ANNUAL REPORT 1999

PUMA

PUMA.COM

	1999 `000 EUR	1998 `000 EUR	Change
Sales	**372.7**	**302.5**	**23.2%**
- Footwear	209.0	202.5	3.2%
- Apparel	139.0	85.8	61.9%
- Accessories	24.7	14.2	74.2%
Gross profit	**141.7**	**108.2**	**30.9%**
- in %	***38.0%***	***35.8%***	
EBIT[1)]	**16.3**	**4.7**	**247.1%**
- in %	***4.4%***	***1.5%***	
EBT[1)]	**14.4**	**3.4**	**320.4%**
- in %	***3.9%***	***1.1%***	
Net earnings	**9.5**	**4.0**	**135.7%**
- in %	***2.6%***	***1.3%***	
Shareholders' equity	**112.2**	**97.7**	**14.9%**
Working capital	**76.6**	**70.6**	**8.6%**
Cash flow	**29.4**	**9.9**	**196.4%**
Cash and cash equivalents	**35.5**	**35.5**	**0.0%**
Earnings per share (in EUR)	**0.62**	**0.26**	**135.7%**
Cash flow per share (in EUR)	**1.91**	**0.64**	**196.4%**
Equity per share (in EUR)	**7.29**	**6.35**	**14.9%**
Stock exchange rate at year-end (in EUR)	**17.20**	**11.25**	**52.9%**
Stock market value	**264.7**	**173.1**	**52.9%**
Number of shares (in million)	**15.390**	**15.390**	**0.0%**

1) In 1998 before special influences from restructuring

Selected Financial Data (IAS)

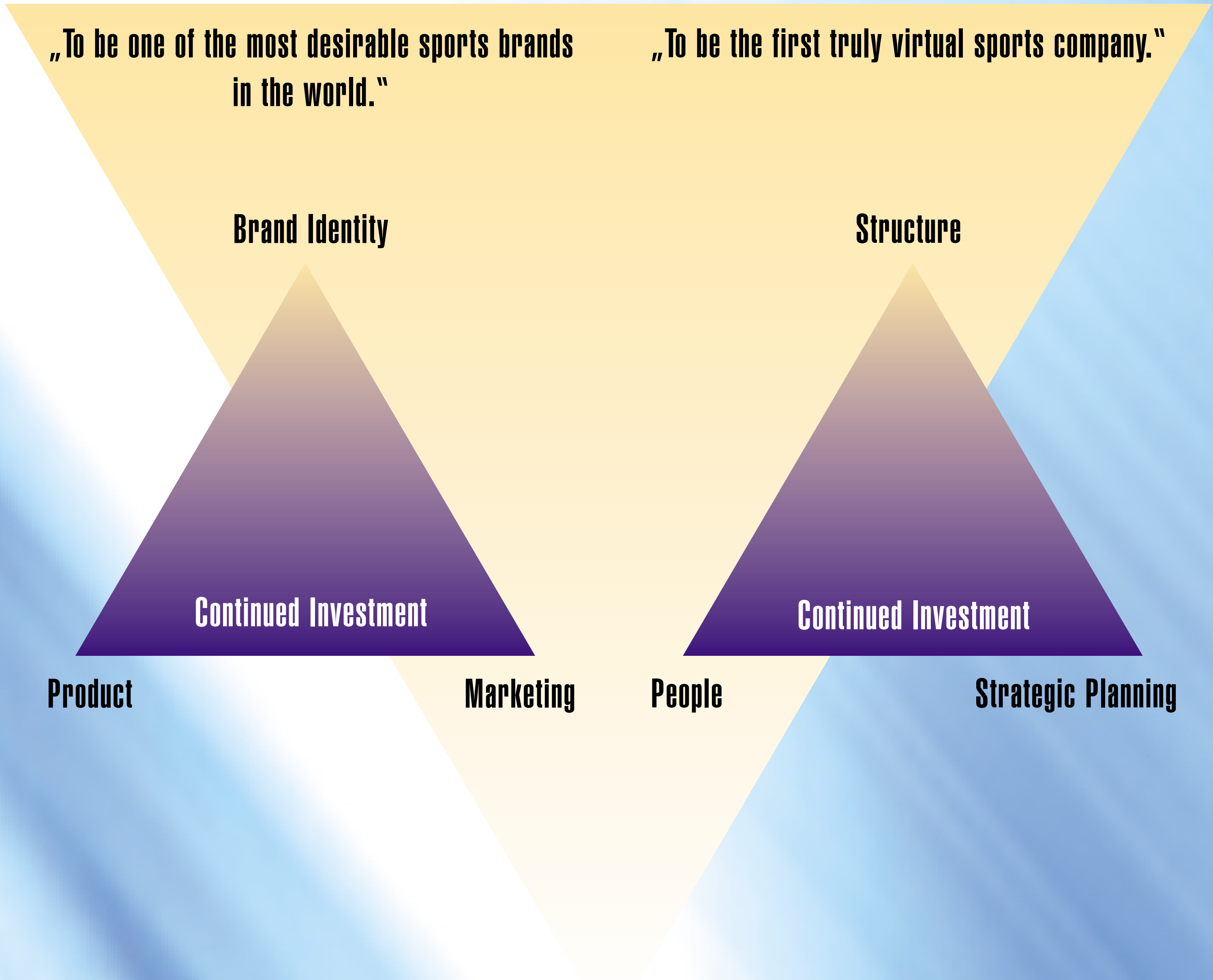
`000 EUR	1999	1998	1997	1996	1995[3]	1994[3]	1993[3]
Sales - worldwide [1]	**714,918**	**647,435**	**662,465**	**594,022**	**577,172**	**554,228**	**541,327**
Consolidated sales	372,709	302,512	279,730	250,463	211,454	199,539	209,995
- Footwear	209,022	202,513	193,784	176,167	154,362	143,469	141,860
- Apparel	138,952	85,802	73,078	64,385	50,326	49,885	59,757
- Accessories	24,735	14,197	12,868	9,911	6,767	6,186	8,378
Gross profit	141,687	108,247	102,318	94,030	79,018	69,496	62,795
- in % of net sales	*38.0%*	*35.8%*	*36.6%*	*37.5%*	*37.4%*	*34.8%*	*29.9%*
Royalty and commission income	23,932	24,518	25,851	25,497	26,020	27,099	21,448
- in % of net sales	*6.4%*	*8.1%*	*9.2%*	*10.2%*	*12.3%*	*13.6%*	*10.2%*
EBIT	16,256	4,683	36,321	33,337	30,991	23,147	-26,207
- in % of net sales	*4.4%*	*1.5%*	*13.0%*	*13.3%*	*14.7%*	*11.6%*	*-12.5%*
Financial result	-1,863	-1,259	1,084	-174	-1,167	-2,673	-5,925
- in % of net sales	*-0.5%*	*-0.4%*	*0.4%*	*-0.1%*	*-0.6%*	*-1.3%*	*-2.8%*
EBT [2]	14,393	3,424	37,405	33,163	26,535	17,269	-35,358
- in % of net sales	*3.9%*	*1.1%*	*13.4%*	*13.2%*	*12.5%*	*8.7%*	*-16.8%*
Net earnings	9,537	4,047	34,648	42,848	24,637	14,896	-36,886
- in % of net sales	*2.6%*	*1.3%*	*12.4%*	*17.1%*	*11.7%*	*7.5%*	*-17.6%*
Earnings per share (in EUR) [2]	0.62	0.26	2.25	1.98	1.76	1.06	-2.63
Balance sheet total	266,600	222,910	176,624	147,672	106,484	100,020	121,890
Inventories	85,089	63,395	58,427	41,907	36,945	33,257	44,011
Trade receivables	69,665	55,452	53,439	38,676	24,543	24,390	43,865
Working capital	76,638	70,556	69,596	21,217	17,761	6,647	34,052
Cash and cash equivalents	35,493	35,484	35,420	42,140	21,039	15,899	1,868
Bank loans	34,366	27,659	13,379	7,638	17,891	15,085	52,613
Equity capital	112,171	97,658	96,651	61,633	-13,631	-38,143	-53,037
Subordinated shareholders' loan				1,460	44,315	58,246	55,042
Order backlog as at Dec. 31	187,220	133,532	130,764	111,441	90,932	94,365	85,244
Number of staff on Dec. 31	1,424	1,145	1,078	807	745	703	714
Number of shares on Dec. 31 (million)	15.390	15.390	15.390	15.390	14.000	14.000	14.000
Price of the PUMA share on Dec. 31 (in EUR)	17.20	11.25	18.61	26.69	18.41	14.93	7.75

1) including sales of licensees
2) adjusted for extraordinary income (1996), or special influences from restructuring respectively (1998)
3) the previous year's figures were adjusted to comply with IAS standards and may differ from previously published figures based on HGB

MISSION

BRAND

CORPORATE



Jochen Zeitz

Dear Shareholders, Customers, and Employees,

PUMA made solid progress in terms of company performance in 1999, despite a continuously difficult market environment. The company also had a remarkable year as a sports brand, with tennis powerhouse Serena Williams winning the U.S. Open, SS Lazio (Italy) proving victorious in the UEFA Cup -Winners Cup and the leaping cat ending the NFL season with two PUMA teams in the Super Bowl. The recent success of PUMA's athletes and teams is reminiscent of the success experienced in the past with such legendary names as Boris Becker, Martina Navratilova, Walt Frazier, and Pelé.

Today's sporting goods industry is facing many new challenges and trends due to an ever-changing environment, which is propelled by a speedier than ever technological world. There are several trends impacting the industry. In particular, globalization continues to unfold, and the world is increasingly becoming one marketplace, with smarter, more informed global consumers who share similar demands and expectations.

By the same token, competition for the consumer's discretionary dollar is no longer limited to the sporting goods industry, as the electronics and entertainment industries are important factors in consumer lifestyle, with sports, music, movies, and computers all fighting for the same attention. This makes it even more important to communicate a consistent and seamless brand message globally.

As challenging as the picture might look to some right now, there are many opportunities for a company that is willing to be creative, innovative, entrepreneurial, and committed to win. A tough marketplace can often have a positive impact, especially if it causes a company to rethink its operations and planning, as well as to seek ways to improve its execution.

In 1999, PUMA embraced these changing dynamics by focusing on two key cornerstones.

The first was to fine-tune its brand strategy. This set the tone and direction for a strong focus on creative approaches in marketing, design and technology to deliver distinctive, irresistible products and concepts. All of this in pursuit of the achievement of its brand mission: "to be one of the most desirable sports brands in the world".

The second cornerstone was to prepare the company for the next evolution of its corporate organization, the platform on which to base its virtual structure. PUMA therefore adopted a corporate mission: "to be the first truly virtual sports company".

A discussion on industry challenges would not be complete without commenting on the Internet. Some have called it the greatest and most important happening since the industrial revolution, and no doubt, it has already become a means of mass communication. PUMA certainly recognizes this phenomenon and launched a new family of web sites to cater to the needs of different users. There are also plans to launch an online store featured only in the U.S. on puma.com in 2000.

In short, this is an exciting yet challenging time for the brand as well as the company, and PUMA has prepared itself for a cautiously optimistic leap into the next millennium, characterized by innovative product, unique communication, a distinct brand profile, and a global structure.

Yours sincerely,

Jochen Zeitz

Chairman & CEO

An Overview of Financial Year 1999

Overview

PUMA improved its sales and profitability in 1999, despite the continuous difficulties in the sporting goods industry. The apparel sector, in particular, contributed notably to the sales growth, accounting for 37.3 % of consolidated sales. PUMA nearly achieved its long-term goal of increasing the apparel portion up to 40 % of sales. In footwear, declining sales in some traditional categories were offset by a successful extension of the Sports Lifestyle category.

