoke of his passion for and involvement in the design. The activity also enabled us to create global publicity for our support for Jamaican grass-roots Track & Field programmes.

Bolt continued his imperious form in 2010 to excite crowds and cross the line first at Diamond League events in Shanghai, Lausanne and Paris. Injury unfortunately affected his performance in Stockholm and dictated his withdrawal from subsequent events in Brussels and the PUMA sponsored Diamond League meet at Zurich. Usain showed his support for the Unity campaign by wearing a Unity singlet in Shanghai, and in Paris and Stockholm, PUMA commissioned artists to design bespoke singlets for him that incorporated Jamaican symbols close to his heart with cultural elements of the two cities. Media and consumer activities to unveil each singlet created strong brand-centric news in each city, and enabled Usain to promote the Bolt Collection in an impactful and credible way.

PUMA Running is striding its way into 2011 with a fun, innovative and technologically advanced range of running shoes – The PUMA Faas Collection. Faas gets its name from the Jamaican word for fast, and the name fits. The collection is grounded in performance and features a biomechanical design technology exclusive to PUMA, called BioRide™, that provides a naturally responsive ride – helping runners get into their own rhythm for increased speed and performance.

MOTORSPORT

It feels so good to celebrate a sensational result! In our consistently successful Motorsport category we enjoyed this feeling, when the PUMA-supplied Red Bull Racing driver Sebastian Vettel made history in Abu Dhabi by becoming the youngest driver in the history of Formula 1 to be crowned World Champion.

In one of the tightest finishes in the sport's history, Vettel held his nerve to claim the top spot and get the points he needed to secure the 2010 title. The Red Bull Racing driver was in imperious form as qualified in pole position, and fought off the challenges of his team mate Mark Webber and Ferrari's Fernando Alonso, both PUMA supplied drivers, in addition to Lewis Hamilton of McLaren, who were all in contention for the title before the race in Abu Dhabi.

"From the beginning of my Formula 1 career I have worn PUMA shoes and race wear, which give me the comfort and protection I need to compete at my best. I spend a long time in the car, so I can't stress how important this is, and I love PUMA for it."

Sebastian Vettel, Formula 1 World Champion 2010

Red Bull Racing used the PUMA SL Tech shoe in 2010, which not only looks great, but also helped Vettel step on the gas so impressively throughout last season. This racing shoe shaves precious grams to create faster times and thanks to Vettel it’s now fair to say that the PUMA SL Tech Mid SF is the fastest Formula 1 shoe on the planet. To make the drivers even faster, we created the lightest race wear in history, PUMA’s new Avanti Race Wear, which features the latest innovations in fireproof technology while keeping weight to a minimum - maximizing performance.

2010 was, without a doubt, one of PUMA’s most successful Motorsport seasons. In 73% of all Formula 1 races PUMA supplied teams were the first to cross the finish line and in 89% of all races, PUMA teams started from the pole position.

GOLF

In 2010 we welcomed a new member to the PUMA family—Cobra Golf. The acquisition of the California-based golf equipment brand makes us a credible and sizable player in the golf industry with a 360 product offering. We are now able to provide a full competitive range of golf equipment including footwear, apparel, accessories and clubs. With Cobra, PUMA has created a unique positioning in the market, with both brands complementing each other. While Cobra stands for performance, technology and innovation, PUMA Golf is inclusive, stylish, colourful and fun. Through this move, we have strengthened our golf business that demonstrated momentum and growth since its inception.

We integrated the Cobra Golf and PUMA Golf brands to create a new company, called COBRA-PUMA GOLF. The two brands will continue to be developed separately, while maximizing resources and collaborating in various areas, including operations, research, design and marketing. The combined COBRA-PUMA GOLF sales force started selling COBRA-PUMA GOLF products in September, for the Spring Summer 2011 season and has made waves in the industry with its stylish, colorful, inclusive and fun approach to the game. Through this partnership, we've also built out our stable of professional golfers to include such notable names as Ian Poulter.

"With Cobra Golf, PUMA will capitalize on the many opportunities in the Golf category and upside potential ahead of us."

Jochen Zeitz, Chairman and CEO, PUMA AG

2010 also introduced golfing phenomenon Lexi Thompson to PUMA's stable of athletes. Lexi is poised to become one of the hottest young female players on the circuit. In the same vein, PUMA continued to promote its partnership with recently named Rookie of the Year, Rickie Fowler, incorporating him into brand campaigns and marketing communications to support the category.

With the acquisition of Cobra, we have added the muscle that we needed in order to boost growth in our PUMA Golf business and we will continue to boost our mark in a sport that has long been perceived as too traditional for cutting-edge fashion. Only in November we made sure that golf enthusiasts would enjoy a winter white holiday season with the launch of Cobra Golf's new Limited Edition ZL Driver, an all-white model loaded with the company's latest technology and an upgraded premium shaft. As with the original ZL Driver, the Limited Edition ZL Driver features an optimized, traditional club-head shape that maximizes distance, accuracy and forgiveness.

SAILING

PUMA is setting sail again for the Volvo Ocean Race 2011-12. Following the PUMA Ocean Racing Team's second place finish in the Volvo Ocean Race 2008-2009 aboard the spectacular "il mostro" yacht, we did not want to miss out on the fun of the next around-the-world sailing adventure. The sailing marathon will take the crew from Spain in October 2011 to Ireland in July 2012, via ten countries on five continents. PUMA will continue to produce and expand its line of high-performance sailing gear to keep the PUMA Ocean Racing Team dry and warm on their 39,000 mile voyage. A full-scale, global marketing communications plan will help amplify PUMA's race entry to a world-wide audience. PUMA has also been named the supplier of the official VOR merchandise products. As you can imagine, much of the preparatory work to launch the massive PUMA Ocean Racing campaign began in 2010.

Last year, PUMA announced a strategic partnership with BERG Propulsion for the 2011-2012 race, one of the world's leading designers and producers of commercial shipping propellers. PUMA Ocean Racing also announced the return of Skipper Ken Read to the team, and began to complete the crew, bringing in veteran sailors, fresh talents and a number of crew members who sailed for PUMA in VOR 2008-2009. Meanwhile, the PUMA Retail Events division has been hard at work developing the next generation PUMA City, which will serve as a pop-up retail unit, experiential marketing and hospitality space during the race stopovers.

PUMA's eye-catching yacht "il mostro" was spectacular in the previous race, and as a brand known for setting the bar continuously higher, a sensational new boat is already in development. We announced the lead boat designer, Juan Kouyoumdjian, earlier in 2010. We're hoping to draw on his past successes, as he has a perfect record in the Volvo Ocean Race, credited with designing the 2006 and 2009 winning boats. On the product side, in 2010 PUMA continued to develop the Sailing Performance and Lifestyle ranges, striving for increased market share.

"We are proud of PUMA Ocean Racing's success in the last Volvo Ocean Race and look forward to the adventures this next race will bring."

Jochen Zeitz, Chairman and CEO, PUMA AG

The Volvo Ocean Race 2011-2012 could indeed be another success for PUMA. Together, the management and sailing team for PUMA Ocean Racing shares a level of success difficult to match – with 20 Volvo Ocean Race entries and 14 America's Cup editions amongst the team.

FITNESS

In 2010 we stepped our way into the Resistance Walking category for the first time with the launch of the PUMA BodyTrain footwear collection. PUMA's BodyTrain shoes activate leg muscles up to 18% more than leading competitors, mimic natural movement and are extremely lightweight for a more comfortable wear. The shoes are offered in a variety of silhouettes, materials and colors to give women options when choosing their walking shoes.

We enlisted researchers from Chemnitz University of Technology's Human Locomotion Department to conduct a study comparing kinetics and muscle activity while standing and walking between the PUMA BodyTrain, traditional walking shoes and several of the Resistance Walking category competitors. The results showed that the new PUMA BodyTrain shoe increased muscle activation up to 11% more than a traditional walking shoe and up to 18% more than some of the leading Resistance Walking competitors.

The PUMA BodyTrain wins in the weight class, as well—weighing up to 279 grams less than most of its competitors. Lightweight shoes means less stress on joints, a more natural feel on the foot and a longer, more comfortable wear.

Slim silhouettes, casual lifestyle uppers and vibrant colourways make the PUMA BodyTrain smart additions to the style conscious wardrobe.

All of the BodyTrain styles incorporate PUMA's innovative BioRide™ technology. BioRide™ is built around three components: Rocker, Flex and Groove. The rocker-shaped sole provides a smooth touch down for the foot and helps propel the foot from heel to toe during a stride. Flex grooves throughout the sole allow the foot to move naturally, as it does when barefoot. Finally, the lateral groove that runs from toe to heel and bisects the sole provides the wearer with natural stability, helping to redistribute the weight evenly across the foot-bed.

"PUMA's BodyTrain has been in development for several years. While we weren't the first to the market, we've taken time to really develop the technology behind our Resistance Walking footwear and bring it to the next level. We also have a style story to tell."

Melody Harris-Jensbach, Deputy Chief Executive Officer, PUMA

LIFESTYLE

It goes without saying that in a World Cup year PUMA's lifestyle collections are inspired by football. We again lived up to our reputation of successfully fusing sport performance with lifestyle. The unique mix was perfectly expressed in our PUMA Africa Lifestyle collection through the work of one of the world's most sought-after artists, Kehinde Wiley.

Kehinde Wiley is known for his paintings of contemporary urban African American men in poses taken from the annals of art history and for his distinctive use of elaborate and colorful wallpaper-like backgrounds. His style perfectly complemented the vibrant culture of modern Africa and made every piece of footwear, apparel and accessories in the PUMA collection an instant classic.

To herald the start of a World Cup year and to celebrate PUMA's long-standing partnership with African football, Wiley created four original works of art inspired by three of football's most decorated players. PUMA-sponsored football stars, Samuel Eto'o of Cameroon, John Mensah of Ghana and Emmanuel Eboué of Ivory Coast, sat for Wiley as he painted three individual portraits of each player wearing their national team kits. A fourth 'Unity' Portrait was painted with all three players together, symbolizing the united countries of Africa. The players' pose was inspired by a pendant Wiley discovered while touring the Continent. In the 'Unity' Portrait, the players are wearing the PUMA Unity Kit, a limited edition uniform designed to be a third kit shared by all African teams, symbolizing unity.

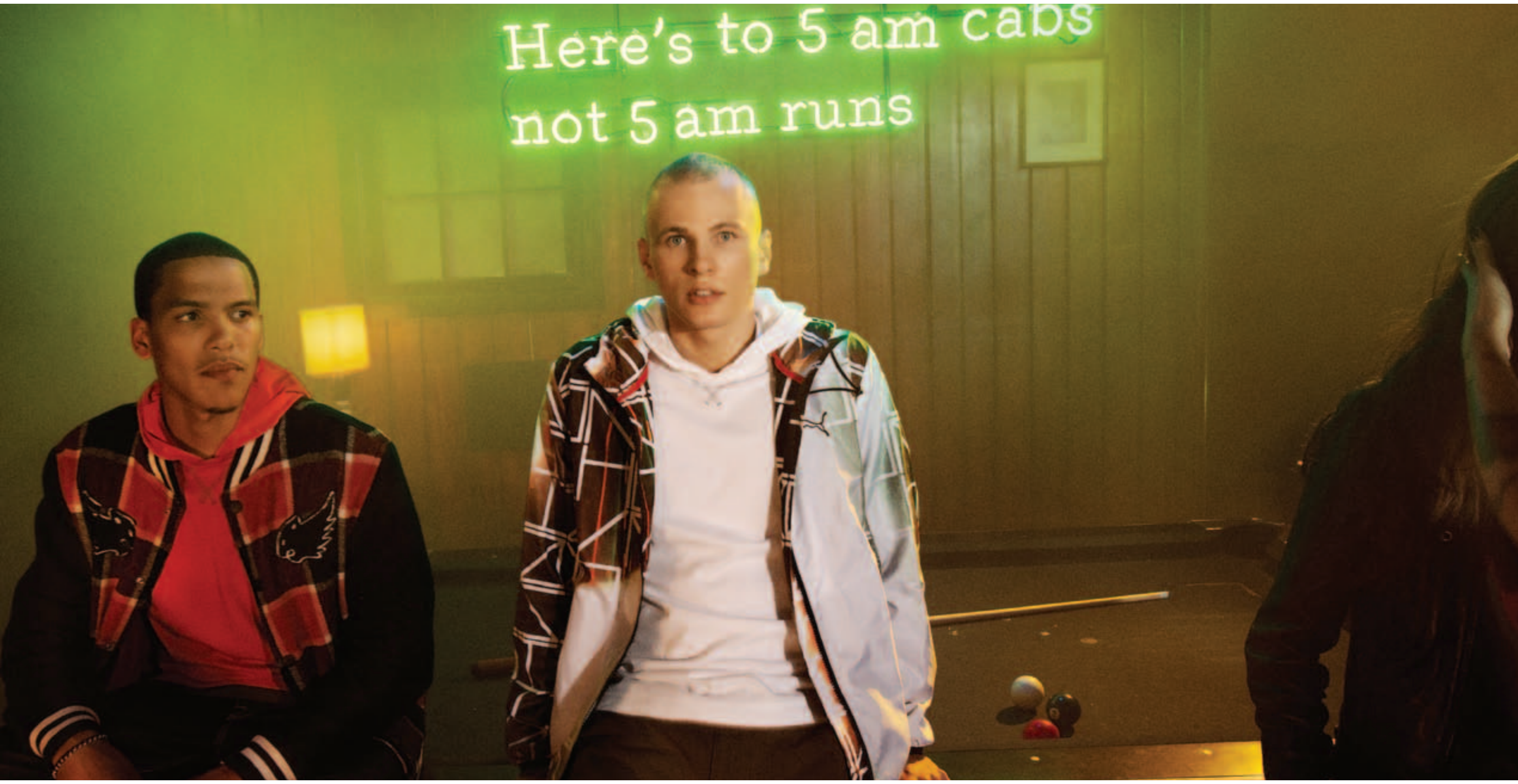
"Kehinde Wiley's keen eye for design, color and composition, played out in his signature prints, have truly shaped PUMA's Africa lifestyle collection and brilliantly captured the spirit and passion of Africa."

Antonio Bertone, Chief Marketing Officer, PUMA

'Business before pleasure', we thought. So after we had worked hard at the World Cup in South Africa, we wanted to bring the party to the playing field with the launch of 'PUMA Social', a campaign targeting the after-hours athlete.

"The campaign shuns the serious nature of organized sports and celebrates social sports that are timeless and authentic."

Antonio Bertone, Chief Marketing Officer, PUMA



PUMA Social is about a distinct lifestyle with other sporty activities in mind. Products that were incorporated under the PUMA Social theme and featured in advertisements included iconic styles such as PUMA Suede and the T7 Track Jacket. PUMA will also introduce a line of accessories that includes T-shirts, ping pong paddles and a ping pong kit that turns any table into a ping pong table.


SOME MARATHONS
END AT 6 AM
KDO NESPÍ NEZASPÍ

The Year 2010

PUMA is back on the attack! In the past financial year 2010, PUMA achieved a new record high in sales and succeeded in increasing profitability accordingly. Hence, PUMA has successfully overcome the economic crisis and has laid the basis for achieving the growth targets defined for the coming years.

The football World Cup on the African continent, where PUMA sponsored seven of the participating teams, of which four were African teams, proved to be a particular highlight for the PUMA brand in 2010. Furthermore, the Company celebrated the extension of the sponsoring agreement with Usain Bolt, and also witnessed Sebastian Vettel being crowned as the youngest world champion in the history of Formula One. Sebastian Vettel belongs to the Red Bull racing team, which is sponsored by PUMA. In addition to these sporting highlights, PUMA set new standards in the field of sustainability in 2010 through the introduction of a revolutionary new packing system, „Clever Little Bag".

Currency-adjusted, global brand sales increased by 3.1% to nearly € 2.9 billion in financial year 2010. Currency-adjusted consolidated sales rose by 3.6%, while consolidated sales based on the euro reporting currency saw a 10.6 % double-digit increase to over € 2.7 billion. The stable sales growth trend reported until 2008 was thus successfully continued. The gross profit margin decreased slightly to 49.7%, which means that PUMA continues to maintain its position in the upper echelons of the sporting goods industry. The cost reduction, reorganization and process optimization measures that had already been initiated by Management in the previous year were continued in 2010. However, one-off expenses in the amount of € 31.0 million, which concern the detection of fraudulent activities at a subsidiary in Greece, were incurred in the reporting year. Furthermore, the comparative figures stated in the consolidated financial statements as of December 31, 2009 required a restatement.

Including the above-mentioned special items, the operating profit (EBIT) of € 146.4 million more than doubled to € 306.8 million, and earnings per share stood at € 13.45, compared to € 5.28 in the previous year.

PUMA's expansion strategy was successfully continued in 2010 by means of acquisition of the „Cobra Golf" brand, which completed the product range within the „golf" category. Within the scope of its sustainability strategy, PUMA acquired a 20.1% stake in Wilderness Holdings Ltd., a company dedicated to responsible eco-tourism and nature conservation.

The price of the PUMA share was € 248.00 at the end of the year and it increased by 7.0% year-on-year, which resulted in market capitalization of approximately € 3.7 billion.

General Economic Conditions

According to an analysis performed by the Institute of the World Economy in Kiel dated December 16, 2010, the global economy continued to expand in 2010. The robust upturn, which had been noticed in the middle of 2009, has meanwhile given way to a phase of moderate expansion. However, economic experts consider the current economic slowdown to be a result of the phasing-out of temporary stimuli, such as fiscal stimulus measures, rather than viewed as a relapse into a recessive market mood. Moreover, fiscal policy cannot provide further impetus to the economy due to the increase in budget deficits reported in many industrialized countries and emerging markets as a result of expansive monetary policies. Despite slowing economic expansion, overall business production continues on an upward trend, although at various levels in the individual economic areas. While emerging markets are again attaining the growth trend that they had achieved before the crisis began, production levels reported in the industrialized countries are below the level achieved before the crisis. Economic recovery is noticeably slower in countries that were hit hard by the real estate and banking crisis, in particular. In all, projections concerning global gross domestic product („GDP") growth for the year 2010 were, at 4.8%, almost at the level achieved before the financial crisis.

In the past year, the sporting goods industry also recovered slightly from consumers' reluctance to spend, which was due to the financial crisis. In particular, the World Cup in South Africa and the Olympic Winter Games in Vancouver, which were major sporting events, contributed to the industry's sales growth. As a result of the above and due to cost reduction and restructuring measures introduced throughout the industry in 2009, many companies succeeded in improving their earnings.

PUMA particularly capitalized on the World Cup in South Africa, in order to further increase its growth and brand awareness. Owing to strong ties with African football and as the sponsor of seven teams participating in the World Cup, of which four were African teams, PUMA had a genuine home field advantage and succeeded in stabilizing the Company's clear position as one of the three leading football brands. Furthermore, 2010 was one of the most successful years in the motorsport category for PUMA. With Sebastian Vettel being crowned as the youngest-ever Formula One champion, the Red Bull Racing Team supplied by PUMA wrote a hitherto unprecedented chapter in the history of motor sport. In addition, PUMA successfully continued its expansion strategy in 2010 through acquisition of the „Cobra Golf" brand and further strengthened the „Sport Performance" segment. Through this acquisition, PUMA benefits from the multiple possibilities and opportunities offered by the golf sport segment, and further expands its successful „Golf" product category since, for the first time, golf clubs now supplement the product range in addition to footwear, apparel and accessories.

Strategy

PUMA aims to be the most desirable and sustainable sportlifestyle company in the world. PUMA is positioned as a sportlifestyle brand that successfully combines sports and lifestyle influences, and which strives to contribute to a better world on a sustainable basis. In October 2010, Management presented a new five-year strategy that is aligned to the above-mentioned long-term objective. „Back on the Attack" is an appropriate name for this strategy. The strategy is aimed at unlocking long-term sales potential of € 4 billion by 2015, at sustainably improving shareholder value and, last, but not least, at achieving the Company's ambitious sustainability targets respecting environmental and social issues.

Following PUMA's expansion in five new categories as well as ten new markets during phase IV, and after having acquired Cobra Golf and Brandon with a view to strengthening the golf and merchandising business, the focus in the next five years will be on further expanding the current portfolio in existing markets. Acquisitions that can contribute to strengthening the Company's core business will continue to be a permanent component of our expansion strategy. The strategic priorities of the „Back on the Attack" strategy can be summed up in the following six key points, for which clear objectives and action plans have been defined in each case:

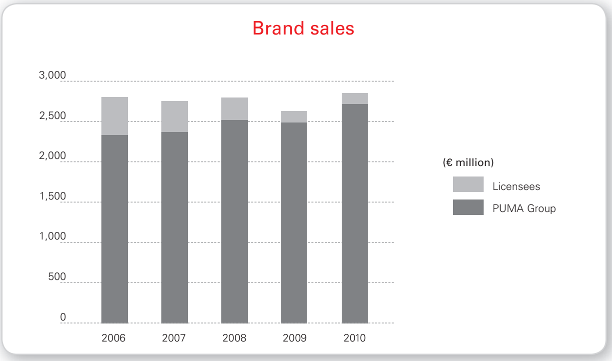
1. Optimization of organizational and business processes.
2. Transformation of the traditional business model.
3. Strengthening brand desirability.
4. Development of new product innovations.
5. Focusing on growth within the emerging markets and channels.
6. Additional growth through acquisitions.

Business Development

Sales

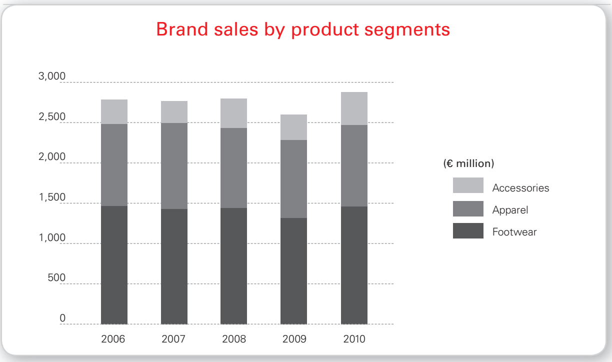
Brand Sales

Worldwide brand sales comprised of consolidated and license sales increased by 3.1% to € 2,862.1 million in financial year 2010 after currency adjustments. Taking the reporting currency (euro) as a basis, brand sales were up by 9.8% in comparison to the previous year.

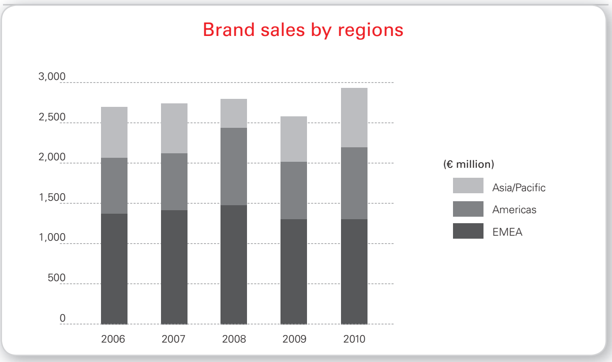


Footwear sales increased by 0.2% currency-adjusted to € 1,446.4 million, and Apparel sales rose by 3.5% to € 1,017.2 million. Accessories posted a 14.3% increase to € 398.5 million.

Footwear accounted for 50.5% (52.0%) of brand sales, Apparel for 35.5% (35.3%), and Accessories contributed 13.9% (12.7%) to brand sales.

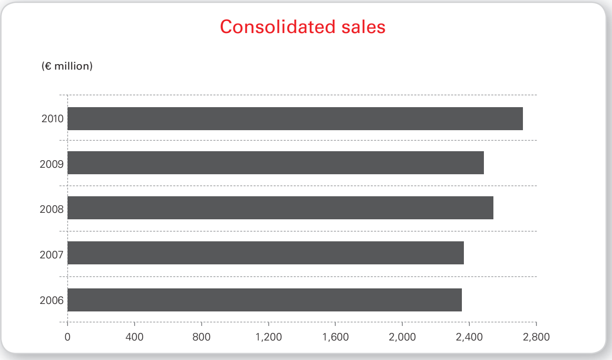


Classified according to regions, brand sales are distributed as follows: EMEA 44.8% (49.3%), Americas 32.7% (28.2%) and Asia/Pacific 22.5% (22.6%).



Consolidated Sales

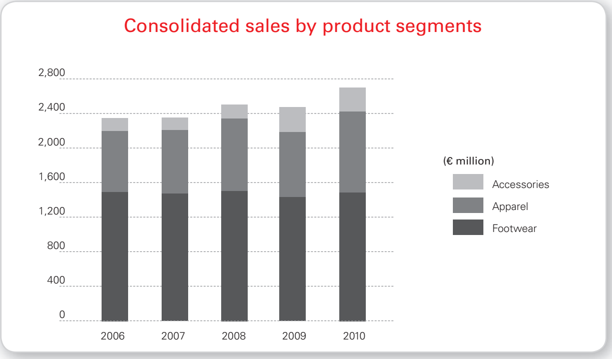
Consolidated sales increased by 3.6% currency-adjusted to € 2,706.4 million in financial year 2010. Expressed in the reporting currency, euro, this increase corresponds to a double-digit growth rate of 10.6% compared to the previous year. As a result, sales exceeded the threshold of € 2.7 billion for the first time and, following the decline in sales reported in 2009 due to the financial crisis, returned to the long-term growth trend experienced in the past 16 years.



The **Footwear** segment posted an increase in sales by 1.1% currency-adjusted to € 1,424.8 million. The share in consolidated sales stood at 52.6% compared to 54.0% in the previous year.

Sales in the **Apparel** segment rose by 3.8% currency-adjusted to € 941.3 million. The share in consolidated sales increased to 34.8% compared to 34.6% in the previous year.

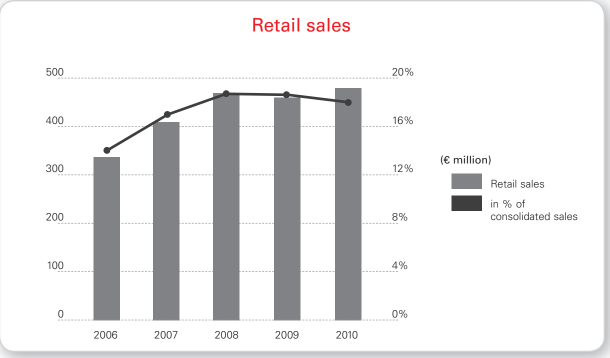
Sales in the **Accessories** segment were up 14.9% currency-adjusted to € 340.3 million, which, among other things, is attributable to expansion of the consolidated group as a result of the acquisition of Cobra Golf. As a consequence, the share of the Accessories segment in consolidated sales increased to 12.6% compared to 11.4% in the previous year.



Retail Operations

In addition to PUMA stores, the Company's own retail operations also include factory outlets and online sales. This ensures regional availability as well as controlled sales of PUMA products. Sales from the Company's own retail operations increased by 2.6% to € 470.1 million in financial year 2010. The share in consolidated sales stands at 17.4%. It is worth noting that the increase in sales revenues generated from the retail business in 2010 was achieved with a lower number of operating retail stores than in 2009. This is attributable, in particular, to the measures outlined in the restructuring program that was initiated in the previous year.

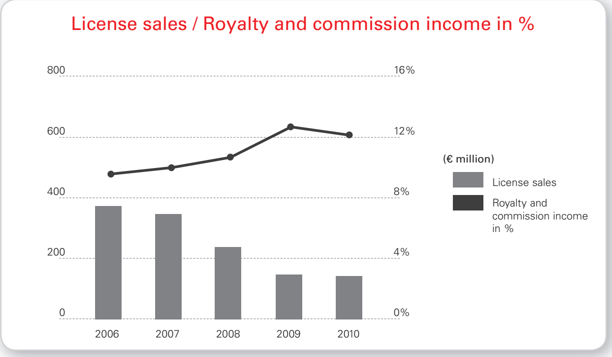
The Company's own retail operations will continue to be an important pillar and element of the brand strategy in the future since close proximity to consumers leads to more rapid product development and product launching. In addition, innovative products can be presented in a brand-oriented environment thereby ensuring a unique brand experience.



License Business

PUMA licenses out various product segments (e.g. watches, fragrances, and eyewear) to independent partners who are responsible for the design, development and sale of these products. The licensing business was expanded in financial year 2010 to include the cell phone product segment. License sales also include sales from a number of distribution licenses for various markets.

License sales decreased slightly by 4.4% currency-adjusted to € 155.7 million in 2010.



License and commission income amounted to € 19.1 million in the 2010 financial year compared to € 20.6 million in the previous year. This corresponds to 12.3% of the license sales compared to 12.8% in the previous year.

Result of Operations

Income Statement	2010		2009*		
	€ million	%	€ million	%	+/- %
Sales	**2,706.4**	100.0%	**2,447.3**	100.0%	**10.6%**
Cost of sales	-1.361.6	-50.3%	-1,204.2	-49.2%	13.1%
Gross profit	**1,344.8**	49.7%	**1,243.1**	50.8%	**8.2%**
Royalty and commission income	19.1	0.7%	20.6	0.8%	-7.3%
Other operating income and expenses	-1,026.1	-37.9%	-964.0	-39.4%	6.4%
Operational result before special items	337.8	12.5%	299.7	12.2%	12.7%
Special items	-31.0	-1.1%	-153.3	-6.3%	
EBIT	306.8	11.3%	146.4	6.0%	109.6%
Financial result	-5.3	-0.2%	-8.0	-0.3%	
EBT	301.5	11.1%	138.4	5.7%	117.8%
Taxes on income	-99.3	-3.7%	-61.1	-2.5%	62.5%
Tax rate	-32.9%		-44.1%		
Net earnings attributable to minority interest	0.0	0.0%	-2.3	-0.1%	
Net earnings	**202.2**	7.5%	**79.6**	3.3%	**154.0%**
Weighted average shares outstanding (million)	15.031		15.082		-0.3%
Weighted average shares outstanding, diluted (million)	15.123		15.092		0.2%
Earnings per share in €	13.45		5.28		154.9%
Earnings per share, diluted in €	13.37		5.27		153.5%

***** *adjusted comparable figures according to IAS 8, see chapter 3 in the notes to the consolidated financial statements*

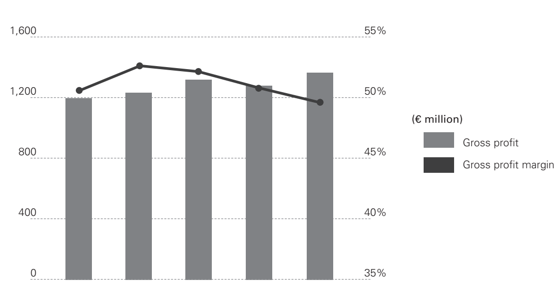
To facilitate transparency in the presentation of business development, the above table and following explanatory comments present special items relating to one-off expenses in a separate line - in contrast to the presentation in the consolidated income statement - since the operational result before special items reflects the Company's earnings power more accurately. One-off expenses amounting to € 31.0 million and € 25.5 million, respectively, incurred in 2010 and in 2009 concern the discovery of fraudulent activities at a subsidiary in Greece. The remaining special items in 2009 continue to concern one-off expenses relating to structural measures.

Gross Profit Margin at a High Level

The gross profit margin dropped by 110 basis points to 49.7% in financial year 2010 but continues to be among the upper echelons of the sporting goods industry. The decline in the margin is attributable, in particular, to the changed regional mix, a slight increase in procurement costs and unfavorable 2010 hedging positions as compared to 2009.

In absolute figures, however, the gross profit margin increased from € 1,243.1 million to € 1,344.8 million, or by 8.2%. Classified according to product segments, the gross profit margin for Footwear was 48.9% compared to 49.8% in the previous year. The gross profit margin for Apparel decreased from 51.3% to 50.6%. With respect to Accessories, the gross profit margin decreased from 54.1% to 50.6%, which is attributable to the start-up phase following the acquisition of Cobra Golf.

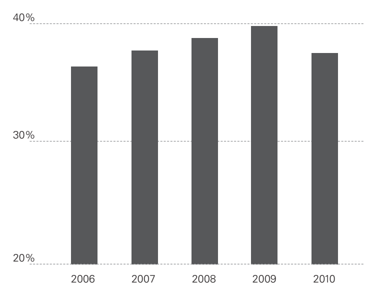
Gross profit / Gross profit margin



Other Operating Income and Expenses

Other operating expenses before special items rose, although proportionately lower compared to the growth of sales, by 6.4% to € 1,026.1 million in financial year 2010. As a percentage of sales, the Company still succeeded in reducing the cost ratio to 37.9%, compared to 39.4% in the previous year. This is due to the cost reduction measures already implemented in 2009.

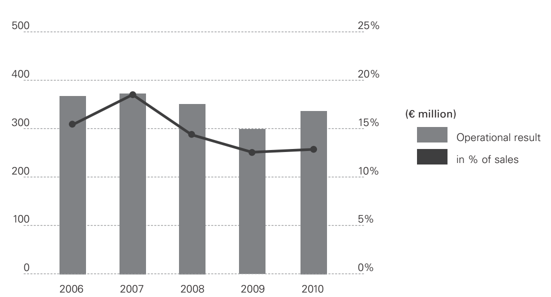
Operating expenses in % of consolidated sales



Within the overall selling expenses, expenses relating to marketing/retail remained almost unchanged at € 501.3 million. However, the corresponding cost ratio dropped significantly from 20.5% to 18.5% of sales. Owing to the rise in sales revenues and expansion of the consolidated group, other selling expenses increased by 12.6% to € 348.8 million, or from 12.7% to 12.9% as a percentage of sales. Expenses for product development and design increased from € 58.1 million to € 63.6 million, or decreased slightly from 2.4% to 2.3% as a percentage of sales. Administration and general expenses increased by 11.9% to € 147.9 million, which is mainly attributable to acquisitions as well as currency effects. As a result, the cost ratio increased slightly from 5.4% to 5.5% of sales. Furthermore operating income amounted to € 35.5 million (previous year: € 35.7 million).
Depreciation totaling € 55.2 million was recorded in the respective cost categories. Compared to the previous year, this corresponds to an 8.4% decrease.

Operating profit before special items increased by 12.7% to € 337.8 million compared to € 299.7 million in the previous year. As a percentage of sales, this corresponds to an operating margin of 12.5% compared to 12.2% in the previous year.

Operational result before special items



Special Items

The discovery of irregularities at a subsidiary in Greece resulted in one-off expenses of € 31.0 million impacting the operating result in financial year 2010, and requiring the comparative figures stated in the consolidated financial statements as of December 31, 2009 to be restated (cf. Section 3 in the Notes to the consolidated financial statements). As a result, the retained earnings as at December 31, 2009 decreased by € 106.5 million. After reviewing and rectifying the matter, Management expects no further one-off expenses in this connection.

Including the special items, the operating profit (EBIT) generated in financial year 2010 more than doubled to € 306.8 million compared to the previous year. This corresponds to 11.3% as a percentage of sales.

Financial Result

Following PUMA's acquisition of a 20.1% stake in Wilderness Holdings Ltd., a company dedicated to responsible ecotourism and nature conservation, the financial result for 2010 are included for the first time with (€ 1.8 million) from an associated company.
The total financial result amounted to € -5.3 million, compared to € -8.0 million in the previous year.
The financial result includes interest income in the amount of € 4.4 million (previous year: € 3.8 million), as well as interest expenses in the amount of € 5.9 million (previous year: € 6.6 million). The financial result also includes expenses relating to accumulated interest from long-term purchase price liabilities for corporate acquisitions in the amount of € 4.3 million (previous year: € 4.1 million), as well as expenses in the amount of € 1.3 million (previous year: € 1.1 million) stemming from the valuation of pensions plans.

Earnings before Taxes

Compared to the previous year, earnings before taxes (EBT) increased considerably from € 138.4 million to € 301.5 million, or from 5.7% to 11.1% as a percentage of sales. This improvement is particularly attributable to the increase in sales revenues, the achieving of cost reductions on the back of restructuring measures that were implemented in the past year and to a drop in one-off expenses.

Tax expenses increased from € 61.1 million to € 99.3 million. The tax rate in the 2010 financial was at 32.9%. In the previous year the tax rate stood at 44.1% due to one-off expenses that could not be claimed as tax-deductibles.

Consolidated Net Earnings

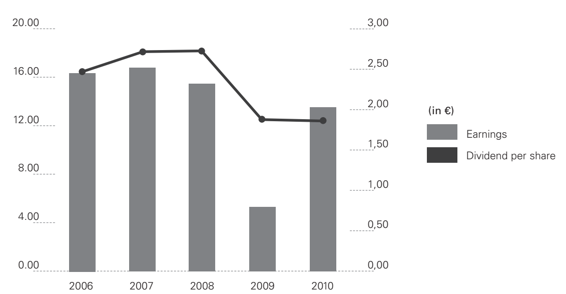
Consolidated net earnings in the 2010 financial year totaled € 202.2 million, compared to € 79.6 million in the previous year. The net rate of return improved significantly to 7.5%, compared to 3.3% in the previous year.

Earnings per share increased from € 5.28 to € 13.45, while diluted earnings per share rose from € 5.27 to € 13.37.

Dividend

The Board of Management and the Supervisory Board will propose to the Annual General Meeting on April 14, 2011 that a dividend in the amount of € 1.80 per share (the same as in the previous year) be paid out for financial year 2010 from the retained earnings of PUMA AG. The unchanged dividend corresponds to the improvement in the consolidated result, while accounting for the special items that burden the capital base and concern our subsidiary in Greece. However, as a percentage of consolidated net earnings, the dividend pay-out rate decreased from 34.1% to 13.3%, which is attributable to the correction of the 2009 consolidated financial statements. The dividend is to be paid out on the day after the Annual General Meeting when the profit distribution is authorized.

Earnings / Dividend per share

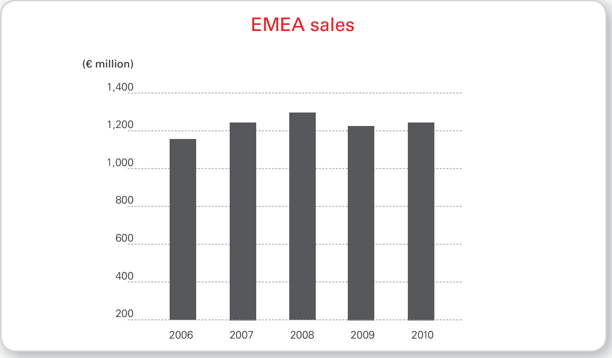


Regional Development

Sales in the **EMEA** region dropped by 2.5% currency-adjusted to € 1,221.7 million. However, based on the euro reporting currency, sales increased by 1.5% compared to the previous year. The share of the EMEA region in consolidated sales amounted to 45.1% compared to 49.2% in the previous year.

By product segments, Footwear sales decreased by 9.1% currency-adjusted. By contrast, Apparel sales increased by 2.1% currency-adjusted, and Accessories sales by 9.9%.

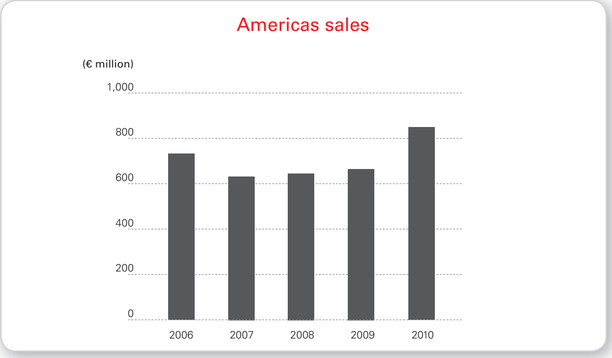
The gross profit margin stood at 50.6% compared to 52.2% in the previous year.



The **Americas** region posted an increase in currency-adjusted sales by 20.0% to € 855.9 million. A major portion of the rise in sales was generated in the Latin America region. This resulted in an increase in the share in consolidated sales from 27.2% to 31.6%.

Footwear sales were up by 16.8% currency-adjusted, and Apparel sales recorded a 21.8% increase. Accessories sales rose by 53.5%, which is due, in particular, to the acquisition of Cobra Golf.

The gross profit margin amounted to 46.6% compared to 48.2% in the previous year.

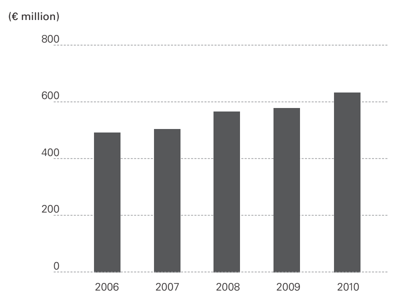


Sales in the **Asia/Pacific** region dropped slightly by 2.6% curreny-adjusted to € 628.8 million. However, based on the euro reporting currency, sales in the Asia/Pacific region increased by 8.8% compared to the previous year. The share in consolidated sales amounted to 23.2% compared to 23.6% in the previous year.

Footwear sales decreased by 6.1% currency-adjusted and Apparel sales by 1.9%, while Accessories sales reflected a 5.4% increase.

The gross profit margin improved from 50.8% to 52.0%.

Asia/Pacific sales



Net Assets and Financial Position

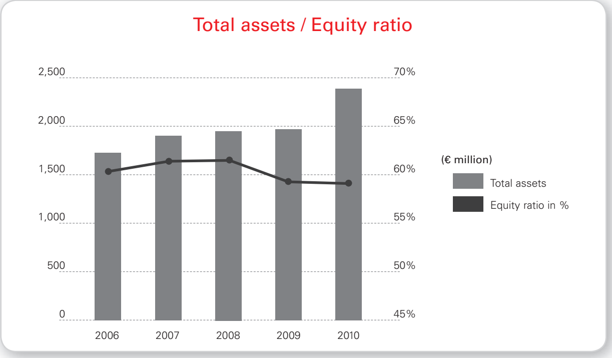
Balance Sheet	2010		2009*		
	€ million	%	€ million	%	+/- %
Cash and cash equivalents	479.6	20.3%	485.6	25.2%	-1.2%
Inventories	439.7	18.6%	344.4	17.9%	27.7%
Trade receivables	447.0	18.9%	347.4	18.0%	28.7%
Other current assets (Working Capital)	177.6	7.5%	115.1	6.0%	54.3%
Other current assets	3.3	0.1%	1.7	0.1%	94.1%
Current assets	**1,547.2**	65.4%	**1,294.2**	67.2%	19.5%
Deferred taxes	96.5	4.1%	64.8	3.4%	48.9%
Other non-current assets	722.9	30.5%	566.0	29.4%	27.7%
Non-current assets	**819.4**	34.6%	**630.8**	32.8%	29.9%
Total assets	**2,366.6**	100.0%	**1,925.0**	100.0%	22.9%
Current bank liabilities	42.8	1.8%	48.3	2.5%	-11.4%
Trade liabilities	344.3	14.5%	265.7	13.8%	29.6%
Other current liabilities (Working Capital)	315.5	13.3%	258.7	13.4%	22.0%
Other current liabilities	96.4	4.1%	54.8	2.8%	75.9%
Current liabilities	**799.0**	33.8%	**627.5**	32.6%	27.3%
Deferred taxes	50.7	2.1%	4.4	0.2%	1,055.7%
Pension provisions	26.1	1.1%	25.4	1.3%	2.8%
Other non-current liabilities	104.4	4.4%	134.4	7.0%	-22.3%
Non-current liabilities	**181.2**	7.7%	**164.2**	8.5%	10.4%
Shareholders' equity	**1,386.4**	58.6%	**1,133.3**	58.9%	22.3%
Total liabilites and shareholders' equity	**2,366.6**	100.0%	**1,925.0**	100.0%	22.9%
Working Capital	**404.5**		**323.2**		25.2%
- in % of consolidated sales	14.9%		13.2%		

*** adjusted comparable figures according to IAS 8, see chapter 3 in the notes to the consolidated financial statements***

Equity Ratio

Total assets as of December 31, 2010 increased by 22.9%, rising from € 1,925.0 million to € 2,366.6 million; this is due, in particular, to the increase in inventories and trade receivables (partly currency-related) and expansion of the consolidated group.

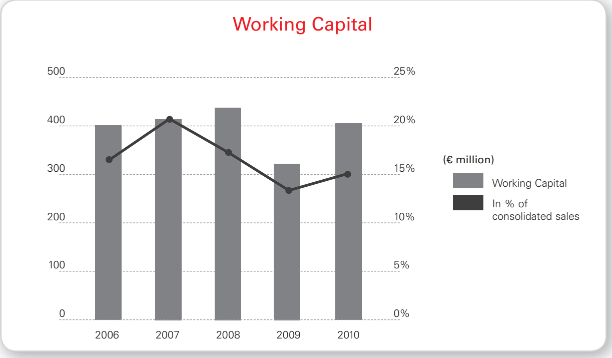
Owing to a significant rise in total assets, the equity ratio dropped slightly from 58.9% to 58.6% in comparison to the previous year. However, in absolute figures, shareholders' equity increased by 22.3% to € 1,386.4 million compared to € 1,133.3 million in the previous year. As in previous years, PUMA continues to have extremely solid capital resources.



Working Capital

Working capital increased by 25.2%, rising from € 323.2 million to € 404.5 million. This increase is due, in particular, to currency-related effects and to expansion of the consolidated group. As a percentage of sales, this corresponds to a slight increase from 13.2% to 14.9%.

The rise in working capital is mainly attributable to the increase in inventories by 27.7% to € 439.7 million and an increase in trade receivables by 28.7% to € 447.0 million. The rise in short-term assets was partly offset by an increase in trade payables by 29.6% to € 344.3 million.



Other Assets

Other current assets rose from € 115.1 million to € 177.6 million, which is due to an increase in income tax receivables and other factors. Non-current assets, which are mainly comprised of intangible assets and property, plant and equipment, increased by 27.7% to € 722.9 million. This increase resulted mainly from the acquisition of Cobra Golf and an equity investment in the associated company, Wilderness Holdings Ltd. Other current liabilities rose from € 258.7 million to € 315.5 million, which was in large part due to an increase in tax provisions. Other non-current liabilities mainly comprises the liabilities from acquisitions, the decrease from € 134.4 million to € 104.4 million is mainly attributable to a shift of the maturity structure.

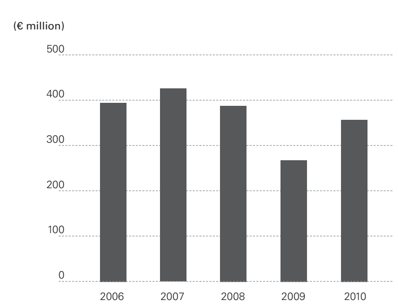
Cashflow

Cashflow Statement	2010 € million	2009* € million	+/- %
EBT	301.5	138.4	117.8%
Non cash effected expenses and income	56.9	140.1	-59.4%
Gross cashflow	**358.4**	**278.5**	**28.7%**
Change in current assets, net	-97.0	116.8	-183.0%
Taxes and other interest payments	-92.0	-91.4	0.6%
Net cash from operating activities	**169.4**	**303.9**	**-44.3%**
Payment for acquisitions	-108.4	-81.8	32.5%
Other investing activities	-43.9	-54.8	-19.9%
Net cash used in investing activities	**-152.3**	**-136.6**	**11.5%**
Free cashflow	**17.1**	**167.3**	**-89.8%**
Free cashflow (before acquisitions)	**125.5**	**249.1**	**-49.6%**
- in % of consolidated sales	4.6%	10.2%	-
Net cash used in financing activities	**-54.2**	**-57.9**	**-6.4%**
Effect on exchange rates on cash	31.1	1.2	2.491.7%
Change in cash and cash equivalents	-6.0	110.6	-105.4%
Cash and cash equivalents at beginning of the financial year	485.6	375.0	29.5%
Cash and cash equivalents at year-end	**479.6**	**485.6**	**-1.2%**

** adjusted comparable figures according to IAS 8. see chapter 3 in the notes to the consolidated financial statements*

The gross cashflow rose by 28.7% to € 358.4 million in financial year 2010, which is due, in particular, to the increase in earnings before taxes (EBT).

Gross cashflow



The change in net current assets reflects a net cash outflow of € 97.0 million in 2010, compared to a net cash inflow of € 116.8 million reported in the previous year. This is mainly due to the increases in inventories and trade receivables.

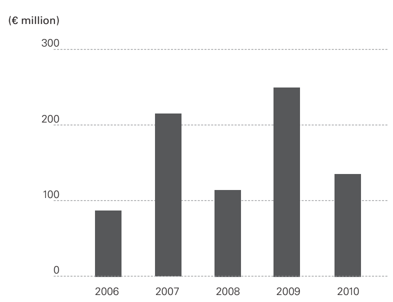
Taxes, interest and other payments accounted for total cash outflows of € 92.0 million in 2010 compared to € 91.4 million in the previous year. Tax payments included in the cash outflow increased from € 84.8 million to € 86.1 million.

In all, cash provided by operating activity stood at € 169.4 million, compared to € 303.9 million in the previous year.

Net cash used for investing activities increased from € 136.6 million to € 152.3 million. This increase is mainly attributable to an increase in payments for acquisitions, which rose by 32.5% from € 81.8 million in the previous year to € 108.4 million in the year under review. Also included are current investments in fixed assets which total € 55.2 million compared to € 54.5 million in the previous year.

As a result, the „free cashflow“ dropped from € 167.3 million to € 17.1 million. Excluding the payments made for acquisitions in 2010, the free cashflow fell from € 249.1 million to € 125.5 million. As a percentage of sales, free cashflow (before acquisitions) amounted to 4.6%, compared to 10.2% in the previous year.

Free cashflow (before acquisitions)



Net cash used for financing activities mainly includes dividend payments of € 27.1 million and investments relating to the purchase of treasury shares in the amount of € 23.4 million.

Cash and cash equivalents remained almost unchanged at € 479.6 million compared to € 485.6 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 the cashflow and gross investment base.

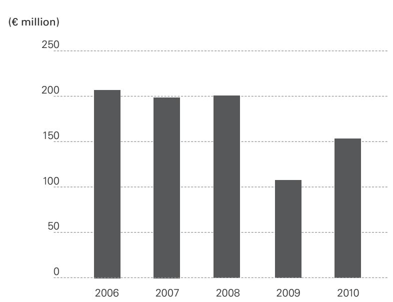
The gross investment base is the total amount of available financial resources and assets before accumulated depreciation and amortization. The gross cashflow results from consolidated net income (excluding special items), adjusted for depreciation/amortization and interest expense.

The cashflow return on investment (CFROI) increased from 14.9% in the previous year to 15.6% in financial year 2010.

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

Taking into account the cost of capital of 7.1% (previous year: 7.8%), the absolute value contribution increased from € 112.5 million to € 156.7 million, or by 39.3%.

Absolute value contribution



Calculation of Weighted Average Capital Costs (WACC)	2010	2009*	2008	2007	2006[1]
Calculation					
Riskfree interest rate	3.1%	3.8%	4.0%	4.3%	3.6%
Market premium	5.0%	5.0%	5.0%	5.0%	5.0%
Beta (M-DAX. 24 Month)	0.92	0.92	0.97	0.97	1.02
Cost of stockholders equity	**7.7%**	**8.4%**	**8.9%**	**9.1%**	**8.7%**
Riskfree interest rate	3.1%	3.8%	4.0%	4.3%	3.6%
Credit risk premium	2.0%	3.0%	2.3%	1.3%	1.5%
Tax shield	32.9%	44.1%	29.0%	29.0%	28.9%
Cost of liabilities after tax	**3.4%**	**3.8%**	**4.5%**	**3.9%**	**3.6%**
Calculation					
Market Capitalization	3,715.3	3,496.7	2,116.1	4,341.5	4,764.3
Share of equity	**87.8%**	**86.8%**	**79.1%**	**94.5%**	**95.0%**
Calculatetd liabilities	514.9	535.8	561.0	251.9	253.3
Share of liabilities	**12.2%**	**13.3%**	**21.0%**	**5.5%**	**5.0%**
WACC after tax	**7.1%**	**7.8%**	**8.0%**	**8.8%**	**8.4%**

[1] Reclassification interest expense from pensions from personnel costs to financial result
** adjusted comparable figures according to IAS 8, see notes to the consolidated financial statements*

Calculation of CFROI and CVA	2010 € million	2009* € million	2008 € million	2007 € million	2006[1] € million
Net earnings before attribution (without special items)	223.0	162.9	249.4	271.6	266.0
+ Depreciation and amortization	55.2	60.2	55.9	46.0	38.4
+ Interest expenses	11.5	11.8	10.8	10.7	9.6
Gross cashflow	**289.7**	**235.0**	**316.1**	**328.4**	**313.9**
Monetary assets	1,131.8	950.2	898.3	1,023.3	930.7
- Non interest-bearing liabilties	679.0	524.4	515.5	465.6	443.0
Net liquidity	452.8	425.8	382.8	557.7	487.7
+ Inventory	439.7	344.4	430.8	373.6	364.0
+ Fixed assets at prime cost	470.0	444.6	407.8	323.6	250.3
+ Intangible assets at prime cost	498.2	358.0	233.9	212.6	206.3
Gross investment basis	**1,860.7**	**1,572.8**	**1,455.3**	**1,467.5**	**1,308.3**
Cashflow return on investment (CFROI)	**15.6%**	**14.9%**	**21.7%**	**22.4%**	**24.0%**
CFROI - WACC	**8.4%**	**7.2%**	**13.7%**	**13.6%**	**15.5%**
Cash Value Added (CVA)	**156.7**	**112.5**	**200.0**	**198.9**	**203.4**

[1] Reclassification interest expense from pensions from personnel costs to financial result
** adjusted comparable figures according to IAS 8, see notes to the consolidated financial statements*

Product Development and Design

Product Philosophy & Strategy

In line with PUMA's updated Mission Statement, we are committed to create desirable products while delivering to our own ambitious sustainability objectives. That does not mean that we need to compromise on design or technical innovation in any way - it simply means that we gradually increase the share of alternative ingredients, or select less environmental harming processes to ultimately lower our environmental footprint.