Some European subsidiaries such as France and Italy saw distinct sales and profit increases. In addition, while Germany experienced a planned decline in sales, its operating results improved considerably. The selling strategy in Germany was optimized to achieve a clear market positioning consisting of adjustments to the customer portfolio, selling channels and the product range, which contributed to strengthening the brand. As expected, sales in the USA increased significantly, however due to the continued deterioration of the industry environment, the gross margin declined compared to the previous year.

Within the scope of its strategic orientation, PUMA took over the operations of its former distributor and licensee in Great Britain. PUMA UNITED KINGDOM LTD was therefore set up to take over existing net current assets as of March 1, 1999 from its previous owner, in order to ensure complete continuation of the operating business. Sales were only partially affected by this takeover since distribution sales (footwear only) had already been invoiced via PUMA AG and, consequently, were included in consolidated sales. In 1999, consolidation led to an increase in sales totaling EUR 46.0 million.

Investments in Marketing, Product Development and Design continued at a high level and were once again significantly above the sector average in 1999. Overall, 1999 results before taxes more than quadrupled in comparison with the previous year and thus considerably exceeded expectations.

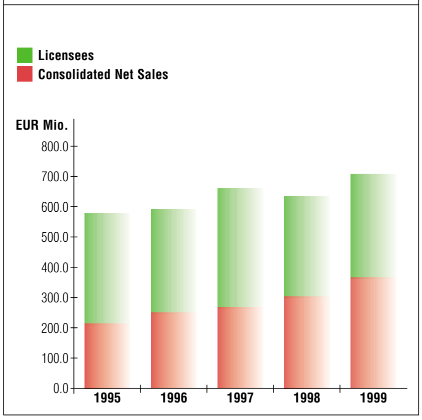
PUMA continues to pursue its ambitious aim to become one of the most desirable sports brands in the world.

Management Income Statement

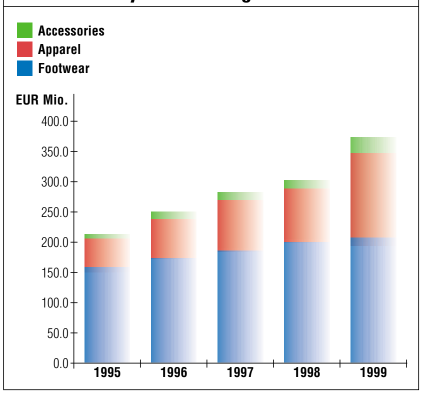
	January 1 - December 31, 1999						January 1 - December 31, 1998						Change in percent		
	Worldwide		Licensee		PUMA Group		Worldwide		Licensee		PUMA Group		World-wide	Licensee	PUMA Group
	EUR Mio.	%	EUR Mio.	%	EUR Mio.	%	EUR Mio.	%	EUR Mio.	%	EUR Mio.	%	%	%	%
Sales by regions															
Western Europe	299.5	41.9%	72.3	21.1%	227.2	61.1%	289.4	44.8%	112.7	32.7%	176.7	58.4%	3.5%	-35.9%	28.5%
Eastern Europe	21.3	3.0%	4.8	1.4%	16.5	4.4%	22.8	3.5%	6.6	1.9%	16.2	5.3%	-6.3%	-27.3%	2.2%
America	152.4	21.3%	67.6	19.7%	84.8	22.7%	88.2	13.6%	27.8	8.0%	60.4	20.0%	72.8%	143.4%	40.4%
Asia/Pacific Rim	230.6	32.2%	192.5	56.3%	38.1	10.2%	230.1	35.5%	192.4	55.8%	37.7	12.5%	0.2%	0.1%	0.9%
Africa/Middle East	11.1	1.6%	5.0	1.5%	6.1	1.6%	16.9	2.6%	5.5	1.6%	11.5	3.8%	-34.3%	-8.5%	-46.7%
Total	**714.9**	**100.0%**	**342.2**	**100.0%**	**372.7**	**100.0%**	**647.4**	**100.0%**	**344.9**	**100.0%**	**302.5**	**100.0%**	**10.4%**	**-0.8%**	**23.2%**
Sales by product segments															
Footwear	327.5	45.8%	118.5	34.6%	209.0	56.1%	323.2	49.9%	120.7	35.0%	202.5	66.9%	1.3%	-1.8%	3.2%
Apparel	323.5	45.2%	184.5	53.9%	139.0	37.3%	274.9	42.5%	189.1	54.8%	85.8	28.4%	17.7%	-2.4%	61.9%
Accessories	64.0	8.9%	39.2	11.5%	24.7	6.6%	49.4	7.6%	35.2	10.2%	14.2	4.7%	29.5%	11.5%	74.2%
Total	**714.9**	**100.0%**	**342.2**	**100.0%**	**372.7**	**100.0%**	**647.4**	**100.0%**	**344.9**	**100.0%**	**302.5**	**100.0%**	**10.4%**	**-0.8%**	**23.2%**
Cost of sales															
Footwear					130.5	62.4%					130.9	64.6%			-0.3%
Apparel					86.4	62.2%					54.6	63.6%			58.2%
Accessories					14.2	57.4%					8.8	61.7%			62.0%
Total					**231.0**	**62.0%**					**194.3**	**64.2%**			**18.9%**
Gross profit															
Footwear					78.6	37.6%					71.6	35.4%			9.7%
Apparel					52.6	37.8%					31.2	36.4%			68.5%
Accessories					10.5	42.6%					5.4	38.3%			93.9%
Total					**141.7**	**38.0%**					**108.2**	**35.8%**			**30.9%**
Royalty and commission income					**23.9**	**6.4%**					**24.5**	**8.1%**			**-2.4%**
Gross profit including royalty and commisssion income					**165.6**	**44.4%**					**132.8**	**43.9%**			**24.7%**
Selling, general and administrative expenses															
Marketing expenses					-61.0	-16.4%					-47.9	-15.8%			27.4%
Expenses for product development					-15.2	-4.1%					-15.2	-5.0%			0.1%
Other expenses					-68.3	-18.3%					-61.8	-20.4%			10.5%
Total					**-144.4**	**-38.8%**					**-124.8**	**-41.3%**			**15.7%**
EBITDA					**21.2**						**7.9**				
Depreciation					-4.9						-3.3				
EBIT					**16.3**	**4.4%**					**4.7**	**1.5%**			**247.1%**
Financial result					**-1.9**	**-0.5%**					**-1.3**	**-0.4%**			**47.8%**
EBT (before special effects)					**14.4**	**3.9%**					**3.4**	**1.1%**			**320.4%**
Special effects, net					**0.0**						**2.4**	**0.8%**			**-100.0%**
Current income tax expenses					-3.0	-0.8%					-2.3	-0.8%			26.8%
Defferred taxes					-3.0	-0.8%					0.0	0.0%			
Total tax expense					**-6.0**	**-1.6%**					**-2.3**	**-0.8%**			**157.5%**
Tax rate					-41.7%										
Net earnings					**8.4**	**2.3%**					**3.4**	**1.1%**			**143.6%**
Minority interest					**1.1**	**0.3%**					**0.6**	**0.2%**			**90.3%**
Net earnings from ordinary activities					**9.5**	**2.6%**					**4.0**	**1.3%**			**135.7%**
Average number of shares in million					15.390						15.390				0.0%
Earnings per share in EUR					**0.62**						**0.26**				**135.7%**

Sales and Earnings Position

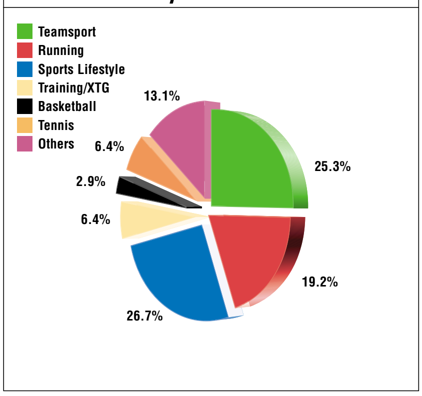
Worldwide Net Sales



Consolidated Net Sales by Product Segments



Consolidated Net Sales by Footwear



Significant increase in sales

In 1999, **consolidated sales** reached EUR 372.7 million, a 23.2 % increase compared to EUR 302.5 million in 1998. Subsidiary sales rose by a total of 43.3 %. In particular, the markets in the USA, France, Italy, Benelux, Switzerland and Poland developed positively, while sales with distributors declined. Excluding the consolidation of PUMA UK, sales increased by 8.0 %.

In addition to consolidated sales, non-consolidated licensees generated a main part of worldwide sales. The **worldwide PUMA brand sales** including license sales grew by 10.4 % from EUR 647.4 million to EUR 714.9 million. Currency-adjusted, the growth was 10.2 %. The increase in license sales in Japan and in the USA offset the decline caused by the UK consolidation.

Product segments

The significant sales growth generated by apparel led to an increase in the proportion of **consolidated sales** from 28.4 % to 37.3 % in 1999. Footwear contributed 56.1 % (66.9 %) and accessories 6.6 % (4.7 %) of group sales. **Worldwide, PUMA sales** including licenses are attributed 45.9 % (49.9 %) to footwear, 45.2 % (42.5 %) to apparel, and 8.9 % (7.6 %) to accessories.

In 1999, consolidated sales generated from **footwear** reached EUR 209.0 million compared to EUR 202.5 million in the previous year, an increase of 3.2 %.

In accordance with the company's strategic direction, Team Sport, Running and Sports Lifestyle were the largest contributors accounting for almost 75 % of total footwear. In addition, Basketball, Tennis, and Cross Training, were strategically important pillars of sale. The Indoor and Outdoor product groups, as well as other product groups specific to the local/regional level, complete the footwear program.

Including sales from licensees, worldwide footwear sales increased by 1.3 % from EUR 323.2 million to EUR 327.5 million.

Consolidated sales generated by **apparel** grew by 61.9 % from EUR 85.8 million to EUR 139.0 million in 1999. Accounting for 37.3 % of sales in 1999, PUMA almost achieved its long-term goal to increase apparel to 40 % of consolidated sales.

Including sales from licensees, with worldwide sales of EUR 323.5 million, **apparel** exceeded the level of the previous year by 17.7 %.

Consolidated sales generated by **accessories** increased from EUR 14.2 million to EUR 24.7 million, or 74.2 %. In particular, innovative product concepts for bags contributed to generating rising demand. High quality materials and cleverly thought out functional solutions also played an important role in this positive trend. Favorable growth rates were also achieved in all other product groups such as balls, goalkeeper gloves, and shin guards.

Including sales from licensees, worldwide accessories sales reached EUR 64.0 million compared to EUR 49.4 million in the preceding year, an increase of 29.5 %.

Regions

In 1999, consolidated sales divided between the regions are as follows: 61.1 % (58.4 %) in Western Europe, 4.4 % (5.3 %) in Eastern Europe, at 22.7 % (20.0 %) in the Americas, 10.2 % (12.5 %) in Asia/Pacific Rim, and 1.6 % (3.8 %) in Africa/Middle East.

Inclusive of sales generated by licensees, worldwide brand sales were divided between the regions as follows: Western Europe 41.9 % (44.8 %), Eastern Europe 3.0 % (3.5 %), the Americas 21.3 % (13.6 %), Asia/Pacific Rim 32.2 % (35.5 %), and Africa/Middle East at 1.6 % (2.6 %).