We remain true to ourselves and continue to be the „DJ" who mixes the influences from Sport and Lifestyle in a unique way. This remains our product DNA, while we are clearly positioned in the Sportslifestyle market. Also, we continue to focus on the expansion of our existing business categories while remaining true to our 3 labeling segments: under the Sports Performance pillar (orange label) we accommodate Teamsport, Running, Training/Fitness, Sailing/Outdoor and Golf. Motorsport, Kids, Lifestyle and Fundamentals falls under Sport Lifestyle (red label), and our category Black Station will remain under Sport Fashion (black label).

In order to meet the needs of our target consumers, we need to understand how their habits, shopping behavior, living patterns, needs and tastes are impacted by technological, environmental and social changes. This is why PUMA invested in redefining our target consumers' profiles for each of our categories and label segments, so we can create the right type of product for our target audience.

In order to be able to deliver products closer to consumer trends, PUMA also continued its efforts to analyze its full supply chain and to review its process. As a result, we achieved shorter Go-To-Market timelines for our Performance as well as Lifestyle and Fashion products. In addition to that achievement, a dedicated Vertical Product Team focuses on creating tailored products for the special needs of our Key Accounts as well as our own PUMA Retail business.

In order to attune to our Regional and local market needs, we have dedicated design teams in Herzogenaurach/Germany, Boston/USA and London/UK. On top of that, Regional Merchandising teams give strategic guidance to what kind of products is relevant for the market. This global set-up allows us to develop iconic, desirable and culturally relevant products for our target consumer all over the world.

Product Development & Design

Following our product philosophy, we truly believe that we can make a difference by choosing alternatives to how to make products: from the first design ideas, over the materials we select, to the final production process. For example, we continued to make a social contribution to local cotton farmers in Africa by using their cotton for our t-shirts. On the environmental side, we increasingly take use of environmental materials such as organic cotton, or recycled polyester. And we prefer sourcing partner that use environmental friendlier production processes, such as bluesign certified factories.

PUMA also works together with external partners in order to learn more about sustainable materials, or the environmental impact from a full life cycle point of view. This gained knowledge does not only apply to products itself, but also to its packaging.
In cooperation with industry designer Yves Behar, PUMA launched the Clever Little Bag - an innovative packaging concept around a reusable bag that significantly reduces paper and our carbon footprint. In addition, we also introduced a biodegradable t-shirt bag and biodegradable carrier bags. The implementation will follow in the second half of 2011.

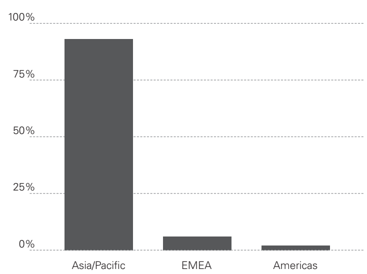
In addition to our existing fashion collaborations around McQueen, or Mihara, PUMA will look into further product collaborations in the area of Sustainability and to explore creative synergies deriving from the PPR group. The collaboration with our Creative Director, Hussein Chalayan, and his influence on our Urban Mobility collection resulted in many innovative products, which will help us to continue to set the standards for innovative design in the future.

Sourcing

Focus on Asia

The main focus of „World Cat", the Company's own sourcing organization, is on the Asian sourcing market which, compared to other procurement regions, continued to gain importance as the main procurement source. In this context, China and Vietnam are the main procurement sources in addition to Indonesia, Cambodia and Bangladesh. Regional procurement continues to play a greater role, in particular for South America. As a consequence, the procurement volume increased considerably in Brazil and Argentina. By these means, the Company can respond better to regional requirements. Product procurement is allocated to several, mostly long-standing business partners who, in turn, maintain several locally independent production facilities. In order to optimize workflows, manufacturers are integrated within the scope of strategic partnerships and a „strategic supplier concept".

Sourcing markets / Units



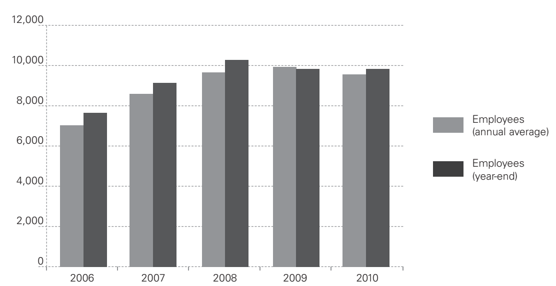
Employees

Number of Staff

On an **annual average**, the number of full-time employees worldwide in 2010 was 9,313 compared to 9,747 in the previous year.

Total personnel expenses rose from € 320.6 million to € 354.1 million, or by 10.5%. Average per capita expenses amounted to T€ 38.0 compared to T€ 32.8 in the previous year, which is mainly attributable to the decreased number of employees in the Retail segment and the recruiting of skilled personnel in other segments.

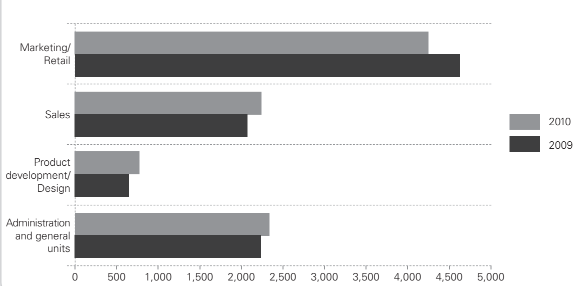
Development employees



The number of employees as of **December 31, 2010** was 9,697 compared to 9,646 at the end of the previous year.

As a result of optimization of the Company's own retail portfolio, the number of employees in the Marketing/Retail segment decreased by 7.8% to 4,306 employees.

Employees (year-end)



The number of staff in the Sales segment increased by 9.3% to 2,273. The number of staff in the Product Development/Design segment increased by 16.4% to 758. The number of staff in the administration and general units increased by 5.0% to 2,361.

Focus on Employees

As a result of their identification with the Company and their commitment to its objectives, the Company's employees are the determining factor for PUMA Group's business performance. Financial recognition of individual performance based on modern remuneration models is as important to PUMA as is awarding the staff's overall performance within the scope of a bonus scheme that applies to all employees. In addition, employees' potential is promoted and further developed by assigning a high level of personal responsibility and by providing suitable training measures, among other things. Owing to the high qualification level of our employees, a major portion of the vacant national and international executive positions can be filled from within PUMA Group's own ranks.
This ensures that available know-how is retained and further expanded within the Company. PUMA offers its employees a working environment that is characterized by innovation and equal opportunities, is international in scope, and has a finger on the pulse.
PUMA views the diversity of its employees as an asset to the Company.

Attracting Employees and Vocational Training

PUMA offers young people a number of interesting and varied vocational training programs and study courses in collaboration with the Cooperative State University (Duale Hochschule). Vocational training focuses on the following professions: industrial clerk, sales specialist, qualified IT specialist, and specialist for warehouse logistics. Within the scope of studies at the Cooperative State University, PUMA provides an opportunity to enroll in International Business and Business Computing training courses as examples.
The fact that a good number of former trainees and undergraduates received permanent employment contracts in 2010 testifies to the Group's sustainable concept for attracting young professionals.

Talent Management

The global talent management system „People@Puma", for example, was further improved at the international sites in 2010. Based on the performance and competency assessment data of employees thus gathered, talented employees can be globally identified, trained in line with their specific talent, and appointed to the right positions. Approximately 40% of PUMA's global staff are managed with the People@Puma suite within the scope of a standardized employee development and target agreement system.

Corporate Governance Report / Statement on Corporate Governance pursuant to Section 289 a HGB

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 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 in order to ensure efficient, value-based corporate management and control on a sustained basis through good corporate governance.

Compliance Declaration pursuant to Section 161 AktG

Compliance Declaration 2010:

The Board of Management and the Supervisory Board of PUMA AG Rudolf Dassler Sport („PUMA AG") declare, pursuant to Section 161 AktG, that since the last Compliance Declaration of December 2009, PUMA AG has complied - and still complies - with the recommendations of the „Government Commission on the German Corporate Governance Code" in the June 18, 2009 version, published in the Federal Gazette of August 5, 2009 and, since May 26, 2010, with the then valid version of the Code as published in the Federal Gazette of July 2, 2010, with the following exceptions:

- A D&O insurance policy without a deductible exists for members of the Board of Management and the Supervisory Board (Code paragraph 3.8, sub-paragraphs 2 and 3, German Corporate Governance Code).

- There were no upper limits for indemnification in the event of early termination of a Management Board Agreement or a change in control (Code paragraph 4.2.3, sub-paragraphs 4 and 5, German Corporate Governance Code).

- Individual Management Board remuneration was not disclosed (Code paragraphs 4.2.4 and 4.2.5, German Corporate Governance Code).

In accordance with contracts concluded prior to August 5, 2009, PUMA AG is required to provide a D&O insurance policy without a deductible to Management Board members. PUMA therefore complies with Section 23 (1) Sentence 2 of the Introductory Act to the German Stock Corporation Act (EGAktG). With respect to the D&O insurance for members of the Supervisory Board, the Board of Management and the Supervisory Board consider a deductible to be unnecessary. D&O insurance is group insurance for persons located either domestically or abroad. A deductible is widely unknown in countries other than Germany.

The Board of Management and the Supervisory Board are of the opinion that, when concluding an agreement with a Board of Management member, it is not practical to include a provision on limiting severance pay upon early termination of board activity due, among other things, to a change in control. An agreement made in advance may fall short of meeting the requirements of the situation that led to early termination of board activity and the other circumstances of the individual case.

In accordance with the authorization issued at the Annual General Meeting held on April 22, 2008, the Board of Management will, in future, refrain from publishing individual remuneration for Board of Management members (Code paragraphs 4.2.4 and 4.2.5, German Corporate Governance Code). The Board of Management and the Supervisory Board are of the opinion that the justified shareholders' interest in receiving information is sufficiently accounted for by disclosing the overall remuneration for Board of Management members. The Supervisory Board will ensure the appropriateness of individual remuneration in accordance with its statutory duties.

Relevant disclosures on Corporate Governance Practices that are applied beyond legal requirements
The Company is guided by the Board of Management in conformity with the provisions of the German Stock Corporation Act. The Supervisory Board monitors and advises the Board of Management in its management functions.

The Board of Management includes the Chairman, the Vice Chairman, as well as two other regular members and two deputizing members. The duties of the Board of Management include strategic planning and managing as well as monitoring respective implementation within the Group.

Guiding principles, which are summarized in PUMAVision (see http://about.puma.com under „Sustainable Development"), were developed in order to ensure a sustained increase in corporate value. The PUMA Code of Ethics and Code of Conduct (see http://about.puma.com under „Sustainable Development") define ethical standards and environmental standards to which both the employees and suppliers are committed.

Taking diversity and international scope into account

PUMA AG's Board of Management and Supervisory Board comply with the recommendations of the German Corporate Governance Code, which stipulate that the composition of the Supervisory Board and Management Board as well as the assignment of executive positions should, among other things, take the international activities of the enterprise and its diversity into account, and that an appropriate proportion of female representation be ensured.

The members of the Supervisory Board have a broad international background. Some of them maintain long-standing international business relationships and have gained comprehensive international experience as a result of various periods of residence abroad.

The Supervisory Board has set itself the goal of ensuring that its composition will be international in scope in the future also. It pursues this goal by making sure that proposed candidates for the Supervisory Board also have a broad international background and a corresponding network as well as a focus on international experience. An appropriate degree of female representation in the Supervisory Board's composition is, to the extent possible, also to be ensured by means of corresponding candidate proposals.

The Supervisory Board aims at preventing potential conflicts of interest of its members by regularly reviewing and critically examining their other pursuits.

Furthermore, the Supervisory Board makes sure that the composition of the Board of Management reflects diversity and aims at ensuring a proper degree of female representation. Presently, the Company's Board of Management is already represented by a female member, Melody Harris-Jensbach. Female representation on the Board of Management is also to be ensured in the future by giving special consideration to female candidates with similar qualifications in the event that members of the Board need to be replaced. Insofar as Board of Management members are to be replaced by external candidates, the Company will instruct the recruiting agencies appointed by it to take into account suitably qualified female candidates in particular.

This also applies with respect to the filling of executive positions: The Board of Management ensures that the assignment of executive positions reflects diversity and aims at promoting a proper degree of female representation. Today, various executive positions are already filled by female employees. With a view to filling even more executive positions with female employees in the future, PUMA AG is promoting the compatibility of family and professional life, for example, by offering part-time and half-time models and flexible working hours.

Supervisory Board and Management Board members, as well as other PUMA AG executives, have the possibility to participate in suitable training and qualification measures.

Description of working methods of the Board of Management and the Supervisory Board and of the composition and working methods of the respective committees

The rules of internal procedure for the Board of Management may be viewed under http://about.puma.com under „COMPANY".

In accordance with the Articles of Association, the Supervisory Board has six members. As stipulated in the German co-determination Law, the Supervisory Board also includes, in addition to four shareholder representatives, two employee representatives. The term of office of the acting Supervisory Board runs until conclusion of the Annual General Meeting in the year 2012.

The names of Supervisory Board members are disclosed in the notes to the financial statements (Notes).
The rules of internal procedure for the Supervisory Board may be viewed under http://about.puma.com under „COMPANY".

The Supervisory Board convenes at least four times a year. Self-assessments are performed at regular intervals. The Supervisory Board also reports on the scope of its activities in its report to the Annual General Meeting.

The Supervisory Board has set up a remuneration committee and an audit committee in order to observe its tasks. The Supervisory Board receives regular reports on the committees' activities.

Remuneration Committee

The remuneration committee is comprised of François-Henri Pinault (Chairman), Thore Ohlsson, and Erwin Hildel. The remuneration committee convenes in conjunction with the meetings of the Supervisory Board. The focus of its activities is comprised of remuneration and general contractual issues, changes in the Board of Management, the Management Incentive Program, and all other personnel-related matters. Questions concerning Board of Management remuneration are decided by the Supervisory Board as a whole on the basis of respective recommendations of the remuneration committee.

Audit Committee

The Audit Committee is comprised of the Supervisory Board members, Thore Ohlsson (Chairman), Jean-François Palus, and Oliver Burkhardt.

In accordance with statutory provisions, the Audit Committee is concerned with monitoring the accounting process, the efficacy of the internal control system, the risk management system and the internal audit system as well as with the financial statements audit, in particular with respect to the independence of the annual auditor and additional services provided by the annual auditor.

The Supervisory Board's proposal concerning the appointment of the annual auditor is based on a respective recommendation of the audit committee. Following appointment of the annual auditor by the Annual General Meeting and the issuing of the audit assignment by the Supervisory Board, together with the annual auditor, the audit committee puts the audit assignment and the focal points of the audit into concrete terms.

The annual auditor participates in the audit committee meeting concerning the annual financial statements and the consolidated financial statements and reports on significant findings of the audit, in particular on significant weaknesses in the internal control and risk management system relating to the accounting process. The annual auditor also provides information on any services rendered in addition to the audit of the annual financial statements and on compliance with the requirements concerning the auditor's independence.

The audit committee is provided with the PUMA Group financial figures at monthly intervals and is thus in a position to continually track the development of the net assets, financial position and results of operations and the orders position. Moreover, the audit committee deals with all issues relevant to accounting and financial results and discusses these with Management.

Remuneration Report - Board of Management and Supervisory Board

Board of Management

Remuneration for 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 variable, performance-based components are comprised of performance-related 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, long-term strategic 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, 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 basis and are included in non-performance-based remuneration.

The performance-related bonus, as part of the performance-based remuneration, is oriented mainly towards the operating profit and free cashflow of the PUMA Group, and is graded 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 multi-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 under 22.

Fixed remuneration for the six members of the Board of Management amounted to € 5.9 million in the financial year (previous year: € 5.9 million), and variable, performance-based remuneration amounted to € 5.9 million (previous year: € 1.8 million).

Following the allocation of expenses to the vesting period, expense resulting from newly issued options and those issued in previous years totaled € 4.7 million (previous year: € 4.9 million). The Board of Management was granted a total of 103,684 options from the "SOP 2008" program. The fair value as at the grant date amounted to € 61.82 per option.

In the event of premature termination of an 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 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 the "Black-Scholes" model.

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 that is already financed through contributions to pension liability insurance is deemed to be a vested claim. A contribution in the amount of € 1.2 million was recorded as of the balance sheet date. The present value of the defined benefit amounting to € 5.2 million was offset against the pledged asset value of the pension liability insurance in the same amount.

Pension commitments to former members of the Board of Management amounted to € 3.5 million (previous year: € 3.3 million); they are recorded accordingly under pension provisions. Retirement payments, including subsequent payments for previous years, have been made in the amount of € 0.1 million (previous year: € 0.6 million).

Supervisory Board

In accordance with the Articles of Association, the Supervisory Board has six members. Supervisory Board remuneration 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 Vice Chairman receives one and a half times this amount. Overall, as in the previous year, total fixed compensation in the financial year amounted to T€ 225.0.

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 Vice Chairman receives one and a half times this amount. Since earnings per share were below the minimum amount in the financial year, as in the previous year, no performance-based compensation is paid.

Risk Management

Due to its global activities, PUMA is continuously exposed to risks that must be monitored and curtailed. At the same time, however, risks also provide opportunities so both the risks and related opportunities must be taken into account by means of an effective risk management system.

Supervising and minimizing risks means securing the future. Growing globalization requires swift responses to various conditions. In a world characterized by dynamism and short product lifecycles, companies are exposed to both internal and external risks.

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). Those responsible for risks, i.e. the risk managers, report significant changes in the risk portfolio within the scope of periodic reports and 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 analyzed by the respective competent staff worldwide in annual planning meetings, and target specifications and suitable measures are derived. Compliance with target specifications is monitored continuously and reported through the Company's highly developed reporting system. This enables PUMA to identify any discrepancies and adverse developments as they arise and to initiate the required counter-measures at an early stage.

Risk Areas

General Economic Risks

As an internationally operating company, PUMA is directly exposed to risks relating to the overall economy. The general economic development may impact directly on consumer behavior. For example, political crises, legal changes and societal influences may exert a direct influence on consumer pattern. PUMA addresses these risks by geographic diversification and a well-balanced product portfolio, which sets its own creative trends and is thus positively distinguished from competition.

Brand Image

As a brand article company, PUMA is aware of the importance of a strong brand image. Due to innovative and sustained brand communications, PUMA has succeeded in establishing a desirable brand image. The brand image is essential since it can influence consumer behavior not only to the advantage, but also to the disadvantage of the brand. Product imitations may lead to a significant loss of brand confidence among consumers and consequently, to a negative brand image as an example.

Product pirates are increasingly focusing on the PUMA brand due to its desirability. Combating brand piracy is a high-priority issue for PUMA. PUMA's own team for the protection of intellectual property not only safeguards a strong global portfolio of industrial property rights, such as brands, designs, and patents, but also with its global network of brand protection officers, external law firms and detective agencies, PUMA prevents the number of product imitations that are detrimental to both image and sales from increasing.

In order to effectively address product piracy, PUMA also works in close collaboration with customs and law enforcement authorities and participates 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. Responsible and independent actions and thinking are a key issue for PUMA and are an integral element of a corporate culture with flat hierarchies that is based on trust.

PUMA's personnel strategy aims at sustainably safeguarding this successful philosophy over the longer term. To achieve this goal, personnel-related risks are recorded and assessed within the scope of a regular process. Accordingly, special attention was paid to talent management, the identification of key positions and talents and also to their optimal positioning and succession planning. Further national and international regulations and guidelines are oriented towards ensuring compliance with 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. Production in these countries is associated with diverse risks. 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.

The puma.safe-Team was formed some years ago in accordance with the guidelines of sustainable development with a view to ensuring optimal integration of the two pillars of sustainable development - namely environmental protection and social responsibility - into the core business fields of PUMA and harmonizing them with economic development.

Product and Market Environment

The early recognition and detection of relevant consumer trends are indispensable in order to avoid the risk arising from market environment-specific product influences, in particular the danger of substitution in a lifestyle market that is exposed to increasingly intense competition. New and innovative concepts must be continuously developed and implemented to enable adjustment to ever shorter lifecycles. Competitive advantages can only be derived by those who can recognize these trends at an early stage.

A high level of investments in product design and development are intended to ensure that the unique PUMA design, and targeted diversification of the entire product range, comply with the general brand strategy and, in effect, evoke a clear recognition effect.

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

Expansion with company-owned retail operations also means investing in expanding or setting up shops, in accepting higher fixed costs compared to sales via wholesalers, and entering into rental agreements with long-term rental obligations that can affect profitability in periods when business development slows down. On the other hand, expansion of the value chain enables higher gross profit margins. In addition, the PUMA brand experience can be presented to end customers directly and in a targeted manner in company-owned retail operations.

To avoid risks and realize opportunities, PUMA conducts a detailed location and profitability analysis prior to each investment decision. An extensive controlling / indicator system enables early recognition of negative developments and corresponding initiation of counter-measures to manage the individual shops appropriately.

Organizational Challenges

The decentralized and virtual organization of PUMA supports the Company's global alignment. As a result of PUMA's development, the corporate organization structure is becoming increasingly more complex. This development is encountered with an integrated IT, logistics, and personnel infrastructure. In addition, business processes must be continuously optimized and adapted to corporate growth.

Currency risks

As an internationally operating company PUMA is exposed to currency risks resulting from disparities between the respective currency scope 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 sales are mostly invoiced in other currencies. PUMA manages the currency risk in accordance with an internal guideline. Currency forward transactions are used for the conversion of foreseeable financial liabilities (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 with a view to hedging contracts already existing or foreseeable contracts. At the end of 2010, the net requirement for the 2011 planning period is properly hedged against currency effects.

Furthermore, currency risks may also arise as a result of intra-group loans issued for financing purposes. Currency swaps and currency forward transactions are used to hedge currency risks when converting foreign-currency loans into the functional currency of 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. Periodic effects are determined by relating the hypothetical changes in 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 (liquid assets, receivables, interest bearing liabilities, financial lease liabilities and non-interest-bearing liabilities) are either directly denominated in the functional currency or are transferred into the functional currency through use of forward exchange transactions. Consequently, exchange rate fluctuations generally 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, 2010, the hedging reserve recorded in equity and the fair value of the hedging transactions would have been € 51.5 million lower (or higher) (December 31, 2009: € 44.0 million higher (or lower)).

Interest Rate Risks

Interest risks do not impact on interest sensitivity at PUMA, and thus do not require the use of interest hedging instruments.

Credit Risks

Because of its business activities and operative business, PUMA is exposed to a customer default risk that is addressed through continuous monitoring of outstanding balances and sufficient 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 credit lines and cash resources as well as cash are maintained. Credit lines are generally made available until further notice.

Capital Risk

Despite the global financial crisis, PUMA is not exposed to any capital risks worth mentioning due to its high equity capital ratio.

Risks arising from fraudulent Activities

Fraudulent activities, such as theft, fraud, breach of trust, embezzlement, and corruption as well as deliberate misrepresentation in the accounting records can lead to considerable material losses and damage the Company's image. PUMA has various tools at its disposal for addressing those risks. These tools include the corporate governance system, the internal control system, Group controlling and the internal audit. Moreover, a group-wide hotline was implemented in 2010 where indications of unethical, illegal and criminal activities and behavior can be reported.

Summary

Based on its risk management system, PUMA is in a position to meet the legal requirements concerning 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 as a going concern.

Significant Features of the Internal Control and Risk Management System with Respect to the Group Accounting Process

The PUMA AG Board of Management is responsible for the preparation and correctness of the consolidated financial statements and the group management report. The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards as adopted in the EU, and the provisions stipulated in the German Commercial Code and the Stock Corporation Act. Certain disclosures and amounts are based on current estimates by Management.

The Company's Board of Management is responsible for maintaining and regularly updating an appropriate internal control system concerning the consolidated financial statements and disclosures in the group management report. The control and risk management system is oriented towards ensuring the adequacy and reliability of internal and external financial reporting, the presentation and correctness of the consolidated financial statements and the group management report and the pertaining disclosures. The internal control and risk management system is based on a number of process-integrated monitoring measures and comprises the respective necessary measures, internal instructions, organization and authorization guidelines, a Code of Conduct and Code of Ethics, the segregation of personnel functions in the Company, and the principle of dual control. The measures are reviewed periodically by the internal audit function with respect to adequacy and workability.

PUMA has established a group-wide reporting and control system that enables regular and early recognition of any deviations from planning values and accounting-related inconsistencies, and the initiating of counter- measures as required.

Any events that may impact on the economic performance and the accounting process of the Company are identified regularly and on an ad-hoc basis; the resulting risk is analyzed and assessed and respective measures are initiated within the framework of the risk management system.

Preparation of the consolidated financial statements and the group management report partially requires assumptions and estimates that are based on the information gained as at the date of preparation and that impact on the amount and disclosure of reported assets and debts, income and expenses, contingent liabilities and other reportable disclosures.

The Supervisory Board audit committee holds regular meetings with the independent annual auditors, the Board of Management and internal audit in order to discuss the findings of the annual audit and internal audit with respect to the internal control and risk management system. The annual auditor reports on the annual financial statements at the Supervisory Board meeting.

Disclosures pursuant to Section 315 (4) HGB

Section 315 (4) No. 1 HGB
As of the balance sheet date, the subscribed capital amounted to € 38.6 million, split into 15,082,464 shares of common stock. As of the balance sheet date, the Company held 101,593 shares of treasury stock.

Section 315 (4) No. 3 HGB
"SAPARDIS S.A.", a wholly-owned subsidiary of PPR S.A., currently holds 71.58% of the subscribed capital.

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 members of the Board of Management and determine their number. It can appoint a member of the Board of Management as Chairman or as Spokesman of the Board of Management and another member as Vice Chairman or deputy Spokesman. 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.

Section 315 (4) No. 7 HGB
According to a resolution of the Annual General Meeting of April 20, 2010, the Company was authorized to purchase treasury shares for up to 10% of its nominal capital until April 19, 2015. The authorization concerning the repurchase of treasury shares was issued for all admissible purposes, including flexible management of the 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 nominal capital with the approval of the Supervisory Board up to April 10, 2012 as follows:

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

and

- Through 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

Global Economy

According to an analysis performed by the Institute for the World Economy in Kiel dated December 16, 2010, global economic growth is expected to weaken moderately in 2011. Current forecasts predict that the global gross domestic product („GDP“) will only increase by 3.6% in 2011, which is below the GDP rate of 4.8% expected for 2010 and significantly below the pre-crisis level. The restrictive fiscal policy pursued in many countries and the general consolidation process in the private sector, which impairs the expansion of the credit volume and thus the fiscal policy in many industrialized countries, are cited as dampening effects on the economic development. According to current estimates, the real GDP growth rate of the industrialized countries is expected to decrease from 2.4% in 2010 to 1.9% in 2011. The deceleration of the economic expansion will affect the Unites States of America, Japan and also Europe, albeit at different extents. Economic experts assume that the overall unemployment rate in these countries will decrease only slightly and that the inflationary pressure will remain low owing to relatively stable unit labor costs and consumer prices. Moreover, economic experts predict that the subdued development in the industrialized countries will also impact negatively on export activities in the emerging markets. Together with the moderating domestic demand in some emerging markets, a slight dampening of the economy is thus also expected for the newly industrialized countries.
With respect to the year 2012, economic experts assume that the dampening factors will lose their impact and that production activities will start to pick up again. The expectations for the global GDP in 2012 have correspondingly increased to 4.0%.

Outlook

In 2010 – especially in the second half – economic conditions improved compared to 2009. Despite the lack of major sporting events and their momentum for the brand, we believe that the company should achieve an increase in sales in the mid to high single-digit percentage range in the next two years. At last year's investor conference, PUMA presented its five-year company strategy "Back on the Attack 2010-2015", which aims at achieving a significant sales increase over the upcoming years to reclaim our historical profit margin levels. This means that investments in the brand and optimizing business processes, especially in the first few years, will be combined to continue to fuel the expansion of PUMA's core markets. These investments will lead to slightly higher expenses for marketing, product development and design as well as general and administrative expenses. Therefore, the expense ratio will be higher than the previous level for the first two years of the five-year plan but will gradually improve in the subsequent years.
We expect an improvement in net earnings in the mid single-digit percentage range for 2011 and 2012 on the basis of modest increases in procurement prices.

Investments

Investments in the amount of € 80 million are planned for 2011. Of these, the major portion concerns infrastructure investments for creating the operational prerequisites for the planned growth in sales, the expansion of our core markets as well as selective investments in retail trade operations.
In addition, short-term purchase price liabilities from corporate acquisitions exist which may lead to a cash outflow of € 55.7 million in 2011.

Basis for Long-Term Growth

Within the scope of our „Back on the Attack“ growth strategy, Management has defined the strategic priorities for the next five years. Implementation of the planned measures takes place in a targeted and value-oriented manner. Despite the uncertainties of the world economy and the high volatility in the willingness to buy, PUMA should make a corresponding positive contribution in 2011 and in the subsequent years, owing to its strong equity ratio, a high level of liquidity and the measures implemented. Management assumes that a basis for sustained positive development has thus been created.

Relations to Affiliated Companies
PUMA AG and SAPARDIS S.A., Paris, a fully owned subsidiary of PPR S.A., Paris, are, as well as PUMA AG and PPR S.A., considered to be dependent companies under Section 17 AktG. The Board of Management has issued a report describing relationships with affiliated companies – Dependent Company Report – according to Section 312 AktG.

The Dependent Company report of the Board of Management ends with the following declaration: "We hereby declare that PUMA AG received adequate consideration for each legal transaction undertaken in accordance with the circumstances known to the Board of Management at the time that the legal transactions listed in the Dependent Company report were undertaken. Reportable measures taken or reportable measures not taken were not reported in the period under review."

Events after the Balance Sheet Date
No events that could have a significant impact on the net assets, financial position and results of operations were reported after the balance sheet date.

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 7, 2011

Board of Management

Zeitz **Harris-Jensbach** **Bauer** **Caroti**

Deputy Board of Management

Bertone **Seiz**

Statement of Financial Position

	Notes	31.12.2010 € million	31.12.2009* € million	01.01.2009* € million
ASSETS				
Cash and cash equivalents	5	479.6	485.6	375.0
Inventories	6	439.7	344.4	428.3
Trade receivables	7	447.0	347.4	370.5
Income tax receivables	18	80.8	33.5	23.2
Other current financial assets	8	25.9	18.2	61.1
Other current assets	9	74.2	65.1	65.6
Current assets		**1,547.2**	**1,294.2**	**1,323.7**
Deferred taxes	10	96.5	64.8	80.5
Property. plant and equipment	11	236.7	242.7	245.1
Intangible assets	12	423.4	296.3	164.7
Investments in associates	13	23.9	0.0	0.0
Other non-current financial assets	14	17.9	14.8	16.7
Other non-current assets	14	21.0	12.2	4.5
Non-current assets		**819.4**	**630.8**	**511.5**
Total assets		**2,366.6**	**1,925.0**	**1,835.2**
LIABILITIES AND SHAREHOLDERS' EQUITY				
Current bank liabilities	15	42.8	48.3	57.2
Trade payables	15	344.3	265.7	272.3
Liabilities from income taxes	15	18.1	14.2	10.5
Tax provisions	18	106.9	20.0	27.6
Other current provisions	19	71.9	118.4	91.0
Liabilities from acquisitions	20	55.7	33.2	28.5
Other current financial liabilities	15	58.8	63.0	75.0
Other current liabilities	15	100.5	64.7	53.3
Current liabilities		**799.0**	**627.5**	**615.4**
Deferred taxes	10	50.7	4.4	26.5
Pension provisions	17	26.1	25.4	21.3
Other non-current provisions	19	12.2	12.2	0.0
Liabilities from acquisitions	20	81.9	115.5	47.1
Other non-current financial liabilities	15	6.7	4.9	4.3
Other non-current liabilities	15	3.6	1.8	1.3
Non-current liabilities		**181.2**	**164.2**	**100.5**
Subscribed capital		38.6	38.6	41.0
Group reserves		256.8	155.3	174.2
Retained earnings		1,114.0	939.3	1,117.7
Treasury stock		-23.2	0.0	-216.1
Equity attributable to the shareholders of the parent		**1,386.2**	**1,133.2**	**1,116.8**
Minority interest		0.2	0.1	2.5
Shareholders' equity	**21**	**1,386.4**	**1,133.3**	**1,119.3**
Total liabilities and shareholders' equity		**2,366.6**	**1,925.0**	**1,835.2**

***adjusted comparable figures according to IAS 8, see chapter 3**

Statement of Cashflows

	Notes	2010 € million	2009* € million
Operating activities			
EBT		301.5	138.4
Adjustments for:			
Depreciation	11, 12	65.9	71.4
Non-realized currency gains/losses, net		-1.2	-15.7
Result from investments in associates	13	-1.8	0.0
Financial income	24	-4.4	-3.8
Financial expenses	24	11.5	11.8
Changes from the sale of fixed assets		-2.4	0.6
Changes to pension accruals	17	-1.5	2.9
Other cash effected expenses/incomes		-9.2	72.9
Gross Cashflow	29	**358.4**	**278.5**
Changes in receivables and other current assets	7, 8, 9	-111.3	6.3
Changes in inventories	6	-53.1	108.4
Changes in trade payables and other current liabilities	15	67.4	2.1
Cash provided by operations		261.4	395.3
Interest paid	24	-5.9	-6.6
Income taxes paid		-86.1	-84.8
Net cash from operating activities	29	**169.4**	**303.9**
Cash flows from investment activities			
Payment for acquisitions	4	-108.4	-81.8
Purchase of property and equipment	11, 12	-55.2	-54.5
Proceeds from sale of property and equipment		8.8	1.8
Changes in other non-current assets	14	-1.9	-5.9
Interest received	24	4.4	3.8
Net cash used in investing activities		**-152.3**	**-136.6**
Cash flows from financing activities			
Changes regarding non-current liabilities	15	2.8	0.8
Changes regarding non-current bank borrowing	15	-6.5	-17.2
Dividend payments	21	-27.1	-41.5
Purchase of treasury stock	21	-23.4	0.0
Net cash used in financing activities	29	**-54.2**	**-57.9**
Effect of exchange rates on cash		31.1	1.2
Change in cash and cash equivalents		**-6.0**	**110.6**
Cash and cash equivalents at beginning of the financial year		485.6	375.0
Cash and cash equivalents at year-end	5, 29	**479.6**	**485.6**

adjusted comparable figures according to IAS 8, see chapter 3

Statement of Changes in Equity

in € million	Subscribed capital	Group reserves: Capital reserve	Profit reserves	Difference from currency conversion	Cashflow hedges	At equity accounted investments	Retained earnings*	Treasury stock	Total equity before minorities	Minorities	Total
Jan. 1, 2009 before restatement	**41.0**	**185.5**	**69.5**	**-92.0**	**11.1**		**1,175.6**	**-216.1**	**1,174.7**	**2.5**	**1,177.2**
Restatement according to IAS 8							-58.0				
Jan. 1, 2009 as restated *	**41.0**	**185.5**	**69.5**	**-92.0**	**11.1**		**1,117.7**	**-216.1**	**1,116.8**	**2.5**	**1,119.2**
Net Earnings as restated							**79.6**		**79.6**	-2.3	**77.3**
Unrecognized net actuarial gain/loss							**-2.9**		**-2.9**		**-2.9**
Currency changes/others				0.8					**0.8**	0.0	**0.7**
Release to the income statement					-11.1				**-11.1**		**-11.1**
Market value for cashflow hedges					-13.6				**-13.6**		**-13.6**
Total comprehensive income				***0.8***	***-24.7***		***76.8***		***52.8***	***-2.3***	***50.5***
Dividend payment							**-41.5**		**-41.5**		**-41.5**
Value of employees services		5.1							**5.1**		**5.1**
Reduction of subscribed capital due to cancellation of own shares according to § 237 Abs. 3 AktG	-2.4						**-213.7**	216.1			
Dec. 31, 2009 restated *	**38.6**	**190.6**	**69.5**	**-91.3**	**-13.6**		**939.3**		**1,133.2**	0.1	**1,133.3**
Net Earnings							**202.2**		**202.2**	0.0	**202.2**
Unrecognized net actuarial gain/loss							**-0.3**		**-0.3**		**-0.3**
Currency changes/others				91.3		0.2			**91.5**	0.0	**91.5**
Release to the income statement					13.6				**13.6**		**13.6**
Market value for cashflow hedges					-11.1				**-11.1**		**-11.1**
Total comprehensive income				***91.3***	***2.4***	***0.2***	***201.9***		***295.8***	***0.0***	***295.8***
Dividend payment							**-27.1**		**-27.1**		**-27.1**
Transfer to profit reserves											
Capital increase											
Value of employees services		7.6							**7.6**		**7.6**
Reduction of subscribed capital due to cancellation of own shares according to § 237 Abs. 3 AktG											
Purchase of treasury stock								-23.4	**-23.4**		**-23.4**
Conversion of options								0.1	**0.1**		**0.1**
Dec. 31, 2010	**38.6**	**198.2**	**69.5**	**0.0**	**-11.1**	**0.2**	**1,114.0**	**-23.2**	**1,386.2**	**0.2**	**1,386.4**

**** adjusted comparable figures according to IAS 8, see chapter 3***

Statement of Profit and Loss

	Notes	2010 € million	2009* € million
Sales	**28**	**2,706.4**	**2,447.3**
Cost of sales	28	-1,361.6	-1,204.2
Gross profit	**28**	**1,344.8**	**1,243.1**
Royalty and commission income		19.1	20.6
Other operating income and expenses [1]	23	-1,057.1	-1,117.3
EBIT		**306.8**	**146.4**
Result from investments in associates	13, 24	1.8	0.0
Financial income	24	4.4	3.8
Financial expenses	24	-11.5	-11.8
Financial result		**-5.3**	**-8.0**
			EBT
		301.5	**138.4**
Taxes on income	25	-99.3	-61.1
Net earnings before attribution		**202.2**	**77.3**
attributable to: Minorities	20	0.0	-2.3
Equity holders of the parent (net earnings)		**202.2**	**79.6**
Earnings per share (€)	26	13.45	5.28
Earnings per share (€) - diluted	26	13.37	5.27
Weighted average shares outstanding	26	15.031	15.082
Weighted average shares outstanding, diluted	26	15.123	15.092

1) incl. special items
** adjusted comparable figures according to IAS 8, see chapter 3*

Statement of Comprehensive Income

	After tax 2010 € million	Tax impact 2010 € million	Before tax 2010 € million	After tax 2009* € million	Tax impact 2009* € million	Before tax 2009* € million
Net earnings before attribution	**202.2**		**202.2**	**77.3**		**77.3**
Unrecognized net actuarial gain/loss	-0.3	0.3	-0.6	-2.9	1.4	-4.3
Currency changes	91.3	6.1	85.2	0.8	0.2	0.6
Cash flow hedge						
Release to the income statement	13.6	-6.3	19.9	-11.1	4.6	-15.7
Market value for cashflow hedges	-11.1	5.5	-16.7	-13.6	6.3	-19.9
Share in the other comprehensive income of at equity accounted investments	0.2		0.2	0.0	0.0	0.0
Other result	**93.6**	**5.6**	**88.0**	**-26.8**	**12.6**	**-39.4**
Comprehensive income	**295.8**	**5.6**	**290.2**	**50.5**	**12.6**	**37.9**
attributable to: Minorities	0.0		0.0	-2.3		-2.3
Equity holder of the parent	295.8	5.6	290.2	52.8	12.6	40.2

** adjusted comparable figures according to IAS 8, see chapter 3*

Development of Fixed Assets

Development in 2009	Purchase costs Balance Jan. 1, 2009 € million	Currency changes and other changes	Additions/ retransfers	Changes from acquisitions	Disposals	Balance Dec. 31, 2009 € million
PROPERTY, PLANT AND EQUIPMENT						
Land, land rights and buildings						
including buildings on third party land	100.1	0.0	71.2		-3.9	167.5
Technical equipment and machines	5.8	-0.2	1.9	4.3	-0.5	11.3
Other equipment, factory and office equipment	254.9	2.3	25.3	1.5	-20.1	264.0
Payments on account and assets under construction	47.0	-0.1	-45.0		-0.1	1.9
	407.8	**2.1**	**53.4**	**5.8**	**-24.5**	**444.6**
INTANGIBLE ASSETS						
Goodwill [1]	146.1	0.4	143.4	2.9	-4.2	288.7
Intangible fixed assets with a						
indefinite useful life						
Other intangible fixed assets	70.1	0.4	1.2	0.7	-3.1	69.3
	216.2	**0.8**	**144.6**	**3.7**	**-7.3**	**357.9**
OTHER NON-CURRENT ASSETS						
Other loans	2.5	0.0	0.1	0.0	-0.0	2.6
Other assets	18.8	-0.2	10.5	0.0	-4.8	24.3
Investments in associates						
	21.4	**-0.2**	**10.5**	**0.1**	**-4.8**	**27.0**

1) adjusted comparable figures according to IAS 8, see chapter 3
2) including impairment for fixed assets (€ 8,5 million) and intangible assets (€ 4,4 million).

Development in 2010	Purchase costs Balance Jan. 1, 2010 € million	Currency changes and other changes	Additions/ retransfers	Changes from acquisitions	Disposals	Balance Dec. 31, 2010 € million
PROPERTY, PLANT AND EQUIPMENT						
Land, land rights and buildings						
including buildings on third party land	167.5	5.3	6.7		-9.3	170.2
Technical equipment and machines	11.3	0.2	-3.7		-0.4	7.4
Other equipment, factory and office equipment	264.0	19.0	33.3	0.1	-30.2	286.2
Payments on account and assets under construction	1.9	0.1	4.5		-0.2	6.3
	444.6	**24.6**	**40.8**	**0.1**	**-40.1**	**470.0**
INTANGIBLE ASSETS						
Goodwill [1]	288.7	18.2	3.1	2.5	-10.9	301.6
Intangible fixed assets with a						
indefinite useful life	0.0			106.8		106.8
Other intangible fixed assets	69.3	2.9	14.5	5.8	-2.7	89.8
	358.0	**21.1**	**17.6**	**115.1**	**-13.6**	**498.2**
OTHER NON-CURRENT ASSETS						
Other loans	2.6	0.0				2.7
Other assets	24.3	2.2	11.0		-1.4	36.1
Investments in associates	0.0		23.9			23.9
	27.0	**2.2**	**34.9**		**-1.4**	**62.8**

1) adjusted comparable figures according to IAS 8, see chapter 3
2) including impairment for fixed assets (€ 9,6 million) and intangible assets (€ 1,2 million), see chapters 11 and 12

Accumulated depreciation						Book values	
Balance Jan. 1, 2009 € million	Currency changes and other changes	Additions/ retransfers[2]	Changes from acquisitions	Disposals	Balance Dec. 31, 2009 € million	Balance Dec. 31, 2009 € Mio.	Balance Dec. 31, 2008 € million
-23.5	-0.2	-9.5		3.6	-29.5	138.0	76.6
-2.8	0.0	-1.9	-2.3	0.5	-6.5	4.8	3.0
-136.4	-1.0	-46.8	-0.6	18.9	-165.9	98.1	118.5
-0.0		-0.0		0.0	-0.0	1.9	47.0
-162.7	**-1.2**	**-58.1**	**-3.0**	**23.0**	**-201.9**	**242.7**	**245.1**
-16.3	-0.0	-4.2	-2.6	4.2	-19.0	269.7	154.8
-35.1	-0.0	-9.5	-0.6	2.5	-42.7	26.6	35.0
-51.4	**-0.1**	**-13.6**	**-3.1**	**6.6**	**-61.7**	**296.3**	**189.9**
-0.0		0.0			-0.0	2.6	2.5
-0.2				0.2		24.3	18.7
-0.2		**0.0**		**0.2**	**-0.0**	**27.0**	**21.2**

Accumulated depreciation						Book values	
Balance Jan. 1, 2010 € million	Currency changes and other changes	Additions/ retransfers[2]	Changes from acquisitions	Disposals	Balance Dec. 31, 2010 € million	Balance Dec. 31, 2010 € million	Balance Dec. 31, 2009 € million
-29.5	-0.7	-8.3		6.1	-32.4	137.8	138.0
-6.5	-0.1	2.2		0.3	-4.1	3.3	4.8
-165.9	-11.5	-47.6		28.2	-196.8	89.4	98.1
-0.0					-0.0	6.3	1.9
-201.9	**-12.3**	**-53.7**		**34.6**	**-233.3**	**236.7**	**242.7**
-19.0	-0.9				-19.9	281.7	269.7
0.0					0.0	106.8	0.0
-42.7	-1.7	-12.3		1.8	-54.9	34.9	26.6
-61.7	**-2.6**	**-12.3**		**1.8**	**-74.8**	**423.4**	**296.3**
						2.7	2.6
						36.1	24.3
						23.9	0.0
						62.8	**27.0**

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 corporation is a joint stock company under German law with registered head office in Herzogenaurach, Federal Republic of Germany; the responsible court of registration is at Fürth (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 endorsed by the EU that are obligatory for financial years as from January 1, 2010 have been applied.

In order to increase the reliability and relevance of information to recipients of the balance sheet, the items Other assets or Other liabilities were allocated to Other financial assets and Other financial liabilities in the consolidated financial statements as of December 31, 2010. In addition, the Receivables from income taxes and Liabilities from income taxes were disclosed separately from Other assets or Other liabilities. Moreover, the item Financial result was split up and allocated to the Items Financial income and Financial expenses. The previous year's figures were adjusted accordingly.

Of the standards and interpretations to be newly applied from January 1, 2010 onwards, only IFRS 3 R (Business combinations) and IAS 27 (Consolidated and separate financial statements) were of relevance to PUMA AG. IFRS 3 R includes changes in the way acquisition costs are determined and in the accounting for residual values. Application of IAS 27 leads to changes respecting transactions with minorities. The changed standards are to be applied prospectively for corporate acquisitions at PUMA as from January 1, 2010, and they may result in higher income volatility in periods after the corporate acquisition. All other applicable obligatory standards and interpretations to be newly applied had no impact on the consolidated financial statements.

The following standards and interpretations were issued but will only take effect in later reporting periods and are not applied earlier by the Company:

Standard	Title	First-time adoption*	Proposed adoption
Endorsed			
IAS 24 R	Related party disclosures	01.01.2011	01.01.2011
Amendment IAS 32	Financial instruments: presentation	01.02.2010	01.01.2011
Amendment IFRIC 14	The limit of a defined benefit asset, minimum funding requirements and their interaction	01.01.2011	01.01.2011
IFRIC 19	Extinquishing financial liabilities with equity instruments	01.01.2011	01.01.2011
Amendment IFRS 1	Limited exemption form comparative IFRS 7 disclosures for first-time adopters	01.07.2010	01.01.2011
Endorsement pending			
Amendment IFRS 1	Severe hyperinflation and removal of fixed dates	01.07.2011	01.01.2012
Amendment IFRS 7	Financial instruments: disclosures	01.07.2011	01.01.2012
Amendment IAS 12	Deferred tax: recovery of underlying assets	01.01.2012	01.01.2012
IFRS 9	Financial instruments	01.01.2013	01.01.2013
Improvements to IFRS (May 2010)		01.01.2011 ff	01.01.2011 ff

**** if applicable aligned by EU-endorsement***

The Company does not expect the remaining standards to impact significantly on accounting.

The consolidated financial statements are prepared in euro currency (EUR or €). Disclosures in million euros may lead to rounding 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 71.58% of the subscribed capital. Consequently, the PPR Group holds a majority stake in PUMA AG. Hence, 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, 2010 reporting date of the annual financial statements of the PUMA AG parent company on the basis of uniform accounting policies as pursuant to IFRS as applied in the EU.

The capital consolidation of subsidiaries acquired after January 1, 2005 is based on the acquisition method. 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.

PUMA is the beneficial owner of almost all majority holdings due to the structure of the contracts signed with the joint venture partners. 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. With respect to business combinations from January 1, 2010 onwards, the costs directly allocable to the acquisition as well as later deviations of the present values of expected residual purchase prices are recognized with an effect on profit or loss due to application of the amended IFRS 3 R.

Intra-group receivables and liabilities are netted. As a general rule, any differences arising from exchange rate fluctuations are recognized in the income statement to the extent that they accrued during the reporting period. If the receivables and liabilities are capital-replacing and long-term in nature, the currency difference is included in shareholders' equity with neutral effect on profits.

Within the course of expense and income consolidation, internal sales and intra-group income are generally 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

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:

2009	**106**
Formation and acquisition of companies	9
Disposal of companies	3
2010	**112**

The consolidated group was subject to the following changes in financial year 2010:

With effect from April 16, 2010 PUMA acquired a 100% stake in the Cobra Golf business division from Acushnet, the Golf business division of the US company, Fortune Brands, Inc., within the scope of an asset and share deal. The consolidated group was extended accordingly due to the Cobra Golf Inc. acquisition.

With effect from April 8, 2010 PUMA acquired a 20.1% stake in Wilderness Holdings Ltd. at equity. Wilderness Holdings Ltd. is a leading corporation in the field of eco-tourism and nature conservation with registered head office in Botswana and South Africa. With the help of responsible tourism, Wilderness Holdings Ltd. is engaged in the creation of sustained business segments aimed at environmental protection, preservation of the abundance of species, and the development of rural areas.

The consolidated group was further extended by the formation of distribution companies in Great Britain, Norway, Serbia, Spain, Mexico, India and Korea. Disposals in the consolidated group concern the merger of PUMA Apparel JAPAN K.K. with PUMA JAPAN K.K. and disposals of the inactive companies, Unibrand Asia Ltd., and Brandon Asia Ltd. in Hong Kong.

The consolidated group was adjusted accordingly. The effects of the corporate acquisitions on the net assets, financial position and results of operations are illustrated under Item 4 („Corporate Acquisitions") and Item 13 („Shares in Associated Companies") of these Notes.

PUMA Vertrieb GmbH, PUMA Avanti GmbH, PUMA Mostro GmbH and PUMA Sprint GmbH have made use of the exemption option provided for pursuant to Section 264 (3) HGB.

The Group companies are allocated to regions 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.	Dobotex Austria GmbH	Austria	Salzburg	indirect	100%	1)
4.	Wilderness Holdings Ltd.	Botswana	Maun	direct	20,1%	
5.	PUMA Bulgaria EOOD	Bulgaria	Sofia	indirect	100%	
6.	PUMA Sport Hrvatska d.o.o.	Croatia	Zagreb	indirect	100%	
7.	PUMA Czech Republic s.r.o.	Czech Republic	Prag	indirect	100%	
8.	PUMA Denmark A/S	Denmark	Skanderborg	indirect	100%	
9.	PUMA Baltic OU	Estonia	Talin	indirect	100%	
10.	PUMA Finland Oy	Finland	Espoo	indirect	100%	
11.	Tretorn Finland Oy	Finland	Espoo	indirect	100%	
12.	Brandon Oy	Finland (non active)	Helsinki	indirect	100%	
13.	PUMA FRANCE SAS	France	Illkirch	indirect	100%	
14.	PUMA Speedcat SAS	France	Illkirch	indirect	100%	
15.	Dobotex France SAS	France	Paris	indirect	100%	1)
16.	PUMA Vertrieb GmbH	Germany	Herzogenaurach	direct	100%	
17.	PUMA Sprint GmbH	Germany	Herzogenaurach	direct	100%	
18.	PUMA Avanti GmbH	Germany	Herzogenaurach	indirect	100%	
19.	PUMA Mostro GmbH	Germany	Herzogenaurach	indirect	100%	
20.	Premier Flug GmbH&Co. KG	Germany	Reichenschwand	direct	50%	