Consolidated sales in Western Europe rose by 28.5 % from EUR 176.7 million to EUR 227.2 million. The first time consolidation of the UK contributed EUR 46.0 million to the growth. In France and the Netherlands, sales increases were markedly over 50 %, followed by Italy and Switzerland, which saw a rise of more than 30 %. In Austria, sales equaled those of the preceding year, and in Germany sales were 9.5 % lower compared to the previous year, which was primarily due to adjustments made in the distribution channels and the product range. As a result, profitability in Germany was significantly improved.

Including licensee sales, brand sales in Western Europe grew 3.5 % from EUR 289.4 million to EUR 299.5 million.

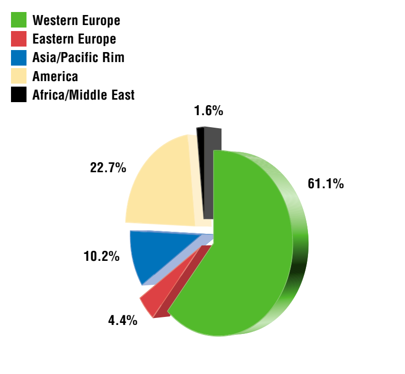
In Eastern Europe sales were EUR 16.5 million, slightly above those of the previous year. Including licensee sales, brand sales declined slightly from EUR 22.8 million to EUR 21.3 million.

Sales in the Asia/Pacific Rim region increased somewhat from EUR 37.7 million to EUR 38.1 million. The Australian subsidiary, which almost exclusively contributes to the region's sales, achieved an increase of 2.0 %, currency-adjusted. The takeover of the former licensee in New Zealand as of July 1, 1999 has not had any noticeable effect on sales.

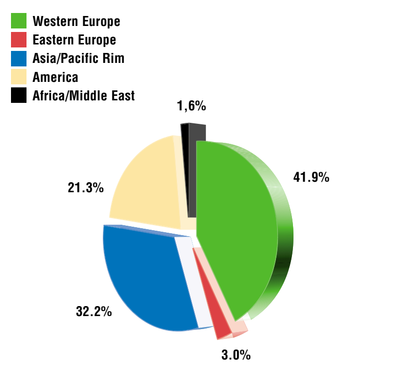
Traditionally, Southeast Asia and Japan are licensee markets for PUMA. Currency adjusted, licensee sales in Japan saw a positive trend with a double-digit sales increase. Accounting for approximately 25 % of worldwide brand sales, Japan plays a significant role for PUMA. As a result of the financial crises that began in 1997, the other markets in Southeast Asia have not yet recovered and were below the results of the previous year.

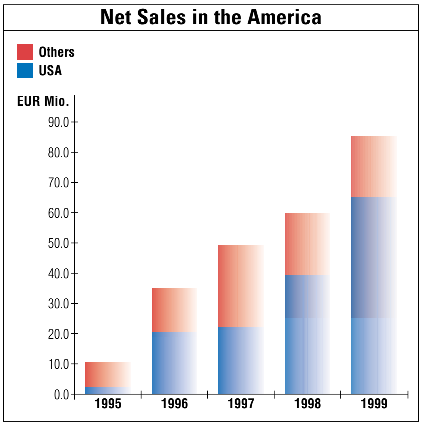
Including licensee sales, brand sales in the Asia/Pacific Rim increased slightly by 0.2 % from EUR 230.1 million to EUR 230.6 million.

Consolidated Net Sales by Regions 1999



Worldwide Net Sales by Regions 1999

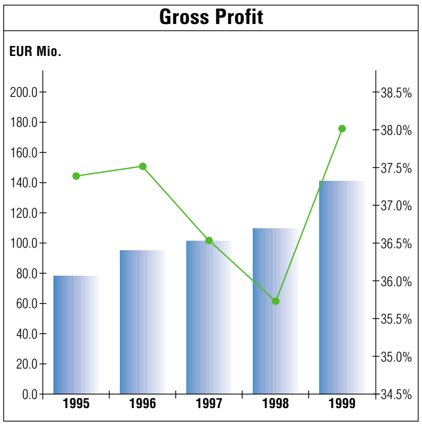




In the **Americas**, consolidated sales again increased by 40.4 % from EUR 60.4 million to EUR 84.8 million. The pronounced increase in USA sales contrasts a slight decline in sales in Latin America. Sales in the USA rose by 66.6 % to EUR 65.8 million (USD 70.7 million). Apparel in particular developed very positively with an increase of more than 100 %. Footwear sales further improved by 33.5 % despite a declining market.

Including licensee sales generated by LOGOATHLETIC (USA), brand sales in the Americas rose by 72.8 % from EUR 88.2 million to a total of EUR 152.4 million. In the USA, brand sales nearly tripled from EUR 39.5 million to EUR 117.0 million. The USA was the second largest market for PUMA in 1999.

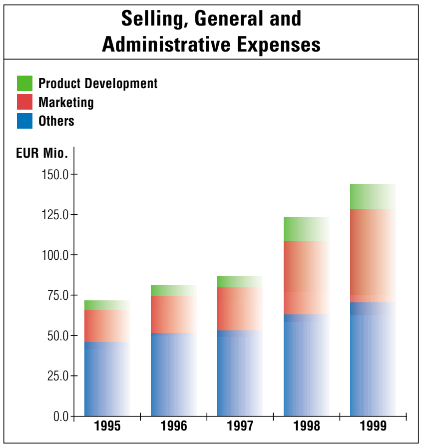
In the **Africa/Middle East region**, consolidated sales declined from EUR 11.5 million to EUR 6.1 million. Including licensee sales, brand sales fell from EUR 16.9 million to EUR 11.1 million.



Marked increase in gross profit

There was an above average increase in **gross profit** of 30.9 % from EUR 108.2 million to EUR 141.7 million which led to a marked increase in the **gross margin** from 35.8 % to 38.0 % of sales. All of the product segments contributed to this improvement: footwear increased from 35.4 % to 37.6 %, apparel from 36.4 % to 37.8 % and accessories from 38.3 % to 42.6 %. Nearly all subsidiaries were able to increase their gross margin compared to the previous year, however in the USA, the margin declined due to the extremely difficult market and sector environment.

Royalty and commission income fell slightly by 2.4 % from EUR 24.5 million to EUR 23.9 million. The reduction resulting from the initial consolidation of the UK was nearly offset by a higher licensee income in Japan.



Continued high investment in the brand

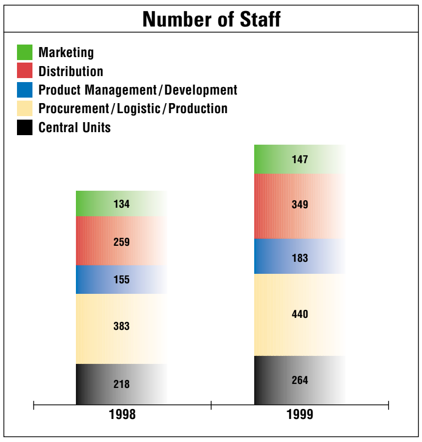
Selling, general and administrative expenses are subdivided by functional areas into Marketing, Product Development and Design as well as in other selling, general and administrative expenses. In 1999, the investment in LOGOATHLETIC permitted a high brand presence with the American sports leagues and was therefore classified as an advertising expense. For this reason, the write-down of the investment was reported as an advertising expense in the management income statement. The advertising exposure achieved in 1999 greatly exceeded the investment made.

Including advertising expenses for the American sports leagues, **marketing expenses** went up by 27.4 % from EUR 47.9 million to EUR 61.0 million which corresponds to 16.4 % (15.8 %) of sales. At EUR 15.2 million, investment in **product development and design** as a percentage of sales, 4.1 % (5.0 %), were on the same level as in the previous year. The remaining selling, general and administrative expenses increased from EUR 61.8 million to EUR 68.3 million which includes an operating income of EUR 22.9 million compared to EUR 7.6 million in the previous year. This increase is primarily due to off-period income such as payments received from a former licensee in Asia that had already been written off, and the release of accruals, which covered the additional marketing expense. Overall, there was no major impact on results.

Growing number of staff

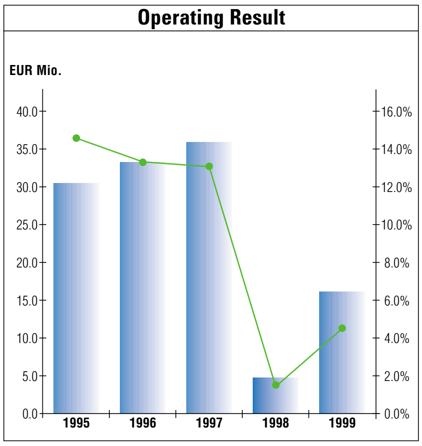
PUMA employed 1,383 people in 1999, as an annual average, which is an increase of 20.4 % or 234 new employees compared to the previous year. The consolidation of PUMA UK accounts for 178 employees, while the remaining growth is attributed to the distinct rise in business volume in some subsidiaries and the continuous extension of marketing and product development and design.

As of the balance sheet date on December 31, 1999, the number of staff was 1,424 compared to 1,145 the previous year.



Significant increase in EBIT

Operating results (EBIT) saw a significant rise from EUR 4.7 million to EUR 16.3 million, representing 4.4 % (1.5 %) of sales. This improvement was mainly attributed to the European subsidiaries. Furthermore, as expected the subsidiaries in the Americas contributed negatively to the operating results due to high investments in the brand and the generally poor market environment in North America, as well as Latin America.

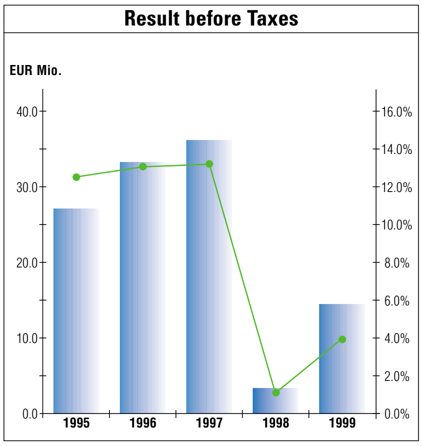


Increase in financing costs

Financing costs increased from EUR 0.3 million to EUR 1.9 million. The extension of business volume resulted in a higher average utilization of bank borrowings. In addition, interest expense was impacted by the financing of working capital for the newly established subsidiary in the UK.

Result before taxes more than quadrupled

Result before taxes (previous year before special items) saw a significant rise of EUR 3.4 million to EUR 14.4 million, which considerably exceeded initial expectations. Gross yield of sales was 3.9 % in 1999 compared to 1.1 % in 1998.



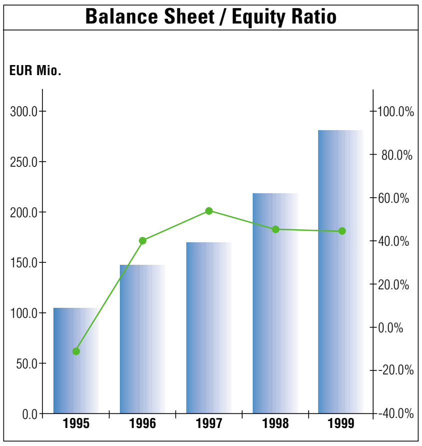
Tax rate at 42 %

Current income tax expense increased from EUR 2.3 million to EUR 3.0 million. The taxes are due largely in part to a withholding tax on foreign royalty income at the AG and taxes on the income of some subsidiaries. Including deferred taxes, the tax expense was EUR 6.0 million, which corresponds to a tax rate of 41.7 %.