21.	Brandon Germany GmbH	Germany	Ludwigsburg	indirect	100%	
22.	Dobotex Deutschland GmbH	Germany	Düsseldorf	indirect	100%	1)
23.	PUMA UNITED KINGDOM LTD	Great Britain	Leatherhead	indirect	100%	
24.	PUMA Premier Ltd	Great Britain	Leatherhead	indirect	100%	
25.	Dobotex UK Ltd	Great Britain	Manchester	indirect	100%	1)
26.	Performance Merchandise Ltd.	Great Britain	London	indirect	100%	
27.	PUMA Hellas S.A.	Greece	Athens	direct	100%	1)
28.	PUMA Cyprus Ltd.	Cyprus	Nicosia	direct	100%	1)
29.	PUMA Hungary Kft.	Hungary	Budapest	indirect	100%	
30.	Tretorn R&D Ltd.	Ireland (non active)	Laoise	indirect	100%	
31.	PUMA Italia S.r.l.	Italy	Milan	indirect	100%	
32.	Dobotex Italia S.r.l.	Italy	Milano	indirect	100%	1)
33.	PUMA Lietuva UAB	Lithuania	Vilnius	indirect	100%	
34.	PUMA Malta Ltd	Malta	St.Julians	indirect	100%	
35.	PUMA Blue Sea Ltd	Malta	St.Julians	indirect	100%	
36.	PUMA Racing Ltd	Malta	St.Julians	indirect	100%	
37.	PUMA Benelux B.V.	Netherlands	Leusden	direct	100%	
38.	Dobotex International BV	Netherlands	Tilburg	direct	100%	1)
39.	Dobotex BV	Netherlands	s-Hertogenbosch	indirect	100%	1)
40.	Dobo Logic BV	Netherlands	Tilburg	indirect	100%	1)
41.	Dobo NexTH BV	Netherlands	s-Hertogenbosch	indirect	100%	1)
42.	PUMA Norway AS	Norway	Oslo	indirect	100%	
43.	Tretorn Norway AS	Norway	Oslo	indirect	100%	
44.	Brandon AS	Norway	Oslo	indirect	100%	
45.	PUMA Polska Spolka z.o.o.	Poland	Warsaw	indirect	100%	
46.	PUMA Portugal Artigos Desportivos Lda.	Portugal	Miraflores	indirect	100%	
47.	PUMA Sport Romania s.r.l.	Romania	Bucharest	indirect	100%	
48.	PUMA–RUS GmbH	Russia	Moscow	indirect	100%	
49.	PUMA Serbia DOO	Serbia	Belgrade	indirect	100%	
50.	PUMA Slovakia s.r.o.	Slovakia	Bratsilava	indirect	100%	
51.	PUMA Ljubljana, trgovina, d.o.o	Slovenia	Ljubljana	indirect	100%	
52.	PUMA SPORTS DISTRIBUTORS (PTY) LIMITED	South Africa	Cape Town	indirect	100%	
53.	PUMA Sports S.A.	South Africa	Cape Town	indirect	100%	
54.	PUMA Sports Spain S.L.	Spain	Barcelona	direct	100%	
55.	Brandon Company AB	Sweden	Gothenburg	direct	100%	
56.	Brandon AB	Sweden	Gothenburg	indirect	100%	
57.	2Expressions Merchandise Svenska AB	Sweden	Gothenburg	indirect	100%	
58.	Brandon Live AB	Sweden	Gothenburg	indirect	51,2%	
59.	Brandon Stockholm AB	Sweden (non active)	Stockholm	indirect	100%	
60.	Brandon Logistics AB	Sweden (non active)	Strömstad	indirect	100%	
61.	Hunt Sport AB	Sweden (non active)	Helsingborg	indirect	100%	
62.	Tretorn AB	Sweden	Helsingborg	direct	100%	
63.	PUMA Nordic AB	Sweden	Helsingborg	indirect	100%	
64.	Tretorn Sweden AB	Sweden	Helsingborg	indirect	100%	
65.	Mount PUMA AG (Schweiz)	Switzerland	Oensingen	direct	100%	
66.	PUMA Retail AG	Switzerland	Oensingen	indirect	100%	
67.	PUMA Schweiz AG	Switzerland	Oensingen	indirect	100%	
68.	Dobotex Switzerland AG	Switzerland	Oensingen	indirect	100%	1)
69.	PUMA Spor Giyim Sananyi ve Ticaret A.S.	Turkey	Istanbul	indirect	100%	
70.	PUMA Ukraine Ltd.	Ukraine	Kiew	indirect	100%	
71.	PUMA Middle East FZ LLC	United Arab Emirates	Dubai	indirect	100%	
72.	PUMA UAE LLC	United Arab Emirates	Dubai	indirect	100%	1)
Americas						
73.	Unisol S.A.	Argentina	Buenos Aires	direct	100%	
74.	PUMA Sports Ltda.	Brazil	Sao Paulo	indirect	100%	
75.	PUMA Canada, Inc.	Canada	Montreal	indirect	100%	
76.	PUMA CHILE S.A.	Chile	Santiago	direct	100%	1)
77.	PUMA SERVICIOS SPA	Chile	Santiago	indirect	100%	
78.	PUMA Mexico Sport S.A. de C.V.	Mexico	Mexico City	direct	100%	
79.	Servicios Profesionales RDS S.A. de C.V.	Mexico	Mexico City	indirect	100%	
80.	Importaciones RDS S.A. de C.V.	Mexico	Mexico City	direct	100%	
81.	Distruibuidora Deportiva PUMA S.A.C.	Peru	Lima	indirect	100%	1)
82.	PUMA Sports LA S.A.	Uruguay	Montevideo	direct	100%	
83.	PUMA Suede Holding, Inc.	USA	Westford	indirect	100%	
84.	PUMA North America, Inc.	USA	Westford	indirect	100%	
85.	SC Communication Inc.	USA (non active)	Chicago	indirect	100%	
86.	Cobra Golf Inc.	USA	Carlsbad	indirect	100%	
Asia/Pacific						
87.	PUMA Australia Pty. Ltd.	Australia	Moorabbin	indirect	100%	
88.	White Diamond Australia Pty. Ltd.	Australia (non active)	Moorabbin	indirect	100%	
89.	White Diamond Properties	Australia (non active)	Moorabbin	indirect	100%	
90.	Kalola Pty Ltd.	Australia (non active)	Moorabbin	indirect	100%	
91.	Liberty China Holding Ltd	British Virgin Islands		indirect	100%	1)
92.	PUMA China Ltd	China	Shanghai	indirect	100%	1)
93.	Dobotex China Ltd.	China	Shanghai	indirect	100%	1)
94.	World Cat Ltd.	Hongkong		direct	100%	
95.	Development Services Ltd.	Hongkong		indirect	100%	
96.	PUMA Asia Pacific Ltd.	Hongkong		direct	100%	
97.	PUMA Hong Kong Ltd	Hongkong		indirect	100%	1)
98.	Dobotex Ltd.	Hongkong		indirect	100%	1)
99.	Dobo Cat Ltd.	Hongkong		indirect	100%	1)
100.	PUMA Sports India Pvt Ltd.	India	Bangalore	indirect	100%	
101.	PUMA India Retail Pvt Ltd.	India	Bangalore	indirect	100%	1)
102.	World Cat Sourcing India Ltd.	India	Bangalore	indirect	100%	
103.	PUMA JAPAN K.K.	Japan	Tokio	indirect	100%	
104.	PUMA Korea Ltd.	Korea	Seoul	direct	100%	
105.	Dobotex Korea Ltd.	Korea	Seoul	indirect	100%	1)
106.	PUMA Sports Goods Sdn. Bhd.	Malaysia	Kuala Lumpur	direct	100%	1)
107.	PUMA New Zealand LTD	New Zealand	Auckland	indirect	100%	
108.	World Cat (S) Pte Ltd.	Singapore (non active)		indirect	100%	
109.	PUMA Sports Singapore Pte. Ltd.	Singapore		direct	100%	1)
110.	World Cat Trading Co.Ltd	Taiwan (non active)	Taichung	indirect	100%	
111.	PUMA Taiwan Sports Ltd.	Taiwan	Taipei	indirect	100%	1)
112.	World Cat Vietnam Co. Ltd.	Vietnam	Long An Province	indirect	100%	

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

Currency Translation

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 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 in the currency translation of net assets relative to 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	1.3362	1.3267
HKD	10.3856	10.3066
JPY	108.6500	116.4155
GBP	0.8608	0.8582
CHF	1.2504	1.3817

The functional currency of PUMA Retail AG, Switzerland, was changed from Swiss francs (CHF) to Euro due to adjustment of the license agreement with PUMA AG.

Derivative Financial Instruments/Hedge Accounting

Upon conclusion of a contract and thereafter, derivative financial instruments are recorded at fair value. At the time when a hedge instrument is transacted, 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 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 shareholders' 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 shareholders' 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 shareholders' 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 financial assets or other current financial liabilities.

Leasing

Leases are to be classified either as finance lease or as an operating lease in accordance with IAS 17. Leases where the company, in its capacity as lessee, is responsible for all significant opportunities and risks that arise from use of the lease item are treated as finance lease. All other leases are classified as operating lease. The lease payments from operating leases are recorded as a charge to the income statement over the term of the contract.

Cash and cash equivalents

Cash and cash equivalents include cash and bank balances. To the extent that bank deposits 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 the 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. The prorated costs of product development are added to the acquisition or manufacturing costs of inventories.
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 based on historical values.
Non-current assets include loans and other assets. As a general rule, non-interest bearing non-current 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 period depends on the expected useful life of the respective item. 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 between ten to fifty years, and a useful life of between three to ten years is assumed for moveable assets.
The cost of maintenance and repair is recorded as an expense at the time of origin. Significant improvements and renewals are capitalized to the extent that the criteria for capitalization of an asset item apply.

As a general rule, lease items that qualify as a finance lease due to the terms of the underlying contract are shown under property, plant and equipment; initially they are measured 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 the fair value of the acquired asset and liability items. Goodwill from acquisitions is largely attributable to the intangible infrastructure acquired and the pertaining opportunity to make a positive contribution to corporate value.
Goodwill amounts are allocated to the Group's cash generating units that are expected to benefit from the synergy effects pertaining to the business combination.
An impairment test per cash generating unit (usually the countries) is to be performed at least once a year and in the event of indications of impairment. The impairment test may lead to an impairment expense. An impairment of goodwill is not reversed.

Other Intangible Assets

Acquired intangible assets largely consist of concessions, industrial property rights and similar rights; they are measured at acquisition costs net of accumulated amortization. The useful lives of intangible assets are between three and ten years. The straight line method of amortization is applied. The item also includes acquired trademark rights with indefinite useful lives.

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 finite useful lives are checked for impairment if there are indications of impairments in the value of the asset concerned. In order to determine a requirement to record such impairments, the recoverable amount of the asset (the higher amount from fair value less costs to sell and value in use) is compared with the carrying amount of the asset. If the recoverable amount is lower than the carrying amount, the difference is recorded as a loss due to impairment. To the extent possible, the value is reviewed at the level of the respective individual asset, otherwise at the cash generating unit level. Goodwill, by contrast, is reviewed for impairment only at the cash generating unit level. If a need to adjust the value of an asset has been determined within the scope of the impairment test, the goodwill, if any, of the cash generating unit is initially written down and the remaining amount is spread proportionately over the remaining assets in a second step. If the reason for the recorded impairment no longer applies, a reversal of impairment is recorded to the maximum amount of the depreciated/amortized acquisition cost. Goodwill impairment is not reversed.

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.

Investments in associates

Associated companies represent shareholdings over which PUMA exerts considerable control but which do not qualify as subsidiaries or joint ventures. Substantial control is generally assumed when PUMA holds at least 20 percent, but less than 50 percent, of the voting rights either directly or indirectly.

Shares in associated companies are accounted for using the equity method, i.e., the shares are initially stated at cost and are subsequently adjusted for the prorated changes in the entity's net assets that are attributable to PUMA. Any goodwill is disclosed at the carrying amount of the associated company.

The carrying amount of an entity measured at equity is compared with its recoverable amount within the scope of an impairment test. If the recoverable amount is lower than the carrying amount, the respective difference is recorded as an impairment loss. If the reasons for impairment no longer apply, a write-up is recognized in the income statement.

Financial Debts (Other Financial Liabilities and Other Liabilities)

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 compounded 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 at the lower present value at the beginning of a lease relationship, and are rolled over by the amount of lease installments paid.

As a general rule, current financial liabilities also include the proportion of long-term loans that have a maximum residual term of up to one year.

Provisions for Pensions and Similar Obligations

In addition to defined benefit plans, some companies apply defined contribution plans which do not result in a further pension commitment other than the current contributions. 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 with the market yields on high quality corporate bonds. The currencies and terms of the underlying corporate bonds are consistent with the currencies and terms of the pension obligations. In some of the plans, the obligation is matched by a plan asset. The disclosed pension provision is reduced by the plan asset.

Actuarial gains and losses are reported under shareholders' equity with neutral effect on profit or loss during the period in which they occur. Service expense is disclosed in personnel expenses, and interest expense in the financial result.

Other Provisions

In accordance with IAS 37, other provisions are recorded to account for all risks and obligations towards 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 onerous contracts. A contract is onerous when the unavoidable costs exceed the economic benefit expected from the contract. As a general rule, all provisions classified as long-term are discounted.

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 authorization by the shareholders' 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) involving share-based compensation and stock appreciation rights (SAR) involving cash compensation.

SOP

The expense concerning SOP is determined from the fair value of the options at the grant date, 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-forfeitability of the options 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 a corresponding adjustment in shareholders' 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 vesting period as recorded as personnel expense and accounted for as a provision/liability. Changes in value arising after expiry of the vesting period are recognized directly in personnel expense, and the provision/liability is adjusted accordingly.

Recognition of Sales

Sales are recognized and included in profits at the time of the transfer of risks. Sales are disclosed net of expected returns, discounts and rebates.

Royalties and Commission Income

Income from royalties is treated as income in accordance with the statements 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 expense allocation after the balance sheet date are recognized in the form of an impairment of assets or 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. Capitalization as intangible assets is not possible since the criteria specified in IAS 38 are not fulfilled.

Financial Result

The financial result includes the results from associated companies as well as interest income from financial investments and interest expense from loans. In addition, this item includes interest expenses from discounted non-current 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 are to be allocated directly to an underlying transaction, the disclosure is made in the respective income statement item.

Income Taxes

Current 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 valuation differences between the IFRS- and tax balance sheets 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 tax assets or liabilities 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. The assumptions and estimates are recorded in accordance with present knowledge and the actual values may deviate from the assumptions and estimates made in individual cases. Consequently, future periods involve a risk of adjustments to the carrying amount of the assets and liabilities concerned. If the actual development deviates from expected development, the assumptions and, to the extent required, the carrying amounts of the assets and debts concerned are adjusted with an effect on profit or loss.

All assumptions and estimates are continuously reassessed. They are based on historic experience and other factors, including expectations regarding future global and industry-related developments that appear reasonable under the current circumstances. Assumptions and estimates concern, in particular, the measurement of goodwill, pension obligations, derivative financial instruments and deferred taxes. The major future-oriented assumptions and sources of estimate uncertainties as at the reporting date that concern the above-stated items are discussed below:

Goodwill

A review of the inherent value of goodwill is based on calculation of the value in use. In order to calculate the value in use, the Group must perform an estimate of future cash flows from those cash generating units to which the goodwill is allocated. To this end, the data of the respective three-year planning were used, which is based on the projections of macroeconomic developments and the industry-specific consumer behaviour that can be derived from these developments. A further significant assumption concerns the determination of an appropriate interest rate for discounting the cashflow to present value (discounted cashflow method).

Further details, in particular concerning the assumptions used for calculation, are provided in paragraph 12.

Pension Obligations

Pension obligations are determined using an actuarial calculation. This calculation is contingent on a large number of factors that are based on assumptions and estimates respecting the discount rate, the expected return on plan assets, future wage- and salary increases, as well as mortality and future pension increases. Owing to the long-term nature of the commitments made, assumptions are subject to substantial uncertainties. Any change in these assumptions impacts on the carrying amount of the pension obligations. The Group determines the discount rate applied to determine the present value of future payments at the end of each year.

The discount rate is based on the interest rates for high quality corporate bonds denominated in the currencies in which the benefits are paid and with terms that correspond to those pf the pension obligations.

For more details, in particular respecting the parameters used for calculation, please see paragraph 17.

Deferred Taxes

The accounting for deferred taxes, in particular with respect to tax loss carryforwards, requires that estimates and assumptions be made concerning future tax planning strategies as well as expected dates of occurrence and the amount of future taxable income. The taxable income is derived from the respective corporate planning for purposes of these estimates, taking the results of operations of earlier years and expected future business development into account. Deferred tax assets on losses carried forward are recorded in the event of loss-prone companies only if it is highly probable that future positive income will be achieved that can be set off against these tax losses carried forward.

More particulars and detailed assumptions are provided in paragraph 10.

Derivative Financial Instruments

The assumptions used for measurement of derivative financial instruments are based on the market conditions prevailing as of the balance sheet date and thus reflect the fair value.

For more details, please see paragraph 27.

3. Adjustments pursuant to IAS 8

Within the context of the discovery of fraudulent activities at a PUMA AG subsidiary in Greece (cf. ad-hoc report pursuant to Section 15 WpHG dated October 25, 2010 and the supplementary elaborations in the section Results of Operations), material errors were found in the financial statements of PUMA Hellas S.A (hereinafter "PUMA Hellas") for the affected years. As a consequence of these errors, material misstatements are also included in the IFRS consolidated financial statements of PUMA AG for the year 2009 and previous years, which must be corrected in conformity with IAS 8.41 et seqq. In accordance with IAS 8.42, the corrections are made in the consolidated financial statements as of December 31, 2010, in which the comparative figures for the year 2009 are restated and the opening balance sheet for 2009 is corrected to the extent that earlier periods are concerned. Errors that concern the year 2010 were corrected in the current accounts.

The tables 1 to 4 below provide an overview of the impact of all corrections:

Table 1: Adjustment of the Opening Balance Sheet as of January 1, 2009 (in € million)

	Adjustments IAS 8
ASSETS	
Inventories	-2.5[1]
Trade receivables	-26.0[2]
Other current assets	-9.9[3]
Intangible assets	-25.1[4]
LIABILITIES AND SHAREHOLDERS' EQUITY	
Current bank liabilities	7.5[5]
Trade payables	3.2
Other current liabilities	1.4
Liabilities from acquisitions (current)	-11.5[4]
Liabilities from acquisitions (non–current)	-6.2[4]
= Change in retained earnings as of January 1, 2009	**-58.0**

1 This correction results from adjustment No. 3
2 This correction is mainly due to adjustments No. 4 and No. 6
3 This correction results from adjustment No. 4
4 This correction results from adjustment No. 9
5 This correction results from adjustment No. 8

Note re Table 1: In notional terms, liability items are to be added with reversed signs

Table 2: Adjustment of the Consolidated Income Statement 2009 (in € million)

	2009 before restatement	Adjustments IAS 8	2009 as restated
Net sales	**2,460.7**	-13.4[6]	**2,447.3**
Cost of sales	-1,198.2	-6.0[7]	-1,204.2
Gross profit	**1,262.4**	-19.3	**1,243.1**
Royalty and commission income	20.6		20.6
Other operating income and expenses	-1,090.6	-26.7[8]	1,117.3
Operating result (EBIT)	**192.4**	-46.0	**146.4**
Financial income	3.8		3.8
Financial expenses	-12.1	0.3	-11.8
Financial result	**-8.3**	-0.3	**-8.0**
Earnings before taxes (EBT)	184.1	-45.7	138.4
Income taxes	-58.2	-2.9[9]	-61.1
Net earnings	**125.9**	-48.6	**77.3**
thereof:			
Minority interest	-2.3		-2.3
Shareholders, parent company (net earnings)	**128.2**	-48.6	**79.6**
Earnings per share (€)	8.50	-3.22	5.28
Earnings per share, diluted (€)	8.50	-3.23	5.27

6 This correction results from adjustment No 5
7 This correction results from adjustments No. 2. No. 3. No. 5 and No. 6
8 This correction results mainly from adjustments Nos. 1. No. 7 and No. 9
9 This correction results from adjustment No 11

Table 3: Adjustment of the Consolidated Balance Sheet as of December 31, 2009 (in € million)

	31.12.2009 before restatement	Adjustments IAS 8	31.12.2009 as restated
ASSETS			
Cash and cash equivalents	485.6		485.6
Inventories	348.5	-4.1[10]	344.4
Trade receivables	397.8	-50.4[11]	347.4
Income tax receivables	33.5		33.5
Other current financial assets	24.3	-6.1[12]	18.2
Other current assets	69.5	-4.4[12]	65.1
Current assets	**1,359.2**	-65.0	**1,294.2**
Deferred taxes	67.7	-2.9[13]	64.8
Property, plant and equipment	242.7		242.7
Intangible assets	317.5	-21.3[14]	296.3
Other non-current financial assets	14.8		14.8
Other non-current assets	12.2		12.2
Non-current assets	**654.9**	-24.2	**630.8**
Total assets	**2,014.1**	-89.1	**1,925.0**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Current bank liabilities	36.8	11.5[15]	48.3
Trade payables	262.1	3.6	265.7
Liabilities from income taxes	14.2		14.2
Tax provisions	20.0		20.0
Other current provisions	118.4		118.4
Liabilities from acquisitions	42.2	-9.0[14]	33.2
Other current financial liabilities	61.6	1.4	63.0
Other current liabilities	64.7		64.7
Current liabilities	**620.0**	7.5	**627.5**
Deferred taxes	4.4		4.4
Pension provisions	25.2	0.2	25.4
Other non-current provisions	0.0	12.2[16]	12.2
Liabilities from acquisitions	117.9	-2.4[14]	115.5
Other non-current financial liabilities	4.9		4.9
Other non-current liabilities	1.8		1.8
Non-current liabilities	**154.2**	10.0	**164.2**
Subscribed capital	38.6		38.6
Group reserves	155.3		155.3
Retained earnings	1,045.8	-106.5	939.3
Treasury stock	0.0		0.0
Minority interest	0.1		0.1
Shareholders' equity	**1,239.8**	-106.5	**1,133.3**
Total liabilities and shareholders' equity	**2,014.1**	-89.1	**1,925.0**

10 This correction results from adjustments No. 3, No. 5 and No. 6
11 This correction results from adjustments No. 1, No. 4, No. 5, No. 6 and No. 10
12 This correction results mainly from adjustment No 4
13 This correction results from adjustment No. 11
14 This correction results from adjustment No 9
15 This correction results from adjustment No. 8
16 This correction results from adjustment No. 7

Table 4: Adjustment of the Statement of Cashflows 2009 (in € million)

	2009 before restatement	Adjustments IAS 8	2009 as restated
Operating activities			
EBT	184.1	-45.7	138.4
Adjustments for:			
Depreciation	71.4		71.4
Non-realized currency gains/losses, net	-15.7		-15.7
Financial income	-3.8		-3.8
Financial expenses	12.1	-0.3	11.8
Changes from the sale of fixed assets	0.6		0.6
Changes to pension accruals	2.8	0.1	2.9
Other cash effected expenses/incomes	72.9		72.9
Gross Cashflow	**324.3**	-45.8	**278.5**
Changes in receivables and other current assets	-18.6	24.9[17]	6.3
Changes in inventories	106.8	1.6[18]	108.4
Changes in trade payables and other current liabilities	-10.5	12.6[19]	2.1
Cash provided by operations	402.0	-6.7	395.3
Interest paid	-6.6		-6.6
Income taxes paid	-84.8		-84.8
Net cash from operating activities	**310.6**	-6.7	**303.9**
Cash flows from investment activities			
Payment for acquisitions	-84.4	2.7[20]	-81.8
Purchase of property and equipment	-54.5		-54.5
Proceeds from sale of property and equipment	1.8		1.8
Changes in other non-current assets	-5.9		-5.9
Interest received	3.8		3.8
Net cash used in investing activities	**-139.2**	2.7	**-136.6**
Cash flows from financing activities			
Changes regarding non-current liabilities	0.8		0.8
Changes regarding non-current bank borrowing	-21.2	4.0[21]	-17.2
Dividend payments	-41.5		-41.5
Capital increase	0.0		0.0
Purchase of treasury stock	0.0		0.0
Net cash used in financing activities	**-61.9**	4.0	**-57.9**
Effect of exchange rates on cash	1.2		1.2
Change in cash and cash equivalents	**110.6**		**110.6**
Cash and cash equivalents at beginning of the financial year	375.0		375.0
Cash and cash equivalents at year-end	**485.6**		**485.6**

17 This correction results from the adjustments No. 1, No. 4, No. 5, No. 6 and No. 10
18 This correction results from the adjustments No. 3, No. 5 and No. 6
19 This correction results mainly from the adjustment No. 7
20 This correction results from the adjustment No. 9
21 This correction results from the adjustment No. 8

Moreover, as a result of these adjustments in accordance with IAS 8, relative to the financial year 2009, the statement of changes in equity and the stated comparative figures in the Notes for 2009 also had to be restated accordingly.

In particular, the following errors had to be adjusted pursuant to IAS 8:

1) Receivables against the minority shareholder

In accordance with IAS 39 requirements, the receivables against companies of the minority shareholder in Greece were fully written-down due to factual indications of impairment or non-recoverability, respectively. The write-down amounts to € 37.1 million as of December 31, 2009. This amount includes € 23.8 million which had already been stated in the opening balance sheet.

2) Manipulation of the result for the year in 2009

The special audit determined that the cost of sales of PUMA Hellas in financial year 2009 was reduced by the amount of € 5.5 million without this being supported by an underlying transaction. This misentry was cancelled within the context of the restatement.

3) Manipulation of inventory holdings

The special audit determined that PUMA Hellas manipulated the quantities of inventory holdings, specifically that non-existing inventories were accounted for in the amount of € 2.5 million. The manipulation was corrected within the scope of the restatement.

4) Marketing and sponsoring

Within the context of accounting for advertising and sponsoring payments, PUMA Hellas capitalized marketing expenses as trade receivables and as other current assets that were actually allocable to financial years already past. Moreover, marketing expenses were recorded in the wrong period, i.e., only in later financial years. The marketing expenses were allocated to the correct periods on the basis of a retrospective correction, taking the respective contracts and services actually provided into account. The total impact of these corrections on the retained earnings as of December 31, 2009 amounts to € 26.9 million, of which the amount of € 18.3 million had already been recognized in the opening balance sheet as of January 1, 2009.

5) Over-deliveries and returns

PUMA Hellas' net sales were corrected since the criterions for sales recognition in accordance with IAS 18 requirements were not fulfilled due to over-deliveries and returns. Trade receivables as well as inventories and cost of sales were adjusted on this basis. The total impact of these adjustments on the accumulated profit as of December 31, 2009 amounts to € 11.6 million, of which the amount of € 4.4 million had already been recognized in the opening balance sheet as of January 1, 2009.

6) Valuation of receivables and inventories

The special audit indicated that, contrary to the provisions respecting uniform Group accounting policies, PUMA Hellas recorded no value adjustment for overdue trade receivables as required under IAS 39. Likewise, PUMA Hellas failed to record a downward inventory adjustment to the declined net realizable value as required under IAS 2. The total effect of these adjustments on the balance sheet total as of December 31, 2009 amounts to € 11.7 million, of which € 1.4 million had already been recognized in the January 1, 2009 opening balance sheet.

7) Pledge of minority interest

The shares of the minority shareholder in Greece were pledged vis à vis a bank in the financial year 2009 to provide collateral for the minority shareholder's loans. Due to impending utilization by the pledgee, a provision of € 12.2 million was recorded in accordance with IAS 37 in connection with the correction No.1 within the scope of adjustment of the consolidated financial statements as of December 31, 2009.

8) Correction of improper nettings

In addition, booking entries that were not allocated appropriately to balance sheet items were identified. Due to the resulting reclassifications or subsequent entries, which were neutral in their effect on profit or loss, the receivables from the minority shareholder (cf. the matter stated above), as well as bank liabilities and trade payables increased, in particular. Overall, this led to a balance sheet extension in the amount of € 21.9 million as of December 31, 2009.

9) Goodwill and liabilities from acquisition

The PUMA Hellas goodwill of € 25.1 million had to be written-off to the full extent in accordance with IAS 36 due to the adjusted corporate planning.

As a consequence of the losses incurred, the still existing purchase price liability of € 17.7 million, which is calculated on the basis of the reported equity capital and projected future annual results of PUMA Hellas, is zero stated in the opening balance sheet as of January 1, 2009. These two corrections led to an impairment expense of € 7.4 million, on balance.

10) Other adjustments at Group level

Booking entries were recorded and charged to expenditure at Group level within the scope of preparing the consolidated financial statements as of December 31, 2009 within the framework of uniform Group accounting policies. These entries relate to values in the individual financial statements of PUMA Hellas. As the values reported at PUMA Hellas level underwent change due to restatement, subsequent changes or reversal effects, respectively, in the amount € 10.7 million are to be recognized.

11) Deferred taxes

Deferred tax assets relating to a subsequent reduction of assets and an increase in debts were not taken into account as realization of these tax receivables appears unlikely at present. Deferred tax assets were recorded in the context of the booking entries that were recorded and charged to expenditure at Group level as of December 31, 2009 (see above under 10). As a consequence, additional tax expenses of € 2.9 million are recorded that relate to the restatement in financial year 2009.

Earnings per share

In effect, earnings per share pursuant to IAS 33 declined in financial year 2009 from € 8.50 to € 5.28 (average number of shares in circulation, 15,082 million) and the diluted earnings per share declined from € 8.50 to € 5.27 (average number of shares in circulation, diluted 15,092 million).