Earnings per share doubled

The **net profit** for the year increased from EUR 3.4 million to EUR 8.4 million. Taking the minority interest into account, the **consolidated net earnings** from ordinary activities were EUR 9.5 million in 1999 compared to EUR 4.0 million in 1998, which corresponds to a 2.6 % (1.3 %) net yield of sales. **Earnings per share** were EUR 0.62 in 1999 as compared to EUR 0.26 in 1998.

Net Worth and Financial Position



Total assets increased due to UK consolidation

The Company's net worth and financial position was assessed as positive in every respect. The balance sheet total increased by 19.6 % from EUR 222.9 million to EUR 266.6 million, largely as a result of the initial UK consolidation. Total equity was EUR 112.2 million compared to EUR 97.7 million in the previous year. The equity ratio was 42.1 % (43.8 %).

Liquid assets cover bank borrowings

As of December 31, 1999, the Company had bank borrowings in the amount of EUR 34.4 million compared to EUR 27.7 million at the end of 1998. Cash and cash equivalents remained unchanged from last year at EUR 35.5 million.

Working capital decreased as a percentage of sales

Working capital increased from EUR 70.6 to EUR 76.6 million, a decline from 23.3 % to 20.6 %, as a percentage of sales.

Inventories increased by EUR 21.7 million or 34.2 % to EUR 85.1 million. In addition to the increase arising from the initial UK consolidation, inventories, particularly in France, Italy, and the USA, increased in line with the sales growth expected in 2000.

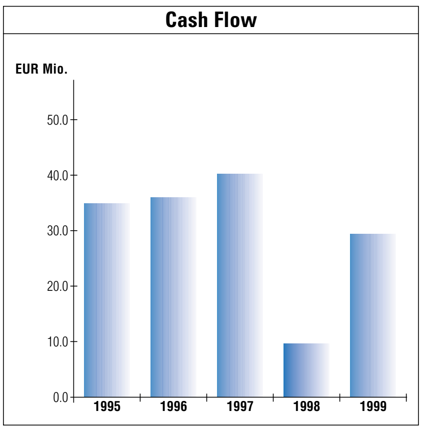
Trade receivables and other receivables including those in the UK rose 29.5 % from EUR 61.3 million to EUR 79.4 million. This corresponds to the sales increase in the fourth quarter.

Current liabilities (without short-term bank borrowings) rose from EUR 75.0 million to EUR 100.5 million.

Increase in investment

Investments in tangible and intangible fixed assets amounted to EUR 9.8 million versus EUR 5.8 million in the previous year. Taking accumulated depreciation and the additions from the UK consolidation into account, tangible fixed assets increased from EUR 19.4 million to EUR 27.0 million, while intangible assets amounting to EUR 0.6 million remained unchanged compared to the previous year.

Cash flow improved



In the 1999 financial year, the cash flow generated by the Company amounted to EUR 29.3 million (EUR 9.9 million in 1998). Taking into account the changes in working capital, including interest and tax payments, the source of funds from operating activities amounted to EUR 12.7 million.

In all, net cash of EUR 12.0 million were used on investing activities, of which the UK take-over accounts for EUR 4.4 million and EUR 9.9 million for investments in tangible and intangible fixed assets.

Taking the change resulting from financing activities (EUR -1.6 million) into account, financial resources remained unchanged at EUR 35.5 million compared to the previous year.

Conversion to the Euro on December 31, 2001 / January 1, 2002

PUMA has processed its business transactions in Euro since January 1, 1999. The conversion of local currency to Euro within the accounting will be made on December 31, 2001 or January 1, 2002 respectively.

Risk Management

The law for control and transparency within corporations (KonTraG), which came into effect in May 1998, stressed the need for risk management in companies. In particular, the law called for the Company's executive board's commitment to establish a monitoring system capable of permitting early recognition of developments that could potentially put the survival of the company at risk. Accordingly, PUMA further developed and institutionalized its already existing risk management. In this regard, risk policies and corresponding guidelines have been defined for the entire company in cooperation with the Company's auditors, creating organizational preconditions for the allocation of the respective duties and controlling implementation. As a result, the Company is expected to make better use of opportunities and, at the same time, limit risk in order to ensure sustained success.

A committee for steering and monitoring risk management established in the past financial year has reviewed all risk areas and carried out systematic risk identification and analysis in close cooperation with the operating sections. All risks are listed in a risk portfolio, categorized by corporate units and valued with respect to potential amounts of damage and likeliness to occur. The guidelines defined in the risk management manual, together with organizational instructions, form the basis for an effective, internal monitoring system. Instruments of risk monitoring include regular reports to the Board of Management, which informs the Supervisory Board on the status of and any change in risk profile.

Risk management tools encompass comprehensive planning instruments such as the "OSAM Planning" (OSAM = Objectives, Strategies, Actions, Measurements), financial tools to hedge against exchange rate fluctuations, insurance, controlling instruments and extensive financial reporting. Financial reporting is based on monthly reporting of sales, costs and results as well as asset and liability items. The information obtained from various sub-sections of the group is available shortly after month end and is summarized in a consolidated report. PUMA thus has a reporting system that permits year-to-year comparison of business trends and the prorated projected values for the year on a current basis.

The risks monitored within the scope of risk management differ in their origin. Analogous to the corporate structure they are categorized into the following functions: Product, Product Supply, Brand Management, Growth, Structure, Brand Value and Culture.

The most significant risks are listed as follows:

Market risks:
As in any other corporation, the PUMA Group is exposed to general market risks. These risks will expand along with increasing globalization and changing dynamics of the competition. The largest worldwide sports market, the USA, is particularly exposed to risks due to high investment and a difficult industry environment. However, this situation also causes a special drive and worldwide impetus that will create greater opportunities to achieve the long-term objective to become one of the most desirable sports brands in the world.

PUMA responds to market risks with strategic planning, an international corporate structure, a global product and product assortment policy, creative international marketing concepts, cost control and cost management. However, despite these measures, we cannot exclude the possibility that further intensifying of competition and deterioration of the industry environment may have substantial adverse effects on the earnings position.

Procurement risks:
PUMA works together with a wide range of suppliers particularly in Asia and Eastern Europe. Spreading capacities prevents dependence on individual contract partners and ensures the delivery of products. At approximately 60 %, China is the largest procurement market for sports shoes. Spontaneous import restrictions, where they do occur, would create a potential procurement risk to which, however, almost all sports shoe manufacturers would be exposed. The Company is in a position to counteract this risk at an early stage by spreading its existing capacity if needed. Additional procurement risks relate to the contract supplier's adherence to strict social standards, legally prohibited or health endangering substances, in the product-manufacturing environment. PUMA created a manual that defines product related environmental and social standards, which is an important element of all contractual agreements with manufacturers. Compliance with this manual is ensured through both the continuous monitoring of contracted suppliers on site and product tests through acknowledged independent audit inspectors. Image damage or major impairment in the earnings position is therefore largely prevented.

Financial risks:
Within the scope of global operating business, PUMA is exposed to currency risks. These risks are counteracted by a currency policy adjusted to the business in conjunction with hedging transactions, using both original and derivative financial instruments. These instruments are explained in more detail in the Notes to the consolidated financial statements.

In addition, further risks from operating activities and the course of business are closely monitored within the framework of monthly reporting and regular management conferences in order to permit timely action as soon as problems emerge.

Organizational risks:
Global corporate orientation and decentralization of operating units results in an ever-increasing dependence of business processes on supporting IT systems. The increased speed of procedures and decision-making processes in E-business require increasing complexity of technological systems and the continuous adjustment of our merchandise information and logistics systems.

As part of comprehensive strategic planning, IT and business processes are adjusted to corporate growth and safety management tools are implemented. In addition, technological advances provide opportunities for cost reduction, more efficient business practice and new market opportunities.

Outlook

Order backlog increased by 40 %

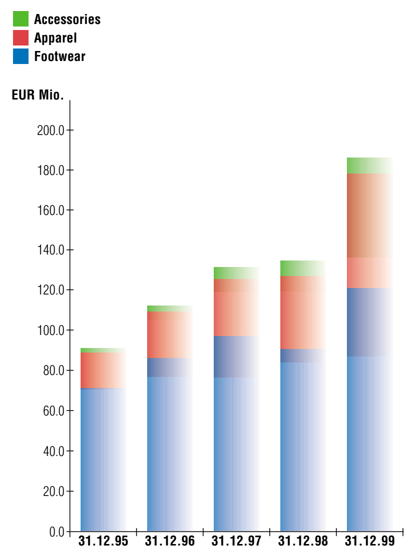
At EUR 187.2 million, the order backlog as of December 31, 1999 increased by 40.2 %. Adjusted for the first time consolidation of PUMA UK, the order backlog increased by 28.3 %. Orders of PUMA subsidiaries increased by 54.1 %.

The subsidiaries in France and Italy reported the strongest growth with more than 100 % in order backlog. The order backlog in the USA, the Benelux, Switzerland and Australia are in the double digits, while Germany and Austria are slightly above the order backlog level of the preceding year.

By regions, the order backlog is as follows: Western Europe +52.0 %, Eastern Europe +5.2 %, the Americas +46.3 %, and Asia/Pacific Rim +16.8 %. In Africa/Middle East the order backlog declined by EUR 5.1 million to EUR 14.9 million.

In total, footwear contributed +34.1 %, apparel +52.8 %, and accessories +52.5 % to the increase in the volume of orders as of December 31, 1999 compared to the previous year. Orders primarily relate to deliveries in the 1st and 2nd Quarter of 2000.

Order Backlog by Product Segments



Further improvement in sales and earnings expected

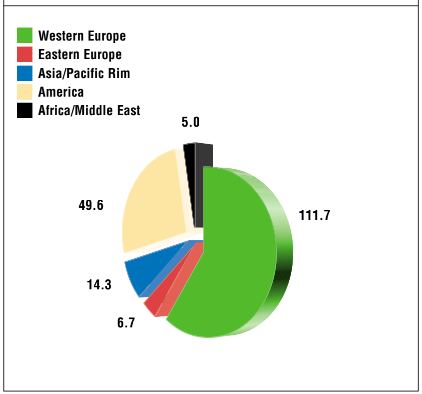
The sporting goods industry is not expected to improve this year. Nevertheless, PUMA projects a growth in sales of at least 10 % due to its plan to continue its aggressive investment in the brand, as well as sales increases in the USA and the European subsidiaries.

Investments in marketing, product development and design will again be above the industry average in 2000, however, when measured as a percentage of sales, below 1999. The other administration and general expenses will be above the level of 1999 but will decline relative to sales.

Overall, PUMA expects another increase in sales and earnings for 2000.

With continuous high investment in marketing and product development, PUMA consistently pursues its long-term goal to become one of the most desirable sports brands in the world.

Order Backlog by Regions 1999 in EUR Mio.



Herzogenaurach, February 9, 2000

The Board of Management

Zeitz Gänsler Heyd

The PUMA share achieves excellent performance with a 53 % price increase

Stock exchange trend at an all-time high
In all, 1999 was a very favorable year on the world financial markets. With 6958 points, the German Stock Index (DAX) reached its all-time high at the end of 1999. On a year-to-year comparison this means an increase of about 39 %. The M-DAX, on the contrary, only achieved 4.6 % and closed with 4.103 points.

Since September 1996 the PUMA share has been listed in the Mid-Cap-Index (M-DAX) which encompasses 70 titles. Following a weak period in 1998, the value of the share has since improved substantially. On a year-to-year comparison the share value moved ahead from EUR 11.25 to EUR 17.20 which equals an increase of approximately 53 %. Up to the middle of the year the share rose even further by more than 80 % to a value of EUR 20.50 before prices were adjusted after profit takings so that eventually the year closed with EUR 17.20. In the first months of the financial year 2000 the value of the share continued to increase again.