4. Business Combinations

With effect as from April 16, 2010, PUMA acquired a 100% stake in the Cobra Golf business division from Acushnet, the Golf division of the US company, Fortune Brands, Inc., within the scope of an asset and share deal. The acquisition mainly includes inventories, industrial property rights and existing sponsoring agreements.

The fair value of the entire transferred consideration (purchase price) amounts to € 80.7 million as of the acquisition date. It consists of € 68.1 million cash payments and an agreed conditional consideration which is contingent on the sales revenues earned by Cobra Golf in 2010 and 2011, and which obliges PUMA to pay an (undiscounted) maximum amount of € 15.0 million to the former owner. The fair value of the conditional consideration was determined at the amount of € 12.6 million at the acquisition date. Due to an updated calculation as of the balance sheet date, the amount stands at € 6.8 million.

The impact of the acquisition on the Group's assets and debts is shown in the table below. Assets and debts of the foreign company and the adjustment of carrying amounts to fair values are converted at the exchange rate applicable at the time of initial consolidation.

Acquisition of Cobra Golf (in € million)	Carrying amount as of the acquisition date	Adjustment to fair value	Present value as of the acquisition date
Current assets	15.8	0.6	16.4
Non-current assets	0.1	112.6	112.7
Debts	1.0	49.9	50.9

Current assets do not include receivables. Non-current assets mainly consist of the Cobra Golf brand mark. An indefinite useful life was stated for these brands in light of the brand history and continuation of the brands by PUMA. The development of intangible assets with indefinite useful lives in financial year 2010 is shown in the "Development of Fixed Assets".

Debts relate, in particular, to deferred taxes amounting to € 42.0 million and contingent liabilities that were stated as provisions at the amount of € 7.9 million within the scope of the business combination.

Goodwill resulting from this acquisition stands at € 2.5 million. The goodwill was calculated as the purchase price surplus over the acquired net worth of the assets and debts that were stated at fair value. The goodwill represents acquired assets which were not separately capitalizable. The resulting goodwill is not deductible for tax purposes. The Cobra Golf business qualifies as an independent cash generating unit ("CGU").

Consolidated sales increased by € 36.2 million in the reporting period as a result of the Cobra Golf acquisition. Consolidated earnings in the current period include a loss relating to Cobra Golf in the amount of € 4.8 million. Owing to the fact that Acushnet, the former owner of Cobra Golf, effected the sale outside the United States by the end of August 2010, the disclosures on sales revenues and net earnings for the year of Cobra Golf are to be viewed under the assumption that the presentation does not necessarily reflect the value added by the Cobra Golf business division due to a defined margin during the transition period following acquisition. For this reason, revenues and earnings as from January 1, 2010 are not reported.

5. Cash and cash equivalents

The Company's cash and cash equivalents as at December 31, 2010 amount to € 479.6 million (previous year: € 485.6 million). The average effective interest rate of financial investments came to 1.0% (previous year: 1.1%). No restraints on disposal are recorded.

6. Inventories

Inventories are allocated to the following main groups:

	2010 € million	2009* € million
Raw materials and supplies	6.4	3.8
Finished goods and merchandise/stock inventory		
Footwear	134.6	97.2
Apparel	134.6	113.5
Accessories/Other	65.0	40.5
Goods in transit	99.1	89.4
Total	**439.7**	**344.4**

***** *adjusted comparative figures pursuant to IAS 8, see paragraph 3*

The table shows the carrying amounts of inventories net of value adjustments. The value adjustments include the amount of € 79.0 million (previous year: € 84.9 million) of which ca. 68% were recorded in cost of sales and recognized in the income statement in financial year 2010 (previous year: ca. 65%).

The amount of inventories recorded as expense during the period largely corresponds to the cost of sales disclosed in the consolidated income statement.

7. Trade Receivables

This item is structured as follows:

	2010 € million	2009* € million
Trade receivables, gross	534.1	425.5
Net of value adjustments	-87.1	-78.1
Trade receivables, net	**447.0**	**347.4**

** adjusted comparative figures pursuant to IAS 8, see paragraph 3*

Value adjustments on trade receivables developed as follows:

	2010 € million	2009* € million
Status of value adjustments as of January 1	**78.1**	**59.5**
Currency differences	1.4	0.0
Additions	25.8	30.7
Utilization	-9.2	-9.2
Releases	-9.0	-2.9
Status of value adjustments December 31	**87.1**	**78.1**

** adjusted comparative figures pursuant to IAS 8, see paragraph 3*

Gross values*								
2009	**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	425.5	234.0	33.9	14.3	10.0	10.6	6.6	116.1

** adjusted comparative figures pursuant to IAS 8, see paragraph 3*

Gross values								
2010	**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	534.1	346.7	38.0	14.0	6.5	7.9	10.3	110.7

With respect to trade receivables which were not subject to value adjustments, the Company assumes that the debtors will comply with their payment obligations.

8. Other Current Financial Assets

This item is structured as follows:

	2010 € million	2009* € million
Fair value of derivative financial instruments	3.3	1.7
Other financial assets	22.6	16.5
Total	**25.9**	**18.2**

** adjusted comparative figures pursuant to IAS 8, see paragraph 3*

Other current financial assets are due within one year. The present value corresponds to the carrying amount.

9. Other Current Assets

This item is structured as follows:

	2010 € million	2009* € million
Prepaid expense relating to the subsequent period	27.1	29.4
Other receivables	47.1	35.7
Total	**74.2**	**65.1**

** adjusted comparative figures pursuant to IAS 8, see paragraph 3*

Other assets are due within one year. The present value corresponds to the carrying amount.

Other receivables mainly include VAT receivables amounting to € 26.1 million (previous year: € 17.0 million).

10. Deferred Taxes

Deferred taxes relate to the items presented below:

	2010 € million	2009* € million
Tax losses carried forward	13.6	13.3
Non-current assets	15.9	14.5
Current assets	40.7	37.7
Provisions and other liabilities	35.8	19.3
From netting in equity with neutral effects on profit or loss	8.0	7.8
Deferred tax assets (before netting)	**114.0**	**92.6**
Non-current assets	62.1	27.5
Current assets	5.6	2.6
Provisions and other liabilities	0.5	2.1
Deferred tax liabilities (before netting)	**68.2**	**32.2**
Deferred tax claims, net	**45.8**	**60.4**

***** *adjusted comparative figures pursuant to IAS 8. see paragraph 3*

Of the deferred tax assets, the amount of € 90.1 million (previous year: € 56.0 million) is current, and of deferred tax liabilities € 6.1 million (previous year € 3.0 million) are current.

Tax losses carried forward as of December 31, 2010 totalled € 102.7 million (previous year: € 97.0 million.), resulting in a deferred tax claim of € 23.0 million (previous year: € 24.1 million). Tax losses carried forward concern, in part, inactive entities or entities for internal Group financing. Deferred tax receivables were recorded for these items at the amount that can probably be realized from the associated tax advantage resulting from future tax profit. Accordingly, deferred tax receivables in the amount of € 9.4 million (previous year: € 10.8 million) were not recorded.

Deferred tax liabilities to account for source taxes from possible dividends on retained profits of subsidiaries that serve to cover the refinancing requirement of the respective company were not recorded.

Deferred tax assets and liabilities are netted to the extent that they relate to a tax subject and can actually be netted. Consequently, they are disclosed in the balance sheet as follows:

	2010 € million	2009* € million
Deferred tax assets	96.5	64.8
Deferred tax liabilities	50.7	4.4
Deferred tax assets, net	**45.8**	**60.4**

***** *adjusted comparative figures pursuant to IAS 8. see paragraph 3*

Deferred tax assets developed as follows:

	2010 € million	2009* € million
Deferred tax assets, previous year	64.8	80.5
Recognition in the income statement	26.1	-28.4
Netting in equity capital with neutral effect on profits	5.6	12.7
Deferred tax assets	**96.5**	**64.8**

** adjusted comparative figures pursuant to IAS 8. see paragraph 3*

Deferred tax liabilities developed as follows:

	2010 € million	2009 € million
Deferred tax liabilities, previous year	4.4	26.5
Deferred taxes from the acquisition of subsidiaries	42.0	0.0
Recognition in the income statement	4.3	-22.1
Deferred tax liabilities	**50.7**	**4.4**

11. Property, Plant and Equipment

Property, plant and equipment at carrying amounts consist of:

	2010 € million	2009 € million
Land and buildings including buildings on third party land	137.8	138.0
Technical equipment and machines	3.3	4.8
Other equipment, factory and office equipment	89.4	98.1
Assets under construction	6.2	1.9
Total	**236.7**	**242.7**

The carrying amounts of property, plant and equipment are derived from acquisition costs. Accumulated depreciation of property, plant and equipment amounted to € 233.3 million (previous year: € 201.9 million).

Property, plant and equipment include lease assets (finance lease) in the amount of € 1.2 million (previous year: € 1.9 million).

The development of property, plant and equipment during financial year 2010 is presented in "Development of Fixed Assets". Impairment expenses that exceed current depreciation are included at the amount of € 9.6 million mainly as a result of the re-engineering and optimization of the global organization structure.

12. Intangible Assets

This item mainly includes goodwill, intangible assets with indefinite useful lives and assets associated with the Company's own retail activities.

Goodwill and intangible assets with indefinite useful lives are not amortized according to schedule. An impairment test was carried out in the financial year ended using the discounted cashflow method and based on data of the respective three-year planning. The achievable amount was determined on the basis of the usage value.

The development of intangible assets in financial year 2010 is presented in "Development of Fixed Assets". Impairment expenses that exceed current amortization are mainly included in the amount of € 1.2 million as a result of re-engineering and optimization of the global organization structure.

Goodwill is allocated to the Group's identifiable cash generating units (CGUs) according to the country of activity. Summarized according to regions, goodwill values are allocated as follows:

	2010 € million	2009* € million
EMEA	150.4	157.1
America	40.5	34.1
Asia/Pacific	90.8	78.5
Total	**281.7**	**269.7**

**** adjusted comparative figures pursuant to IAS 8. see paragraph 3***

Assumptions in the context of the impairment test:

	EMEA	Americas	Asia/Pacific
Tax rate (range)	20.0%-30.0%	17.0%-40.0%	17.5%-40.7%
WACC before tax (range)	7.9%-14.2%	9.0%-11.0%	7.6%-10.6%
WACC after tax (range)	6.4%-11.9%	6.9%-12.7%	5.0%-9.7%
Growth rate	3%	3%	3%
Beta	0,922	0,922	0,922

A lower growth rate of below 3% was recorded in justified cases.

Sensitivity analyses relative to the impairment tests carried out indicate that an increase in the discount rates by 1% in each case does not impact on the goodwill value.

13. Investments in associates

The interest in Wilderness Holdings Ltd., which was acquired in financial year 2010, is disclosed in the investments in associates. The carrying amount of the shares amounts to € 23.9 million as of December 31, 2010; the fair value stands at € 24.5 million.

The following overview shows the aggregated benchmark data of associated companies accounted for at equity. The values represent the values based on a fictitious shareholding of 100% and do not relate to the shares attributable to the PUMA Group.

	2010 € Mio.
Total assets	81.8
Total liabilities	45.3
Equity capital	36.5
Sales revenues	88.3
Result	8.6

The balance sheet date of Wilderness Holdings Ltd. is February 28, 2011. The company made financial information as of December 31, 2010 available for the purpose of at equity inclusion in the consolidated financial statements of PUMA AG.

The disclosures on total assets, total liabilities and equity capital stated above relate to financial information of the company as of December 31, 2010.

The development of investments in associates for the financial year 2010 is shown together with the "Development of Fixed Assets".

14. Other Non-Current Assets

Other non-current financial and non-financial assets are structured as follows:

	2010 € million	2009 € million
Other loans	2.7	2.6
Other financial assets	15.2	12.2
Sum total of other non-current financial assets	**17.9**	**14.8**
Other non-current non-financial assets	21.0	12.2
Total other non-current assets	**38.9**	**27.0**

Other financial assets mainly include rental deposits in the amount of € 14.8 million (previous year: € 11.1 million).

The development for financial year 2010 is shown together with the "Development of Fixed Assets". There were no indications of impairment.

15. Liabilities

The residual terms of liabilities are as follows:

	2010				2009*			
		Residual term of				Residual term of		
	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	**42.8**	42.8			**48.3**	48.3		
Trade payables	**344.3**	344.3			**265.7**	265.7		
Other liabilities								
Liabilities from taxes	**43.5**	43.5			**30.4**	30.4		
Liabilities relating to social security	**4.2**	4.2			**4.2**	4.2		
Liabilities to employees	**51.1**	51.1			**37.9**	35.9	1.9	
Liabilities from the measurements of currency forwards at market value	**21.3**	21.3			**21.6**	21.6		
Leasing liabilities	**0.5**	0.5			**0.4**	0.4		
Other liabilities	**67.1**	56.8	10.3		**58.5**	43.9	7.6	7.1
Total	**574.8**	564.5	10.3	0.0	**467.0**	450.4	9.5	7.1

*** adjusted comparative figures pursuant to IAS 8. see paragraph 3***

The PUMA Group's credit facilities total € 259.2 million (previous year: € 261.3 million). They can be used optionally for bank loans or guarantee credits. In addition to bank liabilities amounting to € 42.8 million (previous year: € 48.3 million), guarantee credits in the amount of € 27.6 million (previous year: € 30.2 million) were recorded as at December 31, 2010. In addition to liquid assets, the Company's unused credit facilities amounted to € 188.8 million (previous year: € 182.9 million).
The effective interest rate of financial liabilities ranged between 2.2% - 12%.

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

Cashflow from original and derivative financial Liabilities	Carrying amount 2010 € million	Cashflow 2011 Interest € million	Cashflow 2011 Repayment € million	Cashflow 2012 Interest € million	Cashflow 2012 Repayment € million	Cashflow 2013 ff. Interest € million	Cashflow 2013 ff. Repayment € million
Original financial liabilities							
Liabilities to banks	42.8		42.8				
Trade payables	344.3		344.3				
Liabilities from finance leasing	0.5		0.4				
Purchase price liabilities	137.6		55.7		78.2		4.1
Other liabilities	43.7		37.0		0.5		6.2
Derivative financial liabilities and assets							
Currency forwards connected to cashflow hedges – inflow			525.9				
Currency forwards connected to cashflow hedges – outflow			545.9				

Liabilities to banks are repayable at all times.

The following values were determined in the previous year:

Cashflow from original and derivative financial Liabilities	Carrying amount 2009	Cashflow 2010		Cashflow 2011		Cashflow 2012 ff.	
	€ million	Interest € million	Repayment € million	Interest € million	Repayment € million	Interest € million	Repayment € million
Original financial liabilities							
Liabilities to banks	48.3		48.3				
Trade payables	265.7		265.7				
Liabilities from finance leasing	0.4		0.4				
Purchase price liabilities	148.7		33.2		32.2		88.9
Other liabilities	45.8	0.3	40.9		0.3		4.6
Derivative financial liabilities and assets							
Currency forwards connected to cashflow hedges – inflow			411.1				
Currency forwards connected to cashflow hedges – outflow			436.3				

*** adjusted comparative figures pursuant to IAS 8. see paragraph 3***

16. Additional Disclosures on Financial Instruments

	Measurement categories pursuant to IAS 39	Carrying amount 2010 € million	Fair Value 2010 € million	Carrying amount 2009* € million	Fair Value 2009* € million
Assets					
Cash and cash equivalents	[1]LAR	479.6479.6	485.6	485.6	
Trade receivables	LAR	447.0447.0	347.4	347.4	
Other financial current assets	LAR	22.622.6	16.5	16.5	
Derivates involving hedges (fair value)	n.a.	3.33.3	1.7	1.7	
Loans	LAR	2.72.7	0.1	0.1	
Other financial non-current assets	LAR	15.215.2	14.6	14.6	
Liabilities					
Bank liabilities	[2] OL	42.842.8	48.3	48.3	
Trade payables	OL	344.3344.3	265.7	265.7	
Purchase price liabilities	OL	137.6137.6	148.7	148.7	
Leasing liabilities	n.a.	0.50.5	0.4	0.4	
Other financial liabilities	OL	43.743.7	45.8	45.8	
Derivates involving hedges (fair value)	n.a.	21.321.3	21.6	21.6	
Total LAR		**967.1967.1**	**864.2**	**864.2**	
Total OL		**568.4568.4**	**508.5**	**508.5**	

*** adjusted comparative figures pursuant to IAS 8. see paragraph 3***
[1] LAR: Loans and Receivables; 2) OL: Other Liabilities

Financial instruments measured at market value in the balance sheet were determined using the following hierarchy:

Level 1: Use of prices quoted on active markets for identical assets or liabilities.
Level 2: Use of input factors that do not represent the quoted prices stated under Level 1, but can be observed for the asset or liability either directly (i.e., as price) or indirectly (i.e., derivation of prices).
Level 3: Use of factors for the valuation of the asset or liability that are based on non-observable market prices.

The market values of derivative assets or liabilities were determined on the basis of Level 2.

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

The carrying amount 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. Other financial assets include € 16.7 million (previous year: € 12.8 million) that were pledged as rental deposits.

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

Trade payables have short term residual maturities. The values reported thus approximate 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, market interest rates range between 0.8% and 6.5%.

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

The fair values of derivatives involving hedges as of the balance sheet date are determined by the respective banks in consideration of current market parameters.

Net result according to measurement categories:

	2010 € million	2009* € million
Loans and receivables (LAR)	-20,4	-25,8
Other liabilities (OL)	-18,8	-10,1
Total	**-39,2**	**-35,9**

**** adjusted comparative figures pursuant to IAS 8. see paragraph 3***

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

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

17. Pension Provisions

Pension provisions result from employees' claims for pension benefits in the event of invalidity, death, or when a certain retirement age has been reached. Pension benefits are based on the statutory or contractual regulations applicable in the respective country.

The general pension order of PUMA AG stipulates pension payments at a maximum amount of € 127.82 per month and per eligible employee. In addition, PUMA AG provides for individual commitments (fixed amounts at varying degrees) as well as contribution-based individual commitments (in part from salary conversion). The contribution-based commitments are insured plans. The scope of the obligation attributable to domestic pension claims (PUMA AG) amounts to € 23.3 million and thus accounts for 41.3 % of the total obligation. The fair value of the plan assets relative to the domestic obligations amounts to € 7.4 million, and the respective pension provision amounts to € 15.9 million.

The defined benefit plan in the UK is not available for new hires. The plan is based on salary- and length of service-based commitments concerning old age, invalidity, and surviving dependents' retirement benefits. Partial capitalization is admissible. The obligation respecting pension claims under the defined benefit plan in the UK amounts to € 21.3 million and thus accounts for 37.8 % of the total obligation. The obligation is covered by assets amounting to € 20.0 million, and the respective provision comes to € 1.3 million.

The cash value of pension claims developed as follows:

	2010 € million	2009* € million
Present value of pension claims January 1	**50.0**	**41.0**
Service cost	2.9	2.2
Interest expense	2.4	2.2
Employee contributions	0.4	0.4
Actuarial (gains) and losses	1.4	5.0
Currency effects	1.9	1.4
Benefits paid	-2.5	-2.1
Past service cost	0.0	-0.1
Effects from transfers	0.0	0.0
Effects from plan reductions	-0.1	0.0
Effects from plan-related settlement	0.0	0.0
Present value of pension claims December 31	**56.4**	**50.0**

** adjusted comparative figures pursuant to IAS 8. see paragraph 3*

The plan assets developed as follows:

	2010 € million	2009 € million
Plan assets January 1	**24.6**	**19.7**
Expected return on plan assets	1.1	1.1
Actuarial gains / (losses)	0.8	0.7
Employer contributions	4.0	2.3
Employee contributions	0.4	0.4
Exchange rate changes	1.0	0.9
Benefits paid	-1.5	-0.5
Effects from transfers	0.0	0.0
Effects from plan-related settlement	0.0	0.0
Plan assets December 31	**30.4**	**24.6**

The pension provision for the Group is derived as follows:

	2010 € million	2009* € million
Present value of pension claims that are wholly or partially funded	49.3	43.9
Fair value of plan assets	-30.4	-24.6
Short cover/(surplus cover)	**18.9**	**19.3**
Present value of pension claims from wholly unfunded plans	**7.2**	**6.1**
Non-recorded historical costs	0.0	0.0
Amounts not recorded due to the ceiling applicable to assets	0.0	0.0
Pension provision December 31	**26.1**	**25.4**

*** adjusted comparative figures pursuant to IAS 8. see paragraph 3**

Benefit payments in 2010 amounted to € 2.5 million (previous year: € 2.1 million). Total benefit payments in 2011 are expected to amount to € 1.7 million, whereof € 1.5 million are expected to be paid directly by the employer. In 2010 company contributions to external plan assets amounted to € 4.0 million (previous year: € 2.3 million). Company contributions in 2011 are expected to amount to € 1.8 million.

The pension provision developed as follows:

	2010 € million	2009* € million
Pension provision: January 1	**25.4**	**21.3**
Pension expense	4.1	3.2
Actuarial (gains) and losses included in shareholders' equity	0.6	4.3
Employer contributions	-4.0	-2.3
Direct pension payments made by the employer	-1.0	-1.6
Transfers	0.0	0.0
Currency differences	0.9	0.5
Pension provision December 31	**26.1**	**25.4**
thereof pension assets	0.0	0.0
thereof pension liabilities	26.1	25.4

*** adjusted comparative figures pursuant to IAS 8. see paragraph 3**

The expense in financial year 2010 is structured as follows:

	2010 € million	2009* € million
Service cost	2.9	2.2
Interest expense	2.4	2.2
Expected return on plan assets	-1.1	-1.1
Expense from plan changes	0.0	-0.1
Expense from plan reductions- or settlements	-0.1	0.0
Pension expense for defined benefit plans	**4.1**	**3.2**
Pension expense for define contribution plan	**8.5**	**4.1**
Total pension expense	**12.6**	**7.3**
thereof, personnel expense	11.3	6.2
thereof, financial expense	1.3	1.1

*** adjusted comparative figures pursuant to IAS 8. see paragraph 3**

Actuarial gains and losses recognized in equity capital:

	2010 € million	2009 € million
Actuarial (gains) / losses concerning the financial year	0.6	4.3
Effects from the recognition of the ceiling for assets	0.0	0.0
Cumulative amount of expense recognized in shareholders' equity in the reporting year	0.6	4.3
Expense recognized in shareholders' equity in previous years	7.1	2.3
Currency differences	0.0	0.6
Cumulative amount of expense recognized in shareholders' equity	**7.7**	**7.1**

Major categories of plan assets:

	2010 € million	2009 € million
Equity securities	6.9	5.8
Debt securities	12.3	11.0
Hedge funds	0.1	0.1
Derivatives	0.0	0.0
Real estate	2.5	1.6
Insurance contracts	7.5	5.9
Other	1.1	0.2
Total fair value of plan assets	**30.4**	**24.6**

Plan assets do not include the Group's own financial instruments. The actual return on plan assets in 2010 amounted to € 1.9 million (previous year: € 1.8 million).

The expected return on external plan assets is based on capital market research and return forecasts and was determined separately for each asset category. Insurance contracts account for 24.7% of the plan assets. The definition of the expected return on plan assets was based on the published or expected return of the insurance company concerned.

The following assumptions were used to determine pension obligations and the pension expense:

	2010 € million	2009 € million
Discount rate	4.57%	4.85%
Future pension increases	2.07%	2.49%
Future salary increases	3.95%	4.18%
Expected return on external plan assets	4.79%	5.47%

The values stated represent weighted average values. A standard interest rate of 4.5% was applied for the euro region.

PUMA AG pension provisions were determined using the Klaus Heubeck "2005 G" mortality tables.

Obligation, assets and cover ratio

	2010 € million	2009* € million	2008 € million	2007 € million	2006 € million
Present value of pension claims	56.4	50.0	41.0	39.0	43.0
Plan assets	30.4	24.6	19.7	21.1	16.4
(Surplus cover) / short cover	26.1	25.4	21.3	17.9	26.6

*** adjusted comparative figures pursuant to IAS 8. see paragraph 3***

Experience-based adjustments:

	2010 € million	2009 € million	2008 € million
Experience-based (gains) / losses in plan assets	-0.8	-0.7	2.6
Experience-based (gains) / losses in pension obligations	-0.5	1.8	0.8

18. Tax Provisions

	2009 € million	Currency adjustments, reclassification € million	Utilization € million	Release € million	Addition € million	2010 € million
Tax provisions	**20.0**	1.7	-12.0	-1.0	98.2	**106.9**

Tax provisions mainly include expected subsequent tax payments for previous years as well as income taxes expected but not yet paid for financial year 2010. Deferred taxes are not included. The provision should lead to a cash outflow in the following financial year.

Taking into account tax refund claims of € 80.8 million, which are included in the item Receivables from income taxes, the expected tax liabilities (netted) in the Group amount to € 26.1 million.

The addition to tax provisions is associated with an increase in receivables from income taxes and includes the findings of the concluded German tax audit covering the years from 2003 to 2006 and corresponding effects in the years from 2007 to 2009. Including subsequent interest payments and the expected outcome of EU tax negotiations, the Company's tax liability comes to approximately € 27 million. However, due to sufficient risk provisioning recorded in earlier periods the external tax audit and the resulting subsequent effect in 2010 had no significant impact on the Company's earnings.

Tax provisions also include appropriate provisioning for current tax audits abroad. In this context tax provisions were recorded if the Company is of the opinion that a cash outflow will probably result in the future.

19. Other Provisions

	2009*					2010
		Currency adjustments, reclassification	Utilization	Release	Addition	
	€ million	€ million	€ million	€ million	€ million	**€ million**
Provisions for:						
Warranties	**10.6**	0.5	-6.9	-0.1	9.9	**14.0**
Purchase risks	**5.6**	0.3	-1.6	-1.8	0.0	**2.5**
Special items	**69.8**	1.6	-52.1	-0.7	0.9	**19.5**
Others	**44.6**	2.0	-10.8	-7.7	19.9	**48.1**
Total	**130.6**	4.4	-71.4	-10.3	30.7	**84.1**

**** adjusted comparative figures pursuant to IAS 8, see paragraph 3***

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 raw materials and to tooling needed for shoe manufacture. The provision will probably lead to a pay-out in the following year.
Provisions to account for special items include expenses incurred for optimization of the retail trade portfolio, the global organization structure, and re-engineering of the operative processes.

Other provisions are primarily recorded to account for risks that may arise from litigation, anticipated losses, and other risks.

The other provisions include non-current provisions in the amount of € 12.2 million (previous year: € 12.2 million).

20. Liabilities from Acquisitions

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

The purchase price liability is structured as follows:

	2010 € million	2009* € million
Due within one year	55.7	33.2
Due in more than one year	81.9	115.5
Total	**137.6**	**148.7**

**** adjusted comparative figures pursuant to IAS 8, see paragraph 3***

21. Shareholders' Equity

Subscribed Capital

The subscribed capital corresponds to the subscribed capital of PUMA AG. As of the balance sheet date, the subscribed capital amounted to € 38.6 million. It is split up into 15,082,464 fully paid-in bearer shares. Capital reserves rose by € 7.6 million as a consequence of the valuation of stock option programs for Management with a corresponding adverse effect on personnel expenses.

SAPARDIS S.A. is a fully-owned subsidiary of PPR S.A., Paris, and presently holds 71.58% of the subscribed capital. Consequently, the PPR Group holds a majority share in PUMA AG.

Structure of outstanding shares:

		2010	2009
Shares outstanding as at January 1	**share**	**15,082,464**	**15,082,464**
Conversion from Management Incentive Program	share	626	0
Share buy-back	share	-102,219	0
Shares outstanding as at December 31	**share**	**14,980,871**	**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: € -13.6 million), which are set off against deferred taxes in the amount of € 5.4 million (previous year: € 6.3 million).

Own Shares / Treasury Stock

Based on a resolution passed by the shareholders' meeting of April 20, 2010, the Company was authorized to acquire own shares of up to ten percent of the capital stock by April 19, 2015. 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 attributes 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 shareholders' meeting from 2009 was revoked.

The Company made use of the authorization to acquire treasury stock and repurchased 102,219 shares of stock involving a value of € 23.4 million in the reporting period. The Company holds a total of 101,593 PUMA shares in its own portfolio as of the balance sheet date, which translates into a share of 0.67% of the subscribed capital.

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 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. Subscription right may be excluded fully or in part (Authorized Capital II).

Conditional Capital

In accordance with a resolution passed by the shareholders' meeting of April 22, 2008, share capital can be increased by up to € 1.5 million through issuance of up to 600,000 new shares of stock. Conditional capital may be used exclusively for the purpose of granting subscription rights (stock options) to members of the Board of Management and other executive staff of the Company and subordinate affiliated companies.
On December 31, 2010 conditional capital was reported at a total amount of € 1.5 million (previous year: € 1.5 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 shareholders' meeting that a dividend of € 1.80 per outstanding share, or a total of € 27.0 million (relative to the shares outstanding as of December 31), from the PUMA AG net retained earnings be distributed to the shareholders for financial year 2010. This corresponds to a payout rate of 13.3% relative to consolidated earnings compared to 34.1% in the previous year (or compared to 21.2% before restatement of the consolidated financial statements as at December 31, 2009).

Appropriation of PUMA AG net retained earnings:

		2010	2009
Net retained earnings of PUMA AG as of Dec. 31	€ million	75.0	50.0
Dividend per share	€	1.80	1.80
Number of shares outstanding *	share of stock	14,980,871	15,082,464
Dividend, total *	€ million	27.0	27.1
Carried forward to the new accounting period *	€ million	48.0	22.9

*** previous year's value adjusted to the status as of the shareholders' meeting***

Minority Interest

The minority interest remaining at the balance sheet date relates to a company in the Brandon Company AB sub-group.

Capital Management

The aim of capital management is to retain a strong equity capital basis with a view to maintaining and strengthening both investor confidence and market confidence and strengthening future business development.

Capital management relates to the consolidated equity of Puma, which is presented in the balance sheet and in the reconciliation statement concerning "Changes in shareholders' capital".

22. 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 a longer period. The programs are valued using a binomial model or a Monte Carlo simulation, respectively.

The current programs are described below:

Explanatory Comment: "SOP"

Upon resolution of the shareholders' meeting of April 22, 2008 a 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 shareholders' 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. In contrast to 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 granted if the share issue results from a capital increase.

Furthermore, in accordance with the authorization, the Supervisory Board (in compliance with the recommendations of the Corporate Governance Code), may limit the scope or 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 also make use of this possibility with respect to the other executives concerned.

The following parameters were used for fair value determination:

SOP	2008 Tranche I	2008 Tranche II	2008 Tranche III
Share price at the grant date	€ 199.27	€ 147.27	€ 250.50
Expected volatility	29.1%	47.7%	34.5%
Expected dividend payment	1.50%	2.31%	1.30%
Non-risk interest rate, Board of Management	4.60%	1.97%	1.60%
Non-risk interest rate, executive staff	4.60%	1.97%	1.60%

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

Development of the "SOP" Program in the financial year:

SOP	2008 Tranche I	2008 Tranche II	2008 Tranche III
Issue date	07/21/2008	04/14/2009	04/22/2010
Number issued	113,000	139,002	126,184
Exercise price	€ 0.00	€ 2.56	€ 2.56
Residual term	2,58 years	3,25 years	4,25 years
In circulation as at January 1	**99.000**	**137.502**	**0**
Exercised	-3,000	0	0
Ø share price upon exercise	233.81	na	na
Lapsed	+500	-2.500	0
In circulation: December 31	**96,500**	**135,002**	**126,184**

At the grant date, the average present value per option is € 49.44 with respect to "Tranche I – 2008". Taking the vesting period into account, the resulting expense for the current year totals € 1.4 million. Of the options in circulation, 84,000 options are attributable to the Board of Management.

In line with the assignment, an average present value per option of € 53.49 is reported with respect to "Tranche II – 2008". Taking the vesting period into account, the resulting expense for the financial year totals € 3.7 million. A total of 116,502 options are attributable to the Board of Management.

In line with the assignment, an average present value per option of € 61.81 is reported with respect to "Tranche III – 2008". Taking the vesting period into account, the resulting expense for the financial year totals € 2.6 million. A total of 103.684 options are attributable to the Board of Management.

Explanatory Comment: "SAR"
In addition to the SOP programs, stock appreciation rights (SARs) were also 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 that are responsible for a 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 vesting 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.

The maturity of option rights concerning the **"SAR 2006"** program is five years overall as from receipt of the acceptance statement. Option rights may be exercised after a vesting period of one year at the earliest, whereby a maximum of 25% can be exercised in the second year, a maximum of up to 50% in the third year, up to 75% in the fourth year, and the full 100% only in the last year. 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.

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

SAR	2004 Tranche III	2006 Tranche I
Share price on December 31	€ 248.00	€ 248.00
Expected volatility	31.9%	31.9%
Expected dividend payment	0.8%	0.8%
Non-risk interest rate	0.56%	0.56%
Expected residual term	0.32 years	0.38 years

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

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

SAR	2004 Tranche III	2006 Tranche I
Issue date	04/25/2006	10/012006
Number issued	150,000	66,250
Exercise price	€ 345.46	€ 317.23
		–
		€ 341.02
Residual term	0.32 years	0.38 years
In circulation as of January 1	**150,000**	**42,750**
Exercised	0	0
Lapsed	0	-5,000
In circulation as of December 31	**150,000**	**37,750**

The program launched in 2004 resulted in income of € 1.6 million in the current year. Option rights are held by the Board of Management.

The program launched in 2006 resulted in income of € 0.3 million in the current year. The number of option rights includes 9,000 options rights which are attributable to the Board of Management.

23. Other Operating Income and Expenses

According to the respective functions, the other operating income and expenses include personnel-, advertising and selling expenses as well as rental and leasing expenses, travel costs, legal and consulting expenses and other general administration expenses. Operations-related income that is associated with operating expenses is netted in the respective item. Rental and leasing expenses concerning own retail operations include sales-dependent rental components.

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

	2010 € million	2009* € million
Selling expenses	850.1	878.2
Product development and design	63.6	58.1
Administration and general expenses	178.9	218.3
Other operating expenses	**1,092.6**	**1,154.6**
Other operating income	**35.5**	**37.3**
Total	**1,057.1**	**1,117.3**
Thereof amort./depreciation and impairment expenses	66.0	71.7

****adjusted comparative figures pursuant to IAS 8, see paragraph 3***

Within selling expenses, marketing/retail expenses account for the major part of operating expenses. They 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.

Administration and general expenses include expenses in the amount of € 0.6 million (previous year: € 1.1 million) respecting the annual auditor of PUMA AG, thereof audit fees in the amount of € 0.5 million (previous year: € 0.4 million) and tax consultancy costs of € 0.1 million (previous year: € 0.7 million).

The other operating income includes € 28.3 million (previous year: € 30.7 million) relating to income from the allocation of development costs and € 7.2 million (previous year: € 6.6 million) concerning other income.

In all, the other operating expenses include personnel-related costs that are structured as follows:

	2010 € million	2009* € million
Wages and salaries	276.6	250.0
Social security contributions	36.7	39.1
Expenses from option programs	5.9	6.0
Expenses for pension schemes and other personnel expenses	34.9	25.1
Total	**354.1**	**320.2**

** adjusted comparative figures pursuant to IAS 8, see paragraph 3*

In addition, cost of sales include personnel expenses in the amount of € 7.5 million (previous year: € 5.1 million).

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

	2010	2009
Marketing/retail/sales	6,284	6,818
Product development/design	659	688
Administration and general units	2,370	2,241
Total annual average	**9,313**	**9,747**

A total of 9,697 employees were employed at year-end on a full-time basis (previous year: 9,646).

24. Financial Result

The financial result is structured as follows:

	2010 € million	2009* € million
Income from associated companies	**1.8**	**0.0**
Interest income	4.4	3.8
Financial income	**4.4**	**3.8**
Interest expense	-5.9	-6.6
Added interest concerning purchase price liabilities from acquisitions	-4.3	-4.1
Valuation of pension plans	-1.3	-1.1
Financial expenses	**-11.5**	**-11.8**
Financial result	**-5.3**	**-8.0**

adjusted comparative figures pursuant to IAS 8, see paragraph 3

Income from associated companies results exclusively from the investment in Wilderness Holdings Ltd. (see also paragraph 13).

Interest income results from financial investments and interest expenses relate to loans.

25. Taxes on Income

	2010 € million	2009* € million
Current income taxes		
Germany	12.4	14.7
Other countries	82.6	56.0
Total current income taxes	**95.0**	**70.7**
Deferred taxes	**4.3**	**-9.6**
Total	**99.3**	**61.1**

****adjusted comparative figures pursuant to IAS 8, see paragraph 3***

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

Numerical reconciliation of theoretical tax expense with current tax expense:

	2010 € million	2009* € million
Earnings before income taxes	**301.5**	**138.4**
Theoretical tax expense		
Tax rate of the AG = 27.22 % (previous year: 27.22%)	82.1	37.7
Taxation difference respecting countries abroad	-9.2	-1.1
Other tax effects:		
Intra-group booking entries	-6.6	-2.4
Losses and temporary differences for which no tax claims were recorded	13.4	14.5
Tax rate changes	0.1	-0.4
Source tax expenses	6.0	4.5
Non-deductible expenses or non-taxable income and other effects	13.5	8.3
Effective tax expense	**99.3**	**61.1**
Effective tax rate	32.9%	44.1%

****adjusted comparative figures pursuant to IAS 8, see paragraph 3***

The item “Losses and temporary differences for which no tax claims were recorded” relates largely to a subsidiary in Greece as realization of the respective advantage is unlikely.

The tax effect resulting from items that are directly credited or debited to shareholders’ equity is to be derived directly from the statement of comprehensive income.

26. Earnings per Share

Earnings per share are determined in accordance with IAS 33 by dividing the consolidated net earnings (Group profit) attributable to the shareholder of the parent company by the average number of outstanding shares. Potential shares from the Management Incentive Program may lead to a dilution of this indicator (see paragraph 22 in this respect).

The calculation is shown in the table below:

		2010	2009*
Consolidated net earnings	€ million	202.2	79.6
Average number of stock outstanding	share	15,030,618	15,082,464
Diluted number of shares	share	15,122,918	15,091,900
Earnings per share	€	13.45	5.28
Earnings per share, diluted	€	13.37	5.27

*** adjusted comparative figures pursuant to IAS 8, see paragraph 3***

27. Management of the Currency Risk

In financial year 2010 PUMA concluded "forward purchase USD" 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 of open rate hedging transactions that mainly concern cashflow hedges refer to currency forward transactions at a total amount of € 545.6 million (previous year: € 436.3 million).

Cashflows respecting the underlying transactions are expected for 2011.

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

	2010 € million	2009 € million
Currency forwards, assets	3.3	1.7
Currency forwards, liabilities	-21.3	-21.6
Net	**-18.0**	**-19.9**

The development of cashflow hedges is shown in the schedule of changes in shareholders' equity and the statement of comprehensive income. Risks are discussed in greater detail in the group management report.

28. Segment Reporting

The IASB published "Improvements to IFRS" in 2009 which include minor changes to IFRS. IFRS 8, for example, was amended to the extent that the amount of assets and debts is to be stated within the scope of segment reporting only if this disclosure is a regular component of the entity's reporting. This amendment is obligatory for financial years beginning on or after January 1, 2010. PUMA has already made use of earlier application.

Segment reporting is based on geographical regions in accordance with the internal reporting structure. Sales and gross profit are shown according to the geographical region where the respective Group company is located (head office). Intra-group sales of the respective region 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 amounts on the income statement or on the balance sheet, respectively.
The regions are subdivided (condensed) into EMEA (Europe, Middle East and Africa), Americas (North- and Latin America) and Asia/Pacific.

The segments' internal sales are generated on the basis of market prices.

Investments and depreciation/amortization relate to additions and, respectively, to the depreciation/amortization of property, plant and equipment, intangible assets and other non-current assets during the current financial year. In addition, total impairment expenses in the amount of € 10.8 million (previous year: € 12.9 million) were reported and allocated to the following segments: EMEA (€ 7.7 million, previous year: € 4.5 million), Americas (€ 2.9 million, previous year; € 4.0 million), Asia/Pacific (€ 0.2 million, previous year: € 0.2 million), and the Central Units/Consolidation (€ 0.0 million, previous year: 4.2 million).

Since PUMA is active in one business field only, namely that of the sporting goods industry, the sales and gross income are allocated on a product basis, i.e., according 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.

Operating Segments	External sales		EBIT		Investments	
Regions	2010 € million	2009* € million	2010 € million	2009* € million	2010 € million	2009* € million
EMEA	**1,157.3**	1,136.2	**67.8**	59.5	**41.4**	43.9
Americas	**828.4**	662.1	**85.2**	51.9	**13.5**	9.4
Asia/Pacific	**577.0**	550.8	**45.4**	47.3	**9.6**	6.5
Central units/consolidation	**143.6**	98.3	**139.4**	141.0	**144.2**	148.3
Special items			**-31.0**	-153.3		
Total	**2,706.4**	2.447.3	**306.8**	146.4	**208.8**	208.1

Operating Segments	Scheduled Depreciation		Inventories		Trade Reveivables	
Regions	2010 € million	2009 € million	2010 € million	2009* € million	2010 € million	2009* € million
EMEA	**19.8**	21.9	**242.7**	197.9	**190.8**	150.0
Americas	**14.1**	16.0	**118.6**	106.0	**130.1**	97.9
Asia/Pacific	**8.2**	7.5	**70.0**	51.6	**97.9**	80.8
Central units/consolidation	**13.1**	13.2	**8.4**	-11.2	**28.2**	18.8
Total	**55.2**	58.5	**439.7**	344.4	**447.0**	347.4

** adjusted comparative figures pursuant to IAS 8, see paragraph 3*

Operating Segments	External Sales		Gross Profit Margin	
Product	2010 € million	2009* € million	2010	2009*
Footwear	**1,424.8**	1,321.7	**48.9%**	49.8%
Apparel	**941.3**	846.2	**50.6%**	51.3%
Accessories	**340.3**	279.4	**50.6%**	54.1%
Total	**2,706.4**	2,447.3	**49.7%**	50.8%

Operating Segments		
Bridge to EBT	2010 € million	2009* € million
EBIT	**306.8**	146.4
Financial Result	**-5.3**	-8.0
EBT	**301.5**	138.4

** adjusted comparative figures pursuant to IAS 8, see paragraph 3*

29. Notes to the Cashflow Statement

The cashflow statement was prepared in accordance with IAS 7; it is split 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 liquid assets disclosed in the balance sheet; i.e., cash in hand, checks and bank balances.

30. Contingencies and Contingent Liabilities

Contingencies

There were no reportable contingencies.

Contingent Liabilities

In accordance with an arbitration court decision, the former Spanish licensee, Estudio 2000 S.A., which is the owner of several PUMA brand rights, is obliged to transfer these brand rights to PUMA. As a consequence of the transfer of all text-, image- and combined PUMA brand rights, PUMA would eventually obtain possession of all brand rights and take over the operating business on the Spanish market and, in effect, would ensure uniform brand management and strategy. The arbitration court decision stipulates that the transfer of the brand rights is contingent on a one-off payment to Estudio 2000 S.A. of up to € 98 million. PUMA has challenged this decision and is of the opinion that, to a large extent, a successful outcome is probable.

No contingent liabilities are recorded with respect to the associated company which is accounted for at equity.

31. Other Financial Obligations

Obligations from operating lease

The Company rents and leases offices, store rooms, vehicle fleets, facilities and sales rooms for its own retail business. Rental contracts involve terms of between five and fifteen years. The terms of the remaining rental and lease agreements are one to five years. Some agreements provide for extension options and price adjustment clauses.

Total expenses resulting from these agreements amounted to € 115.7 million in 2010 (previous year: € 118.5 million). Some of these expenses are sales-dependent.

As of the balance sheet date, the Company's financial obligations from future minimum rental payments for operating lease agreements were as follows:

	2010 € million	2009 € million
From rental and lease agreements:		
2011 (2010)	92.9	85.6
2012 - 2015 (2011 – 2014)	193.0	200.5
from 2016 (from 2015)	71.4	74.3

Further other financial obligations

The Company's other financial obligations associated with license, promotion and advertising agreements are as follows as of the balance sheet date:

	2010 € million	2009 € million
From license, promotion and advertising contracts:		
2011 (2010)	88.3	69.5
2012 - 2015 (2011 – 2014)	163.3	157.6
from 2016 (from 2015)	6.1	3.5

In addition, obligations were recorded concerning the provision of sports equipment within the scope of sponsoring agreements.

32. 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 Shareholders' Meeting can resolve on the scope of disclosures of remuneration for the Board of Management. In accordance with the legal provisions, 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; Section 314 (2) sent. 2; Section 314 (1) No. 6 letter a, sent. 5 to 9, HGB, if so resolved by the Shareholders' Meeting on the basis of a 75% majority.

Through a resolution of the shareholders' meeting of April 22, 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 all 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 shall ensure the appropriateness of individual remuneration in accordance with its statutory duties.

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 and the free cashflow of the PUMA Group and is graded in accordance with the achievement of target levels. 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 multi-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 of the date of allocation.
The possibility of a cap limit is provided as cover against extraordinary unforeseen developments. Particulars concerning the parameters used for the respective programs are provided in these Notes under No 22.

Fixed remuneration for the six Board of Management members amounted to € 5.9 million (previous year: € 5.9 million) in the financial year and variable profit sharing bonuses came to € 5.9 million (previous year: € 1.8 million).

Following expense allocation to the vesting period, the expense resulting from new options and those issued in previous years totals € 4.7 million (previous year: € 4.9 million). The Board of Management was granted a total of 103,684 options from the "SOP 2008" program in the financial year. The fair value was € 61.82 per option at the granting date.

In the event of premature termination of an 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 financed through contributions to pension liability insurance is deemed to be a vested claim. An addition of € 1.2 million was reported as of the balance sheet date. The present value of the pension commitment in the amount of € 5.2 million was netted with the equally high and pledged asset value of the pension liability insurance policy.

Pensions commitments to former members of the Board of Management amounted to € 3.5 million (previous year: € 3.3 million). They are recorded under pension provisions. Pension benefit payments including subsequent payments for previous years were recorded at the amount of € 0.1 million (previous year: € 0.6 million).

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.

The fixed compensation amounts to T€ 30.0 for each Supervisory Board member. The Supervisory Board Chairman receives twice this amount and Deputy Chairman one and a half times this compensation. As in the previous year, total fixed compensation amounted to T€ 225.0.

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 Supervisory Board Chairman receives twice this amount, and the Deputy Chairman receives one and a half times the amount. Since earnings per share were below the minimum amount in the financial year, as in the previous year, no performance-based compensation is paid.

33. Relationships with Related Parties

In accordance with IAS 24, relationships with related parties and persons that control or are controlled by the PUMA Group must be reported unless already included as consolidated companies in the consolidated financial statements of PUMA AG. Control is defined as the possibility to determine an entity's financial- and business policy and benefit from its activities.

SAPARDIS S.A. presently holds 71.58% of the subscribed capital of PUMA AG. PPR S.A., Paris, acts as the controlling parent company. Consequently, all companies that are directly or indirectly controlled by PPR S.A. and are not included in the PUMA AG consolidated financial statements qualify as related parties

The disclosure requirement pursuant to IAS 24 also extends to business with associated companies and other related parties including, in particular, minority shareholders at companies which are fully included in the consolidated financial statements and which may exert control although PUMA is the equitable owner due to the contractual structure (see paragraph 2).

Transactions with related parties largely concern the sale of merchandise and services. These sales were concluded at the market conditions usual between external parties ("arm's length" conditions).

The following overview reflects the scope of business relationships:

	Supplies and services rendered		Supplies and services received	
	2010 € million	**2009 € million**	**2010 € million**	**2009 € million**
PPR-Group consolidated companies	11.9	9.1	1.2	0.0
Other related parties	10.5	0.0	5.9	0.0
Total	**22.4**	**9.1**	**7.1**	**0.0**

	Net receivables from		Payables to	
	2010 € million	**2009 € million**	**2010 € million**	**2009 € million**
PPR-Group consolidated companies	1.8	0.8	0.2	0.0
Other related parties	1.3	0.0	0.1	0.0
Total	**3.0**	**0.8**	**0.3**	**0.0**

Receivables vis à vis related parties are, with one exception, not subject to value adjustments. With respect to the receivables from a minority shareholder and the latter's corporate group, gross receivables in the amount of € 52.3 million (previous year: € 37.1 million) from a PUMA AG subsidiary in Greece are value-adjusted. The respective expense recorded in financial year 2010 amounts to € 15.2 million (previous year: € 13.3 million) (see paragraph 3).

The Board of Management and Supervisory Board of the PUMA Group are related parties in terms of IAS 24. The services and remuneration concerning this group of persons are reflected in paragraph 32.

One member of the Supervisory Board is also President of a company which has received a consideration from PUMA in the amount of € 0.1 million within the framework of a consulting and service agreement concerning services associated with the expansion and growth strategy.

34. 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 in the PUMA AG Management Report.

35. Events after the Balance Sheet Date

There were no events after the balance sheet date that impact significantly on the net assts, financial position and results of operations.

Responsibility Statement ("Bilanzeid")
We state to the best of our knowledge that the consolidated financial statements give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with the applicable accounting principles, and that 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 7, 2011. The Supervisory Board is to examine the consolidated financial statements and to state whether it approves the consolidated financial statements.

Herzogenaurach, February 7, 2011

The Board of Management

Zeitz **Harris-Jensbach** **Bauer** **Caroti**

Deputy Board Members

Bertone **Seiz**

„Auditors' Report

We audited the consolidated financial statements consisting of a balance sheet, income statement, aggregate income/loss statement, cashflow statement, notes to the financial statements and the Group management report of PUMA Aktiengesellschaft Rudolf Dassler Sport, Herzogenaurach, for the financial year from January 1 to December 31, 2010. The preparation of the consolidated financial statements and the Group management report in accordance with IFRS as applied in the EU, and the supplementary provisions stated in Section 315a (1) HGB, are the responsibility of the Company's Board of Management. 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 Section 317 HGB, and in conformity with the German auditing standards promulgated by the German Institute of Certified Public Accountants (IDW), thereby observing 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 and based on the information acquired during our audit, the consolidated financial statements comply with IFRS as applicable in the EU and the provisions of Section 315a (1) HGB. The consolidated financial statements provide a true and fair view of the Group's net assets, financial position and result of operations in accordance with said provisions. The Group management report is consistent with the consolidated financial statements and provides, as a whole, a suitable understanding of the Group's position, and suitably presents the opportunities and risks of future development.

Frankfurt am Main, February 7, 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Bernd Wagner	ppa. Christoph Dietzel
German Public Auditor	German Public Auditor

Supervisory Board Report

In the following report, the Supervisory Board provides information about the key activities during the 2010 financial year. In particular, the report specifies the continuous dialogue with the Board of Management on monitoring and consulting matters, assembly meetings on monitoring and key consultancy matters, outcome of designated committees, the audit of annual and consolidated financial statements, relationships with affiliated companies, the planned change in PUMA AG's legal structure as well as changes concerning executive bodies.

François-Henri Pinault
Chairman of the Supervisory Board

Dear Shareholders,

PUMA successfully weathered the economic crisis in 2010 further bolstering revenue and profitability. The expansion strategy continued with the acquisition of the Cobra Golf brand, and, back in October, Management presented a new five-year strategic plan with ambitious goals.

Special highlights of 2010 included the World Cup held in Africa where PUMA sponsored seven participating teams, including four from Africa, the extension of the sponsoring agreement with Usain Bolt, and Sebastian Vettel's victory in Abu Dhabi, making him the youngest world champion in the history of Formula One racing.

PUMA reinforced its credential as a sustainable sportlifestyle brand through its investment in Wilderness Holdings Ltd., a company engaged in responsible eco-tourism and the protection of nature. Alongside many other responsible innovations, PUMA introduced a new product packaging system under the name "Clever Little Bag".

The year was negatively affected by the uncovering of irregularities at PUMA's joint venture in Greece, committed by the joint venture partner and local management. This resulted in substantial charges for special items in 2010, and in a restatement of the prior year's comparative figures.

Monitoring Activities of the Supervisory Board

During the year, the Supervisory Board assumed the tasks imposed on it by law, the Company's by-laws and the Supervisory Board's internal rules of procedure. The Supervisory Board was closely involved in all matters related to the business development, financial position and strategic orientation of the PUMA Group. We carefully and regularly monitored the Board of Management activities and, in this framework, attended to the further strategic development of the Group and significant individual measures in an advisory capacity.

At four regular and three extraordinary Supervisory Board meetings, the Board of Management provided us with early, regular and comprehensive information about the business policy, about all relevant aspects of corporate development and corporate planning, the economic situation of the Company including its net assets and financial position, and the results of operations, as well as on all decisions and transactions of importance to the Group. The meetings were attended by all Supervisory Board Members.

We held extensive discussions regarding all events of importance to the Company on the basis of the reports provided by the Board of Management. The Board of Management informed the Supervisory Board of any deviation in the business development from defined plans and goals. The Supervisory Board reviewed the same on the basis of the documentation presented. We were involved in all significant decisions at an early stage.
In addition, the Chairman of the Supervisory Board and other Supervisory Board members communicated regularly with the Board of Management either verbally or in writing.

Following careful examination and consultation, the Supervisory Board has submitted its vote on the reports and proposed resolutions presented to it by the Board of Management to the extent required by law, the by-laws and its internal rules of procedure.

Focal Points of Monitoring and Consulting

In addition to the current course of business, there were numerous individual issues on the agenda of the individual Supervisory Board meetings, which we discussed comprehensively with the Board of Management. In doing so, no doubts ever arose as to the legality and appropriateness of the Board of Management's business management.

The main emphasis in financial year 2010 was placed on the following issues:

- Audit and approval of the 2009 annual financial statements
- Determining the agenda for the Annual General Meeting
- Acquisition of Cobra Golf and Wilderness Holdings Ltd.
- Irregularities at the Greek joint venture
- Corporate Governance and internal control system
- Share buyback program
- Sustainability program and PUMA Vision
- Current business development
- 2011 Corporate planning and medium-term planning, including investments
- Dividend policy
- Conversion of PUMA AG into a SE (Société Européenne)

The Supervisory Board inspected the financial statements and records of the Company with respect to these issues.