The sporting goods industry's share performance (source: Merrill Lynch) climbed by about 10 % in 1999 whereby the PUMA share performed best with a 53 % increase.

Conversion to no-par value shares
In accordance with the resolution of the Shareholders' Meeting on May 5, 1999, the share was converted into no-par value shares whereby each share represents one of 15.4 million shares in the PUMA AG capital stock. The no-par value shares have been traded since June 15, 1999. The Company's capital stock will be converted to the Euro on the occasion of the General Shareholders' Meeting, which resolves on the financial year 2000.

Dividend payment to remain unchanged in comparison with the previous year
The Board of Management and the Supervisory Board propose to the ordinary Shareholders' Meeting that the dividend of EUR 0.10 per no-par value share should remain unchanged for the financial year 1999. This would equal a distribution of EUR 1.6 million. The proposal is based on the assumption that high brand investment will continue in subsequent years.

The payment is made from untaxed equity capital; a tax credit is not associated with this.

Long-term increase in shareholder value
PUMA expects a further increase in sales revenues for 2000 in conjunction with an improvement in earnings. PUMA consistently pursues its long-term goal to become one of the most desirable sports brands of the world. This will lead to sustained improvement in profitability and a long-term increase in shareholder value.

Investor Relations – an important factor
At PUMA, investor relations are an important element of the shareholder value concept. Providing shareholders and potential investors with comprehensive and early information on corporate events and activities in the Company is a matter of course. By means of an open investor relations strategy, PUMA permits the capital market to make timely adjustments to changing situations.

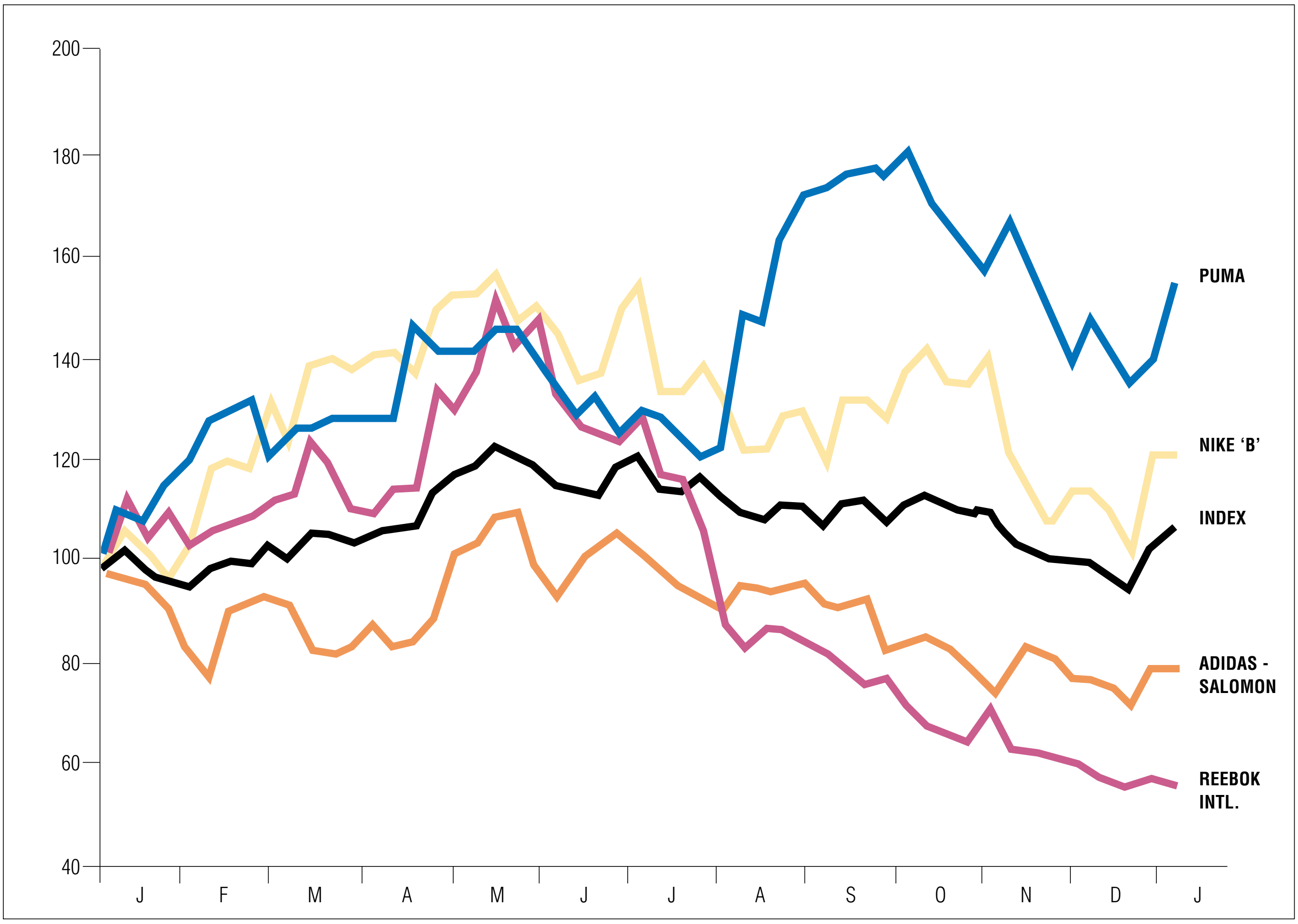
Shareholders are given regular information about the situation and performance of the Company through quarterly reports, press releases, the Company Annual Report and on the Internet at pumabiz.com. The information needs of institutional investors and financial analysts are additionally taken into account by individual and group talks and telephone conferences which are held at regular intervals.

The press conference for the financial year 1999 will take place on March 10, 2000 and the Shareholders' Meeting will be on May 23, 2000 in Herzogenaurach, Germany.

Key data per PUMA share in Euro (IAS)

	1999	1998	1997	1996	1995	1994	1993
End of year price	17.20	11.25	18.61	26.69	18.41	14.93	7.75
Highest price listed	20.50	25.82	34.46	29.30	22.80	19.22	11.25
Lowest price listed	12.30	11.22	18.46	18.92	14.93	7.82	7.64
Earnings per share	0.62	0.26	2.25	1.98	1.76	1.06	-2.63
Cash flow per share	1.91	0.64	2.64	2.36	2.50	1.69	-1.39
Shareholders' equity per share	7.29	6.35	6.28	4.00	-0.97	-2.73	-3.79

Share Performance INDEX sporting goods industry (source: Merrill Lynch)



The Company

CELLERATOR INHALE

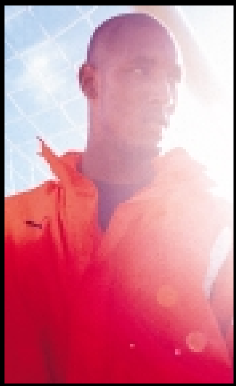
INSPIRED

BY WHAT KEEPS YOU ALIVE.

Highlights

PUMA has built a strong, global endorsement portfolio, one that has become one of the hottest team and star ensembles in the industry. In 1999, PUMA demonstrated its uncanny ability to identify athletes before their prime, such as when tennis sensation Serena Williams signed with PUMA, she was not even eligible for WTA rankings, but her aggressive style and competitive nature prevailed this year.

- Serena Williams won the U.S. Open and publicly thanked PUMA for their support during her trophy acceptance speech after she defeated top-seeded Martina Hingis in the Women's singles final
- Toronto Raptor's Vince Carter was named 1999 Rookie of the Year wearing PUMA sneakers
- Oscar De La Hoya began the year with a winning streak, successfully defending his Welterweight title against Ike Quartey and Oba Carr. This later came to an end in a controversial loss against Felix Trinidad, which nevertheless provided the brand with unmatched exposure in the highest grossing non-heavyweight pay-per-view event in boxing history
- Nicolas Anelka, French strike sensation, joined PUMA's powerful group of current international brand icons to be the company's statement athlete in Soccer
- Wilson Kipketer, Colin Jackson, along with the remaining 107 PUMA runners, in cohort achieved 264 victories and 8 world championships
- SS Lazio (Italy), in only their first season as a PUMA endorsed team, won the UEFA Cup Winners Cup and finished runners-up in the Italian Serie A league



- PUMA gained significant exposure with the NFL and NBA during the 1999-2000 season
- PUMA opened its first retail concept store, on L.A.'s hip Third Street Promenade in Santa Monica, California, which features its core line of footwear, apparel and accessories
- PUMA's major shareholder, Monarchy/Regency, a leading Hollywood entertainment enterprise with interests in film, music, and television, increased its ownership stake from 25 % to 32 %

Global Brand

Brand Strategy
PUMA experienced four years of record earnings after a successful business restructuring of the company in 1993, which helped build a sound financial platform for the future. Following its regained financial strength, in the 4th Quarter of 1997 PUMA set up a 5-year plan to aggressively invest into building its global brand, with investments significantly above industry standard. Since then, the company further developed its brand strategy, which is comprised of three cornerstones: brand identity, marketing, and product. In 1999, PUMA continued to strengthen its brand towards achieving its long-term mission, "to become one of the most desirable sports brands in the world", through high investments in communication, as well as product design and development.

Brand Identity
PUMA honed its brand identity to be the brand that successfully mixes the influences from sport, lifestyle, and fashion. The brand's rich history of authentic sporting achievement provides a strong foundation for a truly creative approach in its design, technology and communications. This will impact the way that products and concepts are developed to span the spectrum from traditional to extreme sports.

PUMA believes that in the ever-shrinking, fast-changing, message-rich world inhabited by all, a brand will only be successful if, in addition to excellence of product, it can offer brand distinctiveness – its own unique and compelling image that enables it to stand out amongst the towering white peaks of its competitors. PUMA is striving to be one of those distinctive brands, a brand that does things in a unique and appealing way. Amongst a brandscape of towering white mountains, PUMA will be distinctive by being the blue mountain – not the biggest, but visible in its own unique way, establishing PUMA as the alternative sports brand.

PUMA launched this long-term initiative internally during its semi-annual International Meeting in October, through its Brand Manual. The Brand Manual is the reference point for all creative activity in support of the PUMA brand, such as a brief for new product development, packaging design, new product launch events, advertising, public relations, trade communications, and web site development.

Marketing
To communicate its brand personality, PUMA launched its 1999 Brand Anthem commercial, introducing the high energy of sport, set to the pulsating sounds of Korn. The integration of this edgy, youthful, and alternative music in the commercial spots, won high regards among PUMA's target market. The key focus of PUMA's marketing mix is to build image within its key target market and to increase unaided brand awareness.

Therefore, PUMA plans to shift marketing funds from traditional sponsorships into investments that will improve product availability in the future. In particular, the company intends to invest more resources into expanding its retail presence through activities such as in-store merchandising with its retail partners, opening of additional PUMA stores in particular in the US, and online selling.

Another forum that PUMA began to use to effectively communicate the brand message is the Internet, through the launch of its new family of web sites: puma.com and pumabiz.com. PUMA separated its corporate identity from its consumer brand identity, in order to communicate its message effectively across multiple audiences. Puma.com will serve as the brand's broadcast channel, providing the user with a highly personal experience through its bright colors and cheerful toe-tapping shoe graphic, enabling users to select a "personal soundtrack" while browsing the site. Puma.com will also serve as an online store for the U.S. Beyond the typical (and predictable) information the user expects to find regarding corporate structure and financial performance, pumabiz.com will promote PUMA for existing, as well as potential business partners. It will also provide the opportunity to get in contact with prospective new candidates. In 2000, PUMA plans to add a new addition to its family of web sites: pumaville.com, an online community for consumers to share PUMA experiences and lifestyles.

Product
On the product side, PUMA has been focusing on the development of four main concepts for 2000: Cellerator, Sports Lifestyle (SLS), Nuala, and Lateral.

Cellerator, representing PUMA's best in performance products, was further developed to span across categories i.e. running, tennis, and soccer.

SLS will be segmented through a label classification system, to cover market trends ranging from original performance shoes to high-end, fashion-forward designs.

Nuala, PUMA's response to the growing women's market overall, is a concept geared towards the spiritually focused training amongst women i.e. Tai Chi, Yoga. Super Model Christy Turlington contributed to the design and development of the collection.

Lateral will serve as a platform for all future outdoor products including extreme sports. This concept will be divided into four systems, consisting of Mountain, for hiking shoes and boots, Aqua for performance water sandals and socks, Snow for performance oriented snowboarding boots, and Cement for performance oriented skate/BMX shoes.

All major PUMA concepts consist of integrated footwear, apparel and accessories ranges, utilizing innovative technologies to improve the product performance.

Global Company

Corporate Strategy

In recent years, PUMA has evolved towards a virtual setting therefore moving away from a traditionally centralized organizational structure. The company undertook an initiative to reengineer its company structure to support its brand strategy, envisioning a world without boundaries of time or geography, a world where consumer attitudes slice across nationality, age and gender. This is the world in which PUMA would have to function in order to match the world of its core consumer, with a lifestyle defined by the Internet and remote controls, reflected in speed of action and freedom from temporal, geographical, and cultural restraints.

Since then, PUMA has been in the forefront of companies aspiring to a faster, more focused working culture, and began to lay the foundation to achieving its corporate mission, "to become the first truly virtual sports company". The key to PUMA's corporate setup is decentralization, and with it comes the challenge of how to enhance speed, cohesion and consistency of communication and processes, while the structure inevitably becomes more fluid. PUMA's response lies in addressing three key cornerstones to shape a global company: a Virtual Structure, Strategic Planning, and its People.

Virtual Structure
At the end of the 20th century, information is being absorbed and attained at a much greater speed than ever. Consumers have even shorter attention spans, while retailers know instantly what is selling and what is not. To rise to these challenges, PUMA has developed a hybrid of a matrix structure, supported by virtual headquarters. In its matrix structure, PUMA can achieve a vertical (functional) as well as horizontal (geographical) focus.

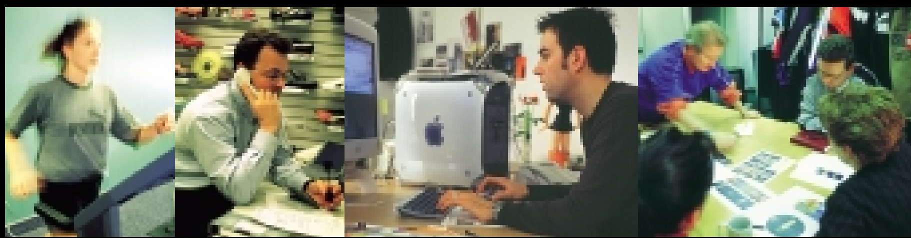
Vertical Focus: PUMA's virtual headquarters are comprised of decentralized core competency centers located within Germany, the U.S., and Hong Kong. Dispersed between these core competency centers are PUMA's seven corporate functions, consisting of Product, Product Supply, Brand, Growth, Structure, Brand Value, and Culture. Each of these functions are representing several sub-functions, which are managed comprehensively with a "big picture" perspective. These functions have also been strategically positioned in those centers where specialization and management know-how is optimal. For example, Marketing, part of the Brand function, is based in the U.S. to be close to emerging marketing trends early on. On the other hand, Warehousing and Logistics, part of the Product Supply function, is located in Germany, which is where the company first planted its roots as a virtual company by working with 3rd party facilities to maximize efficiency in delivering its product from the factory to the consumer.

Horizontal Focus: Through its matrix structure, PUMA achieves further geographical focus through its subsidiaries, as those in Germany, USA, Hong Kong, Austria and Australia are also regional hubs. The hubs were created to oversee PUMA distributors, licensees, as well as some subsidiaries within the respective regions. Germany is responsible for Western Europe, USA for the Americas, Austria for Eastern Europe, Africa and Middle East, Hong Kong for Asia and Australia for the Pacific Region. This also places PUMA in a dynamic position to capture regional differences and local variances, enabling the company to fine-tune and incorporate them into its global brand initiatives provided by the corporate functions, as well as incorporate feedback from a regional/local level.

Strategic Planning

To achieve a sustainable competitive advantage, there must be a clear, well-defined strategy. Strategy is not static in nature, but constantly evolving to take advantage of opportunities in the marketplace. Information flow is faster, technology change is quicker, resulting in shortened response times. Therefore, PUMA endeavors to capture consumer trends, market dynamics and opportunities through proper planning, in order to ensure that everyone within the organization knows their role. A strategic planning model was introduced as a tool that seeks to facilitate PUMA's initiatives to ensure that it gets and stays ahead of the competition. In particular, the company requires strategic planning to define, plan and implement strategy for future global brand/profitability growth, as well as to create procedures and utilize technologies that promote the seamless functioning of PUMA's virtual structure.

To support its strategic planning model, a Global Strategic Planning Group was created, staffed by people with an appropriate skill set, able to offer guidance and interaction at both global, regional and local levels.



People

People are one of the main ingredients to PUMA's success. The company has been assembling a pool of gifted people to challenge the industry through skilled cross-cultural communication. PUMA is working to develop a company culture where work is fun, where procedures are created only to advance the common cause, and where the bureaucracy and politics, common to traditional organizations, are eliminated.

PUMA plans to evolve the organization through the fostering of unique and shared company values, all compatible with the personality of the brand. These can be best summarized in four words: Passion, Openness, Self-belief, and Entrepreneurship.

Passion: PUMA is not a business that manufactures and sells soap powder or ballpoint pens or instant coffee. It is a business rooted in the passionate world of sporting endeavor. The history of the brand resonates with the echoes of great athletes and legendary performances, celebrated in stadiums across the globe. PUMA makes products designed to facilitate the individual achievements that evoke the most passionate responses.

Openness: Today's marketplace is one of the fastest changing and dynamic on the planet. To respond quickly and effectively in this environment demands a culture of openness, where opinions can be shared without fear of blame and where old wisdom can be questioned without the fear of antagonism. In this culture, respect and understanding flourish naturally, teamwork flows seamlessly, barriers dissolve and a much over-used word, empowerment, takes on real meaning.

Self-belief: Global businesses face new challenges every day. It is the quality of the people in these businesses and their belief in their own abilities that enable these challenges to be overcome. PUMA's recognition of this is reflected in its determination that everyone in the company understands and embraces the company values, as well as benefits from the experience and integrity of their colleagues. Only with self-belief will individuals have the confidence to make things happen, take the tough decisions and realize their ambitions for themselves and, ultimately, for the business.

Entrepreneurship: Few businesses succeed without great ideas. PUMA has been built on them and needs them to flow relentlessly hour by hour, day by day. This demands a willingness to think outside the box, to zig where others zag and to seek inspiration beyond the more obvious boundaries of our business universe. Such creativity has inspired the PUMA brand strategy and it will also be needed to make it a reality.

The PUMA Landscape - A Virtual Business Community

PUMA is striving to further integrate its structure with its value chains through hub-and-spoke networks to build a virtual business community: one company with virtual headquarters connected via direct-to-consumer links, as well as business-to-business links to suppliers, retailers, shareholders, and media. The company is taking a more extroverted approach, looking outward to its industry environment and forward into a volatile future, ensuring that its structure reflects its target market, goals, and available technology.

One of the underlying principles of this model is modularity. PUMA is becoming more decentralized on the one hand, yet geared for mixing and matching on the other. Stripped down to its core competencies, it will rely on innovative strategic partnerships that will eventually be facilitated by an Intranet, Extranet, and the Internet as a combined platform. Designing or building strategic, co-operative relationships with suppliers, retailers, shareholders, media and consumers, while also cultivating trust, is crucial in building a powerful virtual business community.

The concept of a virtual business community is not new, however the degree to which business processes can be integrated across organizations and the extent of collaboration is remarkable.

Here are a few examples of initiatives that support the PUMA structure and the virtual PUMA landscape:

- A "Qualified PUMA Online Reseller" program was developed to provide the opportunity for PUMA fans around the world to view and purchase product through web-based retailers.
- PUMA launched a new family of web sites:
  - Puma.com was redesigned and will feature an online store in 2000 offering limited product only in the U.S.
  - Pumabiz.com provides company information such as corporate structure and financial performance, and promotes PUMA for existing, as well as potential business partners. The recruiting of new employees is also supported by pumabiz.com, as well as online contacts with leading Business Schools, which has already resulted in successful web-based hirings
  - In 2000, PUMA plans to add a new member to its family of web sites: pumaville.com, an online community for consumers to share PUMA experiences and lifestyles.

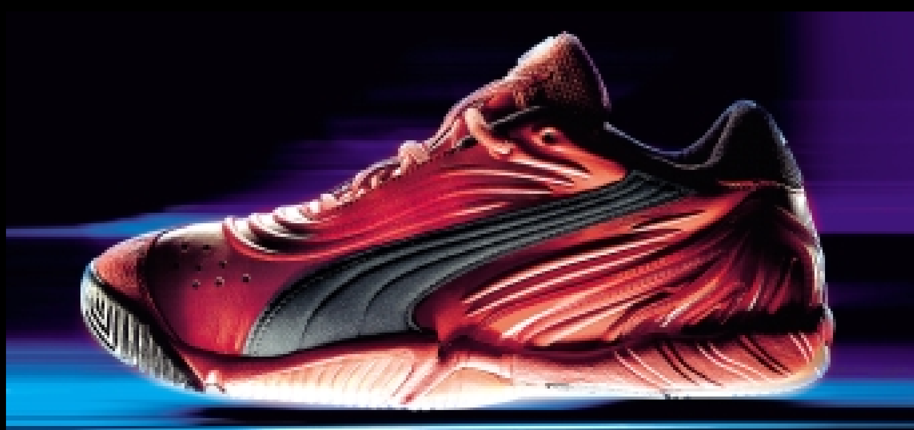
- PUMA is working on a company-wide initiative for a "paperless culture", whereby all internal communication is conducted via E-mail as of 2001. PUMA is also using video conferencing facilities to communicate between its design and development centers in Germany, USA and Hong Kong, to accelerate the product creation process and reduce time consuming travel. PUMA has already begun to conduct banking services, order supplies and book travel online
- PUMA launched a first glimpse of its upcoming Extranet, with an "Online Hotel Reservation Form" featured on pumabiz.com for the participants of its next semiannual International Meeting. This is a major company event to showcase the next season to approximately 300 PUMA partners including representatives from subsidiaries, licensees, distributors and key customers from around the world
- PUMA developed an intranet, which includes a Virtual Library, featuring a picture pool for local countries to download the latest marketing execution for print ads and posters, and an archive of company presentations
- PUMA is developing a Lotus Notes based product development and information database to support the virtual development process by enabling the product team to provide key information, as well as input data at different stages of the entire process. For example, a sneaker can be designed in the U.S. then reviewed by product develop ment in Germany and Hong Kong. This would be a continuous exchange until the product is complete
- PUMA's creative agency, Gyro (based in Philadelphia, U.S.), is linked to the company's graphic center in Nuremberg, Germany. PUMA's marketing team is able to view, comment, and revise any PUMA communication, including advertising, via the Internet

Towards the new Dawn

PUMA seeks "to be one of the most desirable sports brands in the world". To support its brand mission, the company has developed a corporate mission, which is "to be the first truly virtual sports company".