Compensation Committee

François-Henri Pinault (Chairman), Thore Ohlsson, and Erwin Hildel are members of the Compensation Committee. The committee convened in 2010 prior to the respective regular Supervisory Board meetings, whereby emphasis was placed on remuneration and general contractual issues, the Management Incentive Program, and various personnel-related matters. All committee members were present at all meetings held.

Audit Committee

The Audit Committee comprises the Supervisory Board members, Thore Ohlsson (Chairman), Jean-François Palus, and Oliver Burkhardt. The Audit Committee received the PUMA Group financial figures on a monthly basis, 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 order book. The Audit Committee held four meetings to this end in 2010. All committee members were present at all meetings held. 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 2010, the Audit Committee discussed the audit engagement and the focal points of the audit with the annual auditor. The audit report for financial year 2010 was discussed in detail with the annual auditor at a meeting held on February 14, 2011.

Corporate Governance

In financial year 2010 the Supervisory Board dealt with the new provisions of the German Corporate Governance Code (DCGK), which covers significant legal provisions and recommendations relating to the management and monitoring of listed companies, and which also includes standards for responsible corporate management. The Corporate Government standards have been part of PUMA's everyday business for a long time.

In accordance with Item 3.10 DCGK, the Management Board also reports to the Supervisory Board about PUMA's Corporate Governance in the Corporate Governance report, which is an element of the group management report. With few exceptions, the Company meets all DCGK requirements and expresses this in its Compliance Declaration. The Compliance Declaration is made 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 in accordance with German GAAP as well as the management report for financial year 2010, the consolidated financial statements prepared in conformity with International Financial Reporting Standards (IFRS), and the group management report for financial year 2010 were audited and provided with an unqualified auditor's opinion by the auditors, PricewaterhouseCoopers Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, who were appointed as annual auditors by the Annual General Meeting on April 20, 2010 and commissioned by the Supervisory Board to audit the annual and consolidated financial statements.

In a respective report, the annual auditor arrives at the conclusion that the risk management system institutionalized 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 countermeasures against same. To this end, the Board of Management informed the

Supervisory Board at regular intervals about all relevant risks, in particular the assessment of market and sourcing risks, financial risks including currency risks, and about organization-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 significant audit results and discussed these in detail with Board of Management and Supervisory Board members at the Audit Committee meeting on February 14, 2011, and at the subsequent 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, subsections 4 and 5 and pursuant to Section 315 (4) HGB.

After thorough examination of the annual financial statements and the management report as well as the consolidated financial statements and the group management report, we concur with the auditor's result and approve the annual financial statements and the consolidated financial statements for financial year 2010 as prepared by the Board of Management in accordance with the recommendations of the Audit Committee. The annual financial statements are thus endorsed.

Furthermore the Supervisory Board agrees with the Board of Management's proposal that a dividend of € 1.80 per share of stock be distributed to the shareholders for financial year 2010. The dividend is to be financed from liquid assets; this does not put the Company's liquidity at risk. In all, the amount of € 27.0 million is to be distributed from the retained earnings of PUMA AG. The remaining retained earnings of € 48.0 million shall be carried forward to the new accounting period.

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 was presented to the Supervisory Board. The annual auditor reviewed the report and added the following note to the report:

"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."

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

Change in Legal Form (SE Conversion)
At the meeting held on October 18, 2010, the Supervisory Board dealt intensively with the planned conversion of PUMA AG into a European Stock Corporation, PUMA SE (Societé Européenne). Conversion is currently in the preparatory phase. The conversion plan and the articles of incorporation of PUMA SE, which are attached to the conversion plan as an enclosure, will be presented to the Annual General Meeting for approval in April 2011. PUMA SE is to have a one-tier executive system with an Executive Board. Jochen Zeitz, Chairman of the PUMA AG Board of Management, will be the designated Executive Chairman of the PUMA SE Executive Board in order to ensure continuous strategic further development within the scope of the next corporate development phase.

No Changes in the Executive Bodies
No personnel-related changes occurred in the Board of Management or the Supervisory Board of PUMA SE during the 2010 financial year.

Thanks to the Board of Management and Staff
The Supervisory Board wishes to express its great appreciation and gratitude to the Board of Management, to the management of the Group companies, the staff's elected representatives, and to all employees for their personal involvement, performance and continuous commitment.

Herzogenaurach, February 14, 2011

On behalf of the Supervisory Board
François-Henri Pinault
Chairman

The Board of Mangement

Jochen Zeitz
Chairman and CEO

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

Melody Harris-Jensbach
Deputy CEO
(Chief Product Officer)

Klaus Bauer
(Chief Operating Officer)

Stefano Caroti
(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

The 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
- FNAC, Ivry sur Seine/France
- SAPARDIS, Paris/France
- Soft Computing, Paris/France
- Christie's International, London/United Kingdom
- Sowind Group (Vice President), La Chaux-de-Fonds/Switzerland
- Bouygues, Paris/France
- CFAO (Vice President), Sèvres/France
- Artemis (Chairman), Paris/France

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
- Kistamässan AB, Kista/Sweden

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

Member of other Supervisory Boards or similar boards:
- Gucci Group NV, Amsterdam/The Netherlands
- CFAO, Sèvres/France
- Conforama Holding, Lognes Marne la Vallée/France
- FNAC, Ivry sur Seine/France
- SAPARDIS, Paris/France

Grégoire Amigues
Paris, France
Directeur du Plan et de la Stratégie of PPR, Paris/France

Member of other Supervisory Boards or similar boards:
- SAPARDIS, Paris/France
- LUMINOSA, Paris/France

Erwin Hildel
Employees' Representative
Herzogenaurach, Germany
Head of Sales Support and Customer Service

Oliver Burkhardt
Employees' Representative
Moehrendorf, Germany
Project Manager IT Solutions

Global Reporting Initiative Index

The Global Reporting Initiative (GRI) has developed detailed guidance materials on sustainability reporting which are widely recognized, for example, by the UN Global Compact. Since our first sustainability report "Perspectives" PUMA has drawn from the Guidelines of the GRI for producing our reports, achieving an "in accordance" status with the 2002 GRI guidelines of our sustainability report "Momentum" in 2005. For our last PUMAVision Sustainability Report 2007 / 2008 issued in 2009 we achieved the highest possible application level "A+".

This report is our first attempt to combine our financial and sustainability report into one document. Over time we hope to fully integrate our financial and non-financial reporting. Despite the new format, we still aim for a GRI "A+" grade. The financial and also the non-financial information has been externally verified by our statutory auditors PWC.

For the reporting boundaries in the sustainability section we have chosen the spheres where our influence is greatest. We report about our own operations and included data from subsidiaries and joint ventures. As previously, we set a high priority on social and environmental standards at our independent supplier factories, a topic frequently pointed out as important by many of our stakeholders. The sub-suppliers of those factories are included where feasible. This report covers the reporting period of 2010.

THE GLOBAL COMPACT
WE SUPPORT

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact.**

We welcome feedback on its contents.

Global Reporting Initiative™

Statement
GRI Application Level Check

GRI hereby states that **PUMA AG Rudolf Dassler Sport** has presented its report "Annual Report 2010" to GRI's Report Services which have concluded that the report fulfills the requirements of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3 Guidelines.

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

21 March 2011, Amsterdam

Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative

A+
GRI REPORT
GRI CHECKED

The "+" has been added to this Application Level because PUMA AG Rudolf Dassler Sport has submitted (part of) this report for external assurance. GRI accepts the reporter's own judgment for choosing its assurance Provider and for deciding the scope of the assurance.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: *Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 15 March 2011. GRI explicitly excludes the statement being applied to any later changes to such material.*

Indicator	Name	CORE ADD	Page	Comment
1. Strategy and Analysis				
1.1	Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy.		6,7	CEO Letter
1.2	Description of key impacts, risks, and opportunities.		9 14,15 31 32 100 130	Our Principles PUMAVision – Our Mission Environmental Targets 2015 PUMA Sustainability Scorecard Strategy Outlook *Sustainability issues are reported throughout the PUMAVision section of the report. An overview of the financial risks is included in the financial part. We will include further aspects in our 2011 report.*
2. Organizational Profile				
2.1	Name of Organization		140,141	Notes to the Consolidated Financial Statements
2.2	Primary brands, products, and/ or services.		80-95	Brand
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.		141-143	Notes to the Consolidated Financial Statements
2.4	Location of organization's headquarters.		140,141	Notes to the Consolidated Financial Statements
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.		117 141-143	Sourcing Notes to the Consolidated Financial Statements
2.6	Nature of ownership and legal form.		140,141	Notes to the Consolidated Financial Statements
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).		80-95 141-143	Brand Notes to the Consolidated Financial Statements
2.8	Scale of the reporting organization		20-27 194 101-103 118 134 172,173	PEOPLE@PUMA GRI Index Business Development/ Sales Employees Financial Statements Notes to the Consolidated Financial Statements *We do not report further on this disclosure (no intention of reporting in the future), since the information is proprietary.*
2.9	Significant changes during the reporting period regarding size, structure, or ownership		6,7 156	CEO Letter Notes to the Consolidated Financial Statements
2.10	Awards received in the reporting period.		16,17	Public Feedback
3. Report Parameters				
3.1	Reporting period		194	GRI Index
3.2	Date of most recent previous report.		194	GRI Index
3.3	Reporting cycle.			*Annually*
3.4	Contact point for questions regarding the report or its contents.			Impressum
3.5	**Process for defining report content. (content and stakeholder)**		6,7 18,19 31 60-63	CEO Letter Talks at Banz Environmental Targets 2015 2010 Target Assessment
3.6	Boundary of the report.		194	GRI Index

Indicator	Name	CORE ADD	Page	Comment
3.7	State any specific limitations on the scope or boundary of the report.		50	Climate
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, out-sourced operations, and other entities.		140,141	Notes to the Consolidated Financial Statements
3.9	Data measurement techniques and the bases of calculation.		50	Environmental Management *Explanation in each section*
3.10	Explanation of the effect of any re-statements of information provided in earlier reports.		47,48 98 140 150-155 156 189-191	Environmental Management The Year 2010 Notes to the Consolidated Financial Statements Supervisory Board Report
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.		6,7 47,48 50 194 140 150-155 156	CEO Letter Environmental Management Climate GRI Index Notes to the Consolidated Financial Statements
3.12	Table identifying the location on the Standard Disclosures in the report. (GRI Content Index)		194-204	GRI Index
3.13	Policy and current practice with regard to seeking external assurance for the report.		194 76-77 188	GRI Index Independent Assurance Report Notes to the Consolidated Financial Statements
4. Governance, Commitments, and Engagement				
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.		24 192,193	PEOPLE@PUMA Board of Management
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.		192,193	Board of Management
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/ or non-executive members.		189-191 192,193	The Supervisory Board Report Board of Management
4.4	Mechanisms for shareholders and employees to provide recommenda-tions or direction to the highest governance body.		189-191	The Supervisory Board Report
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives, and the organization’s perfor-mance.		21 184,185 192,193	PEOPLE@PUMA Notes to the Consolidated Financial Statements Board of Management
4.6	Process in place for the highest governance body to ensure conflicts or interest are avoided.		120-122	Corporate Governance Report
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization’s strategy on economic, environmental, and social topics.			*Board is regularly updated by Programme Director PUMAVision and Global Director PUMA.Safe*
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social perfor-mance and the status of their implementation.		14,15 38 31 32 22	PUMAVision – Our Mission Code of Conduct Environmental Targets 2015 PUMA Sustainability Scorecard Code of Ethics
4.9	Procedures of the highest governance body for overseeing the organization’s identification and management of economic, environmental, and social performance.		18,19	Talks at Banz *Board is regularly updated by Programme Director PUMAVision and Global Director PUMA.Safe*

Indicator	Name	CORE ADD	Page	Comment
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.		123	Remuneration Report
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.		47,48	Environmental Management
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.		22 49 194	PEOPLE@PUMA Climate Global Compact Initiative
4.13	Membership in associations and/ or national/ international advocacy organizations.		15 18 58,59 46	Climate Neutral Network, Fair Labor Association (FLA), Business for Biodiversity, GANTSCh
4.14	List of stakeholder groups engaged by the organization.		18,19	Talks at Banz
4.15	Basis for identification and selection of stakeholders with whom to engage.		6,7 18,19	CEO Letter Talks at Banz *We currently do not report on the selection process of stakeholders but will do so in more detail for 2011.*
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.		18,19	Talks at Banz *The approach is mentioned in general terms. We will include further information in 2011.*
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.		16,17 18,19 39	Public Feedback Talks at Banz Wages in the Supply Chain
ECONOMIC				
	Economic: Management Approach Disclosure		98-131 134-193	Management Report Financial Statements *Not all GRI requirements are significant for PUMA's operations. This is why not all indicator components are fully disclosed.*
ASPECT: ECONOMIC PERFORMANCE			49,51 31 101-103 104-106	Climate Environmental Targets 2015 Sales Results of Operation
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	CORE	101-103 104-106 107 134,137	Sales Results of Operation Dividend Financial Statements
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.	CORE	49-51 31	Climate Environmental Targets 2015 *We do not report on this issue as the disclosure is covered in detail in PUMA's response to the Carbon Disclosure Project.*
EC3	Coverage of the organization's defined benefit plan obligations.	CORE	23 147,167	PEOPLE@PUMA Notes to the Consolidated Financial Statements
EC4	Significant financial assistance received from government.	CORE		None known

Indicator	Name	CORE / ADD	Page	Comment
ASPECT: MARKET PRESENCE			23 39 98-131 134-193	PEOPLE@PUMA Wages in the Supply Chain Management Report Financial Statements *We do not fully disclose on this aspect. Due to the setup of our supply chain structure it is not possible to denominate local suppliers.*
EC5	Range of ratios of standard entry level wage compared to local minimum wage at significant locations of operation.	ADD	23 39	PEOPLE@PUMA Wages in the Supply Chain *The disclosure has been identified as a material issue by our critical stakeholders. We will be reporting on this matter in more detail in 2011.*
EC6	Policy, practices, and proportion of spending on locally-based suppliers at significant locations of operation.	CORE		*Regional suppliers are used where feasible*
EC7	Procedures for local hiring and proportion of senior management hired from the local community at locations of significant operation.	CORE	20,22	PEOPLE@PUMA
ASPECT: INDIRECT ECONOMIC IMPACTS		CORE		PUMAVision – Our Mission PUMA.Peace PUMA.Creative Biodiversity
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement.	CORE	14,15 15 66-69 15 72-75 58,59	PUMAVision – Our Mission PUMA.Peace PUMA.Creative Biodiversity
ENVIRONMENTAL				
	Environmental: Management Approach Disclosure		14,15 47-59	PUMAVision Environmental Management *Not all GRI requirements are applicable/ material for PUMA. This is why not all indicator components are fully disclosed on. Other components are reported on PUMA's or CDP's websites. Furthermore there are components which we intend to include in 2011.*
ASPECT: MATERIALS			31	Environmental Targets 2015 *Due to the complexity of our product range it is not feasible to fully disclose on materials' volumes.*
EN1	Materials used by weight or volume	CORE	47,48 55,56 57	Environmental Management Waste and Recycling Volatile Organic Compound *It is not possible to calculate the total weight or volume of materials used due to the complexity of the operations and supply chain. We do not plan to report on this aspect in the future.*

Indicator	Name	CORE ADD	Page	Comment
EN2	Percentage of materials used that are recycled input materials.	CORE	36,37	Clever Little Bag *The percentage of materials used that are recycled input materials is only reported for products where significant recycled input materials are in use.*
ASPECT: ENERGY			52,53	Energy *The most material concerns regarding energy aspects are disclosed. Further information on the use of renewable / non-renewable energy will be included in 2011.*
EN3	Direct energy consumption by primary energy source.	CORE	52,53	Energy *Renewable and non-renewable energy consumption are reported as a combined figure. An estimate of the total renewable and non-renewable energy used will be reported for 2011.*
EN4	Indirect energy consumption by primary source.	CORE	52,53	Energy
EN5	Energy saved due to conservation and efficiency improvements.	ADD	52,53	Energy *We do not report on the total amount of energy saved as it is not yet considerable for our business.*
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.	ADD	52,53	Energy *We do not report on the initiatives to provide energy-efficient or renewable energy based products and services yet. We have thus far been unable to gather the data related at the product level, but we will report further details in 2011.*
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.	ADD	31 36,37 52,53	Environmental Targets 2015 Clever Little Bag Energy *The information referring to the initiatives to reduce indirect energy consumption is not reported as it is disclosed in detail in PUMA's response to the Carbon Disclosure Project.*
ASPECT: WATER			54	Water
EN8	Total water withdrawal by source.	CORE	54	Water *We do not report on water withdrawal by source as the disclosure does not relate to our business. Our direct processes are not highly water demanding.*

Indicator	Name	CORE / ADD	Page	Comment
ASPECT: BIODIVERSITY			58,59	Biodiversity *Biodiversity is a newly included aspect in our reporting scheme. It will be covered in more detail in 2011.*
EN11	Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.	CORE	58,59	Biodiversity
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.	CORE	58,59	Biodiversity
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	ADD		*The overall strategy is disclosed*
ASPECT: EMISSIONS, EFFLUENTS, AND WASTE			58,59	Climate *Due to non-materiality only the main aspects on emissions, effluents and waste are covered in this report.*
EN16	Total direct and indirect greenhouse gas emissions by weight.	CORE	58,59 55,56	Climate Waste and Recycling *The methodology used to calculate the emissions is based on the greenhouse gas protocol.*
EN17	Other relevant indirect greenhouse gas emissions by weight.	CORE	49-51	Climate
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.	ADD	36,37 49-51	Clever Little Bag Climate *The information referring to the initiatives to reduce GHG emissions is not reported as it is disclosed in detail in PUMA's response to the Carbon Disclosure Project.*
EN19	Emissions of ozone-depleting substances by weight.	CORE		*We do not report on this issue as no significant emissions are known.*
EN20	NOX, SOX, and other significant air emissions by type and weight.	CORE	57	Volatile Organic Compound *We do not fully report on this issue (and the indicator is not intended to be reported in the future), since the disclosure does not relate to our business. Air emissions for NOx, SOx, POPs, HAPs and PMs emissions are considered not significant for PUMA's own operations (mainly offices, stores and warehouses).*
EN21	Total water discharge by quality and destination.	CORE		*We do not report on this indicator in detail as all water from PUMA Offices is discharged to local sewage systems.*
EN22	Total weight of waste by type and disposal method.	CORE	55,56	Energy *We do not fully report on water discharge by quality and destination (and the indicator is not intended to be reported in the future), as we only have domestic water discharges from our offices. We consider the water consumption as water discharged.*
EN23	Total number and volume of significant spills.	CORE		*None known*

Indicator	Name	CORE / ADD	Page	Comment
ASPECT: PRODUCTS AND SERVICES			31 33-36	Environmental Targets 2015 Sustainable Products *The most material concerns regarding environmental aspects are disclosed. More detailed data on the packaging/products rate will be covered in 2011.*
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.	CORE	31 32 33-37	Environmental Targets 2015 PUMA Sustainability Scorecard Sustainable Products *We do not report on the initiatives to mitigate noise and effluents as they are not material for PUMA's operations.*
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	CORE	36,37 55,56	Clever Little Bag Waste and Recycling *We do not fully report on this matter yet. This issue will be addressed in the year 2011.*
ASPECT: COMPLIANCE				
EN28	Monetary value of significant fines and total number of non-monetary sanctions for non compliance with environmental laws and regulations.	CORE		*None known*
ASPECT: TRANSPORT				
EN29	Significant environmental impacts of transporting products and other goods and materials used for the organization's operations, and transporting members of the workforce.	CORE	49-51	Climate
Labor Practices and Decent Work				
	Labor Practices: Management Approach Disclosure	CORE	20-27 38-46	PEOPLE@PUMA Sustainable Supply Chain Management
ASPECT: EMPLOYMENT			25-27	PEOPLE@PUMA
LA1	Total workforce by employment type, employment contract, and region.	CORE	25	PEOPLE@PUMA
LA2	Total number and rate of employee turnover by age group, gender, and region.	CORE	26	PEOPLE@PUMA
LA3	Benefits provided to full-time employees that are not provided to temporary or part-time employees, by major operations.	ADD	23	PEOPLE@PUMA
ASPECT: LABOR/MANAGEMENT RELATIONS				PEOPLE@PUMA
LA4	Percentage of employees covered by collective bargaining agreements.	CORE	26	PEOPLE@PUMA
LA5	Minimum notice period(s) regarding operational changes, including whether it is specified in collective agreements.	CORE		*Varies significantly from country to country according to the respective legal obligations.*
ASPECT: OCCUPATIONAL HEALTH AND SAFETY				PEOPLE@PUMA
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work related fatalities by region.	CORE	27	PEOPLE@PUMA *Only the most material aspects are being reported. It is not planned to report on minor injuries in the future as well as the information relating to independent contractors.*
LA8	Education, training, counseling, prevention, and risk-control programs in place to assist workforce members, their families, or community members regarding serious diseases.	CORE	24 44	PEOPLE@PUMA *Part of selected supplier trainings, e.g. in Turkey* *Data is not available on counseling, prevention and risk-control programs.*

Indicator	Name	CORE / ADD	Page	Comment
ASPECT: TRAINING AND EDUCATION				PEOPLE@PUMA
LA10	Average hours of training per year per employee by employee category.	CORE	21,27	PEOPLE@PUMA
LA12	Percentage of employees receiving regular performance and career development reviews.	ADD	20	PEOPLE@PUMA
ASPECT: DIVERSITY AND EQUAL OPPORTUNITY				PEOPLE@PUMA
LA13	Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity.	CORE	22,24, 25	PEOPLE@PUMA
LA14	Ratio of basic salary of men to women by employee category.	CORE		*Not available due to protection of proprietary information.*
ASPECT: HUMAN RIGHTS				
	Human Rights: Management Approach Disclosure	CORE	20-27 38-46 118	PEOPLE@PUMA Sustainable Supply Chain Management Employees
ASPECT: INVESTMENT AND PROCUREMENT PRACTICES			21 39 40-43 44,45	PEOPLE@PUMA Wages in the Supply Chain Factory Audits Supplier Training and Certification
HR1	Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening.	CORE	22 40-43 44,45	PEOPLE@PUMA Factory Audits Supplier Training and Certification *Over 95% of all suppliers are screened regularly; this includes major joint venture partners and acquired companies.*
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.	CORE	40-43 44,45 46 60-63	Factory Audits Supplier Training and Certification Sustainability Reporting of PUMA's Suppliers Environmental Targets 2010
ASPECT: NON DISCRIMINATION				PEOPLE@PUMA
HR4	Total number of incidents of discrimination and actions taken.	CORE	22,23 40-43 60-63	PEOPLE@PUMA Factory Audits Environmental Targets 2010
ASPECT: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING				Factory Audits Supplier Training and Certification
HR5	Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights.	CORE	40-43 44,45	Factory Audits Supplier Training and Certification
ASPECT: CHILD LABOR				*The Code of Conduct is applicable*
HR6	Operations identified as having significant risk for incidents of child labor, and measures taken to contribute to the elimination of child labor.	CORE	40-43	Factory Audits *No cases of child labor identified. The risk is present in the supply chain. This is one of the reasons why we conduct our factory audits.*
ASPECT: FORCED AND COMPULSORY LABOR				*The Code of Conduct is applicable*
HR7	Operations identified as having significant risk for incidents of forced or compulsory labor, and measures to contribute to the elimination of forced or compulsory labor.	CORE	40-43 44,45	Factory Audits Supplier Training and Certification

Indicator	Name	CORE / ADD	Page	Comment
Society				
	Society: Management Approach Disclosure	CORE	14,15 23	PUMAVision – Our Mission PEOPLE@PUMA *More information on anti-corruption measures will be reported in 2011.*
ASPECT: COMMUNITY				PUMAVision – Our Mission Factory Audits Supplier Training and Certification
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.	CORE	14,15 40-43 44,45	PUMAVision – Our Mission Factory Audits Supplier Training and Certification
ASPECT: CORRUPTION				PEOPLE@PUMA Risk Management *No exact numbers or percentages are reported on this aspect but more details will be disclosed in 2011.*
SO2	Percentage and total number of business units analyzed for risks related to corruption.	CORE	23 127	PEOPLE@PUMA Risk Management *No exact numbers or percentages are reported in this disclosure. The issue will be addressed in more detail in the year 2011.*
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.	CORE	23	PEOPLE@PUMA *Code of Ethics and PUMA Business Behavior Code applies* *A group wide whistle blowing hotline was implemented in 2010. No numbers or percentages are currently reported but will be disclosed in 2011.*
SO4	Actions taken in response to incidents of corruption.	CORE	22,23 127	PEOPLE@PUMA Risk Management
ASPECT: PUBLIC POLICY				Code of Ethics
SO5	Public policy positions and participation in public policy development and lobbying.	CORE	22	Code of Ethics
SO6	Total value of financial and in-kind contributions to political parties, politicians, and related institutions by country.	ADD		*None known*
ASPECT: ANTI-COMPETITIVE BEHAVIOR				
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.	ADD		*None known*
ASPECT: COMPLIANCE CORE				
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non compliance with laws and regulations.	CORE		*None known*
Product Responsibility				
	Product Responsibility: Management Approach Disclosure	CORE	36,37 56,57	Clever Little Bag Environmental Management *The most material aspects concerning PUMA's products are disclosed.*

Indicator	Name	CORE / ADD	Page	Comment
ASPECT: CUSTOMER HEALTH AND SAFETY			56,57	Environmental Management *We only report on the most material aspects: the manufacturing and production of our products.*
PR1	Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures.	CORE	36,37 56,57	Clever Little Bag Environmental Management *All PUMA products are subject to a Restricted Substance List. We do not fully report on this issue in the context of this report yet. Updates are available on our website.*
ASPECT: PRODUCT AND SERVICE LABELING				Sustainable Products Brand Strategy *The most material aspects concerning PUMA's products are disclosed.*
PR3	Type of product and service information required by procedures and percentage of significant products and services subject to such information requirements.	CORE	33 80,81	Sustainable Products Brand Strategy *All PUMA products are subject to standard product information regulations. The indicator is not significant for PUMA's operations and it is not planned to be reported in the future.*
ASPECT: MARKETING COMMUNICATIONS			80,81	Brand Strategy *Code of Ethics is applicable* *The most material marketing communication aspects are covered in this report. Indicator components such as "non-compliance with regulations concerning marketing communications" are not material.*
PR6	Programs for adherence to laws, standards, and voluntary codes related to marketing communications, including advertising, promotion, and sponsorship.	CORE		*Code of Ethics is applicable* *For now the information has not been collected as it has not been considered as relevant. We will report on this indicator in more detail in 2011.*
ASPECT: COMPLIANCE				
PR9	Monetary value of significant fines for non compliance with laws and regulations concerning the provision and use of products and services.	CORE		*None Known*

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