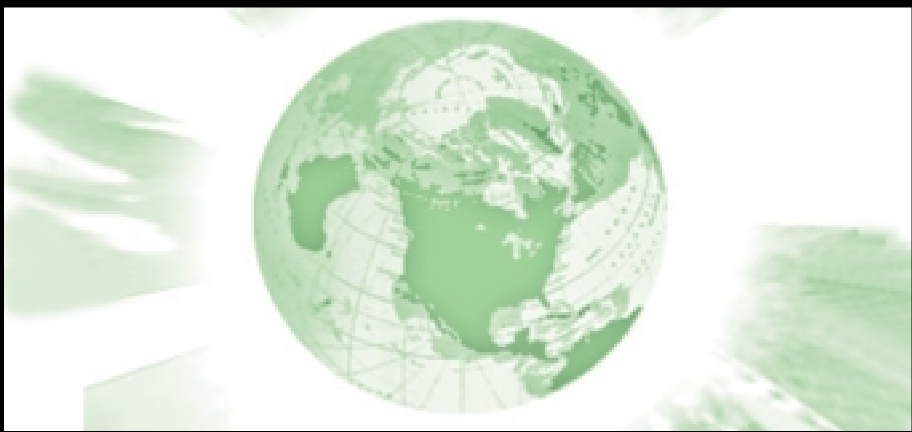
PUMA could certainly operate with a centralized focus within which communication would take place relatively easily, however this would decrease the benefits of cross-cultural energy, regional and local efficiencies, and the know how of PUMA staff, based in multiple locations around the world. PUMA's virtual structure also fosters a cultural melange and enriches the mix of sports, lifestyle, and fashion influences encountered in the major trendsetting centers around the globe. The company does not consider this a luxury for the business, but a necessity.

PUMA cannot claim today that it has realized either of its mission statements, but with clear goals it can ensure that every action taken is another step closer to a new success.

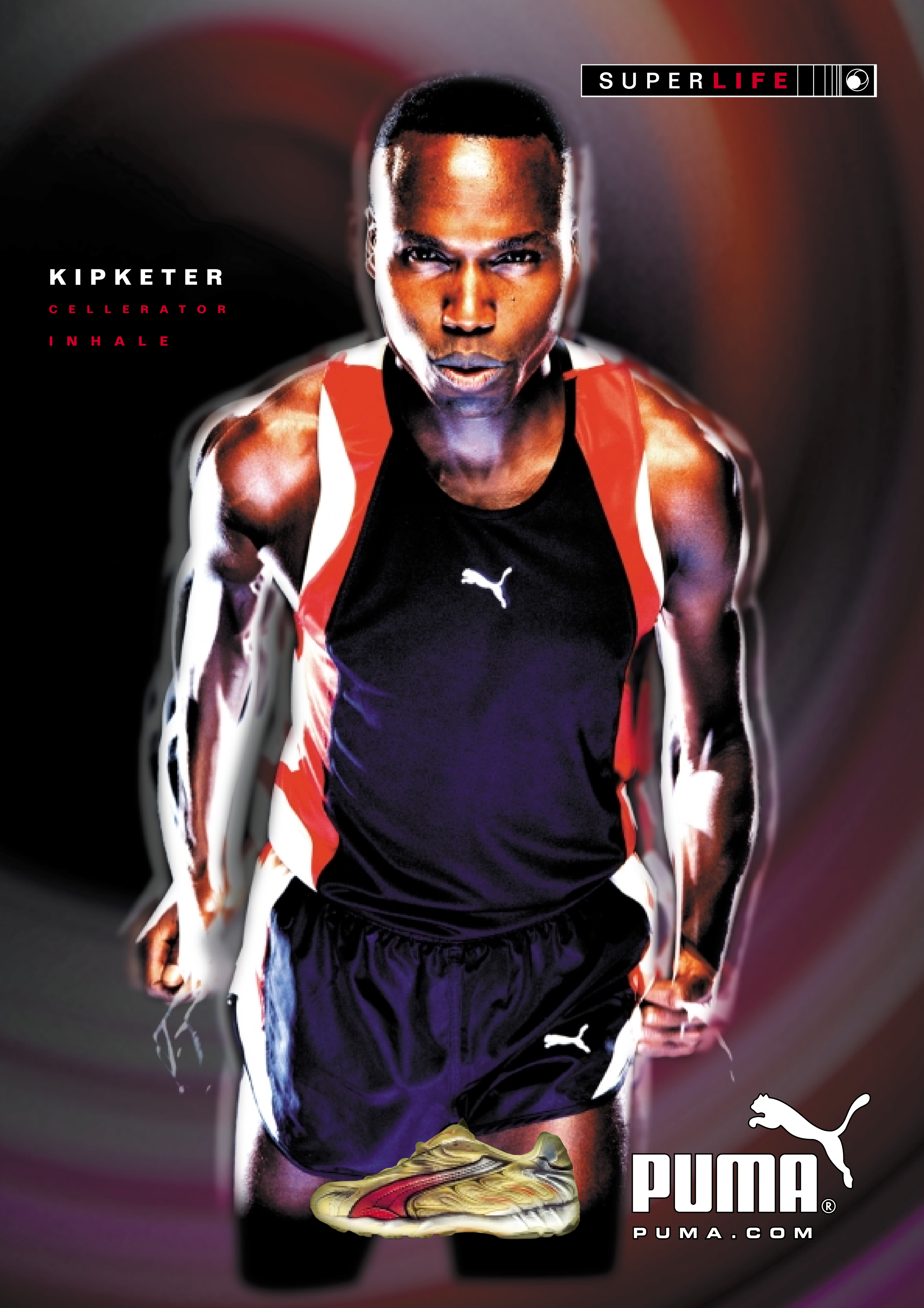


Environmental and Social Standards

The PUMA brand shares many characteristics with the creature that inspired its logo, such as its ardent respect for the environment and its inhabitants. To this end, the company has defined strict standards for environmental and social issues far beyond those required by law, which are relevant on a global scale and are implemented by all production partners. All production facilities are monitored for compliance with PUMA's set standards and the product is tested regularly for harmful substances by independent reputable institutions.



For further information, please contact the PUMA Environmental and Social Affairs department at tel. (+49) 91 32/ 81 2398 (Germany) or visit www.pumabiz.com.


SUPERLIFE
KIPKETER
CELLERATOR
INHALE
PUMA®
PUMA.COM

International Accounting Standards

Consolidated Balance Sheet

	Notes	Dec. 31, 1999 `000 EUR	Dec. 31, 1998 `000 EUR
ASSETS			
Cash and cash equivalents	3	35,493	35,484
Inventories	4	85,089	63,395
Trade receivables and other receivables	5	79,359	61,287
Other short-term financial assets	6	1,393	0
Total current assets		**201,334**	**160,166**
Deferred income taxes	7	**32,316**	**33,406**
Property and equipment	8	**26,995**	**19,365**
Intangible fixed assets	9	**594**	**551**
Goodwill	10	**4,636**	**186**
Other long-term financial assets	11	**725**	**833**
Investment in associated companies	12	**0**	**8,403**
Total assets		**266,600**	**222,910**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Short-term bank borrowings	13	34,366	27,659
Trade and other payables	14	47,290	33,512
Accruals	15	53,215	41,474
Total current liabilities		**134,871**	**102,645**
Long-term interest bearing borrowings	**16**	**2,035**	**1,340**
Pension accruals	**17**	**12,772**	**12,320**
Other long-term liabilities	**18**	**4,751**	**8,482**
Minority interest	**19**	**0**	**465**
Subscribed capital PUMA AG		39,344	39,344
Reserves PUMA AG		32,189	32,189
Accumulated profits		40,638	26,125
Shareholders' equity	**20**	**112,171**	**97,658**
Total liabilities and shareholders' equity		**266,600**	**222,910**

Consolidated Income Statement (Nature of Expense Method)

	Notes	1999 `000 EUR	1998 `000 EUR
Net sales	31	372,709	302,512
Cost of sales		-231,022	-194,265
Gross profit	31	141,687	108,247
Royalty and commission income		23,932	24,518
		165,619	132,765
Personnel expenses	21	-51,478	-41,349
Advertising and selling costs	22	-59,189	-51,541
General and administrative expenses	23	-48,231	-39,505
Other operating income	24	22,870	7,577
Total selling, general and administrative expenses, net		-136,028	-124,818
Depreciation		-4,932	-3,264
Profit from operations / EBIT		**24,659**	**4,683**
One-off charge	25	0	-31,055
Finance cost	26	-1,863	-339
Result from associates	27	-8,403	-920
Profit before tax / EBT		14,393	-27,631
Income taxes			
- current taxes	28	-2,954	-2,329
- deferred taxes	28	-3,043	33,407
Profit after tax		8,396	3,447
Minority interest		1,141	600
Net profit from ordinary activities		**9,537**	**4,047**
Earnings per share in EUR	29	0.62	0.26
Dividend per share in EUR	30	0.10	0.10

Changes in Equity

	Subscribed capital	Capital reserve PUMA AG	Revenue reserves PUMA AG	Difference from currency translation	Offsetting with neutral effects on profits	Consolidated profit/ net income for the year	TOTAL
Dec. 31, 1997 (T-EUR)	**39,344**	**31,981**	**13,595**	**2,736**	**0**	**8,993**	**96,649**
Dividend payment						-1,574	-1,574
Withdrawal from revenue reserves			-13,387			13,387	0
Currency changes				-1,464			-1,464
Consolidated profit						4,047	4,047
Dec. 31, 1998 (T-EUR)	**39,344**	**31,981**	**208**	**1,272**	**0**	**24,853**	**97,658**
Dividend payment						-1,574	-1,574
Currency exchanges				5,453			5,453
Offsetting with neutral effects on profits					1,097		1,097
Consolidated profit						9,537	9,537
Dec. 31, 1999 (T-EUR)	**39,344**	**31,981**	**208**	**6,725**	**1,097**	**32,816**	**112,171**

Consolidated Cash Flow Statement

	Notes	1999 `000 EUR	1998 `000 EUR
Cash flows from operating activities			
Profit before tax		14,393	-27,631
Adjustments for:			
One-off expenses	25	0	31,055
Depreciation	8,9,10,11,12	13,337	4,184
Non-realized currency gains/losses, net		-647	1,664
Interest received	26	-1,434	-1,741
Interest paid	26	3,297	2,080
Income from the sale of fixed assets		-32	-44
Additions to pension accruals	17	452	341
Cash flow	32	**29,366**	**9,908**
Increase in receivables and other current assets		-15,599	-4,328
Increase in inventories		-16,406	-13,013
Increase in trade payables and other current liabilities		30,857	14,343
Cash provided by operations		28,218	6,910
Interest paid		-3,195	-2,013
Income taxes paid		-2,954	-2,329
One time expenses paid		-9,305	-2,584
Net cash from operating activities	32	**12,764**	**-16**
Cash flows from investment activities			
Payment for goodwill (previous year: purchase of participations)	2	-4,399	-9,907
Purchase of property and equipment	8,9,10	-9,930	-5,764
Proceeds from sale of property and equipment		922	2,496
Increase/decrease in other long-term assets		115	-640
Interest received		1,323	1,686
Net cash used in investing activities	32	**-11,969**	**-12,129**
Cash flows from financing activities			
Payments made regarding long-term liabilities, net		-3,832	-217
Payments received regarding short-term bank borrowings, net	13	3,078	15,840
Payments received regarding convertible bonds, net	2,16	695	62
Dividend payments	30	-1,574	-1,574
Payments made regarding subordinated shareholders' loan		0	-1,460
Net cash used in financing activities	32	**-1,633**	**12,651**
Effect on exchange rates on cash		847	-442
Net increase in cash and cash equivalents		**9**	**64**
Cash and cash equivalents at beginning of financial year		35,484	35,420
Cash and cash equivalents at year-end	3,32	**35,493**	**35,484**

Schedule of Fixed Assets

	Purchase or manufacuring costs				
	Balance Jan. 1, 1999 `000 EUR	Currency changes and other changes	Additions/ retransfers	Disposals	Balance Dec. 31, 1999 `000 EUR
TANGIBLE FIXED ASSETS					
Land, land rights and buildings including buildings on third party land	20,166	946	2,106	201	23,017
Technical equipment and machines	1,350	142	967	176	2,283
Other equipment, factory and office equipment	17,273	1,348	6,398	2,166	22,853
	38,789	**2,436**	**9,471**	**2,543**	**48,153**
INTANGIBLE FIXED ASSETS					
Concessions, industrial and similar rights and assets and licenses under such rights and assets	4,877	50	358	30	5,255
	4,877	**50**	**358**	**30**	**5,255**
GOODWILL	**372**	**371**	**4,500**	**0**	**5,243**
OTHER LONG-TERM ASSETS					
Other loans	491	0	21	43	469
Other assets	342	1	55	142	256
	833	**1**	**76**	**185**	**725**
Investment in LOGOATHLETIC, Inc.	**9,323**	**0**	**0**	**0**	**9,323**

	Accumulated depreciation					Book values	
	Balance Jan. 1, 1999 `000 EUR	Currency changes and other changes	Additions/ retransfers	Disposals	Balance Dec. 31, 1999 `000 EUR	Balance Dec. 31, 1999 `000 EUR	Balance Dec. 31, 1998 `000 EUR
TANGIBLE FIXED ASSETS							
Land, land rights and buildings including buildings on third party land	7,065	-1,454	613	197	6,027	16,990	13,101
Technical equipment and machines	597	65	826	38	1,450	833	753
Other equipment, factory and office equipment	11,762	589	2,748	1,418	13,681	9,172	5,511
	19,424	**-800**	**4,187**	**1,653**	**21,158**	**26,995**	**19,365**
INTANGIBLE FIXED ASSETS							
Concessions, industrial and similar rights and assets and licenses under such rights and assets	4,326	26	339	30	4,661	594	551
	4,326	**26**	**339**	**30**	**4,661**	**594**	**551**
GOODWILL	**186**	**15**	**406**	**0**	**607**	**4,636**	**186**
OTHER LONG-TERM ASSETS							
Other loans	0	0	0	0	0	469	491
Other assets	0	0	0	0	0	256	342
	0	**0**	**0**	**0**	**0**	**725**	**833**
Investment in LOGOATHLETIC, Inc.	**920**	**0**	**8,403**	**0**	**9,323**	**0**	**8,403**

Notes to the Consolidated Financial Statements

1. General remarks

Under the brand name "PUMA", PUMA Aktiengesellschaft Rudolf Dassler Sport and its subsidiaries are engaged in the development and marketing of a broad range of sports and leisure articles including footwear, apparel and accessories. The Company is a joint stock company under German law and has its registered head office in Herzogenaurach, and its corresponding registration court is in Fürth.

The following consolidated financial statements of PUMA AG and its subsidiaries (hereafter the "Company" or "PUMA") were prepared in accordance with the "International Accounting Standards" (hereafter "IAS") issued by the International Accounting Standards Committee (IASC) and duly examined by the Company's auditor. All IAS and SIC interpretations have been applied for the financial year as of January 1, 1999. In addition, IAS 39 "Financial Instruments: Reporting and Valuation" have been applied in advance.

The Company prepared consolidated financial statements based on IAS as early as in 1993; all deviations from the stipulations set out in the German Commercial Code (HGB) as of January 1, 1993, were offset without affecting operating profits. The consolidated financial statements prepared in accordance with IAS are regarded as exempt consolidated financial statements pursuant to Article 292a, Section 2, HGB. However, as the parent company of the PUMA group, PUMA AG is required to prepare individual financial statements in compliance with German commercial law; the individual financial statements may be obtained from the Company.

The International Accounting Standards deviate in certain items from the accounting and valuation principles generally valid in Germany and mainly laid out in the German Commercial Code. The main deviation relates to the treatment of deferred taxes resulting from temporary valuation differences and future tax benefits from losses carried forward. Other deviations refer to the treatment of US trademarks and other rights, which were sold in 1988 and repurchased in 1995, and not capitalized for IAS purposes. The remaining differences are immaterial.

The consolidated financial statements have been prepared in Euro currency using the official exchange rate of the DEM to the Euro of 1.95583. The consolidated financial statements are in compliance with EU Directive 83/349 on the basis of the interpretation of the directive by the Contact Committee for Accounting Directives of the European Commission.

2. Major consolidation, accounting and valuation principles

Consolidation principles

The consolidated financial statements are based on individual financial statements of PUMA AG and its subsidiaries according to IAS which have been prepared on the basis of uniform accounting and valuation methods and certified by independent auditors; additional disclosures within the scope of group reporting have been taken into account.

Equity consolidation with affiliated companies was based on the book value method. The elimination of the carrying values of shares owned by the parent company against the amount which these shares represent in the equity of a subsidiary was effected in former years at the date of first consolidation and since 1996 at the date of acquisition.

Intra-group receivables and liabilities have been offset. Any differences from exchange rate fluctuations were included in consolidated earnings to the extent that they arose in the reporting period.

Within the course of consolidation of earnings, inter-company sales and all significant intra-group income were offset against the respective expenses as incurred. The commission income included in the financial statements of World Cat Ltd, and not yet realized within the group has been eliminated as intercompany profit. As in previous years, further elimination of intercompany profits was waived because amounts were not material.

Companies included in consolidation
In addition to PUMA AG, all directly and indirectly affiliated companies were included in consolidation. The development in the number of group companies during the financial year was as follows:

Dec. 31, 1998	19
Newly established/consolidated companies	4
Acquired companies	1
Dec. 31, 1999	**24**

The companies are subdivided by regions as follows:

No./Companies		**No./Shareholder**
	Western Europe	
1.	PUMA AG Rudolf Dassler Sport; Herzogenaurach/Germany - parent company -	Monarchy Enterprises Holdings B.V. 32.3 % free float of stock 67.7 %
2.	PUMA UNITED KINGDOM LTD, Leatherhead/United Kingdom	1
3.	PUMA FRANCE S.A., Illkirch/France	1
4.	PUMA (Schweiz) AG, Lengnau Biel/Switzerland	1
5.	Austria PUMA Dassler Ges. m.b.H., Salzburg/Austria	1
6.	PUMA JUGOSLAVIJA d.o.o., Belgrad/Yugoslavia	5
7.	PUMA Benelux B.V., La Leusden/Netherlands	1
8.	PUMA Italia S.r.l., Milan/Italy	1
	Eastern Europe	
9.	PUMA Polska SP. Z.O.O., Warsaw/Poland	5
10.	PUMA-RUS GmbH, Moscow/Russia	1 = 11 % / 5 = 89 %
11.	PUMA Hungary, Budapest/ Hungary	5
	Asia/Pacific Rim	
12.	PUMA Australia Pty. Ltd., Moorabbin/Australia	1
13.	- White Diamond Australia Pty. Ltd., Moorabbin/Australia	12
14.	- White Diamond Properties, Moorabbin/Australia	12
15.	PUMA New Zealand, Auckland/New Zealand	12
16.	World Cat Ltd., Kowloon/Hong Kong	1
17.	- World Cat (S) Pte. Ltd./Singapore	16
18.	- World Cat Trading Co. Ltd. Taichung/Taiwan	16
19.	PUMA FAR EAST Ltd., Kowloon/Hong Kong	1
	America	
20.	PUMA North America, Inc., Westford/U.S.A.	1
21.	PUMA Canada, Inc., Ontario/Canada	20
22.	PUMA CHILE S.A., Santiago/Chile	1 = 51 %
23.	LOGOATHLETIC, Inc., Indianapolis/U.S.A.	20 = 22.3 %
	Africa/Middle East	
24.	PUMA South Africa, Cape Town/South Africa	5

PUMA AG holds a direct or indirect 100 % share in these companies (with the exception of PUMA Chile and LOGOATHLETIC).

The non-active companies mentioned but not included in the previous year's consolidated financial statements were liquidated in fiscal year 1999; this did not affect the net worth and earnings position of the PUMA group.

The PUMA UNITED KINGDOM LTD subsidiary was newly set up in 1999; significant assets and some liabilities of the former distributor and licensee for United Kingdom have been transferred to this company which commenced operations on March 1, 1999. As of the initial consolidation date (March 1, 1999), the change in the consolidated group affected the net worth and financial position as follows:

	1999 **`000 EUR**
Inventories	13,146
Receivables and other assets	4,965
Liabilities	6,529

The effect of changes in the consolidated group as of December 31, 1999 on individual consolidated balance sheets and profit and loss account items are explained in the respective items, in as much as these changes are material.

In fiscal year 1999, the licensee in New Zealand was acquired and the companies in South Africa, Hungary and Russia were founded. These companies had no major impact on the net worth, financial and earnings position.

A list of investment holdings as of December 31, 1999, is deposited with the Fürth (Bavaria) Commercial Register under HRB 3175.

Currency translation

Foreign currency receivables and liabilities are disclosed in individual statements at the rates valid on the balance sheet date.

All assets and liabilities of foreign subsidiaries whose functional currency was not DM or the new Euro currency, were translated into Euro at the rates valid on the balance sheet date. Income and expenses were translated at annual average rates. The differences from currency translation of net assets were netted against the shareholders' equity without affecting income if changes in the exchange rate occurred.

The following currency translation rates were used to convert the annual financial statements into Euro:

	Average rate during the fiscal year		Rate as at the balance sheet date	
	1999	1998	Dec. 31, 1999	Dec. 31, 1998
1 EUR = DEM	1.95583	1.95583	1.95583	1.95583
1 EUR = FRF	6.55957	6.56319	6.55957	6.55957
1 EUR = ATS	13.7603	13.7734	13.7603	13.7603
1 EUR = NLG	2.20371	2.20499	2.20371	2.20371
1 EUR = ITL	1936.27	1930.35	1936.27	1936.27
1 EUR = USD	1.0664	1.1095	1.0028	1.16906
1 EUR = CAD	1.5901	1.6450	1.4574	1.8159
1 EUR = GBP	0.6588	----------	0.6202	0.6990
1 EUR = CHF	1.6009	1.6105	1.6047	1.60052
1 EUR = HKD	8.2712	8.5857	7.8185	9.05477
1 EUR = AUD	1.6670	1.7576	1.5350	1.90999
1 EUR = NZD	2.0022	----------	1.9305	----------
1 EUR = Pesos (Chile)	545.7064	507.0858	532.0800	552.3383
1 EUR = PLN	4.2173	3.8768	4.1575	4.08827

Derivative financial instruments/hedge accounting

The Company buys most of its products from suppliers in Asia, who invoice in US dollars (USD). PUMA sales are largely invoiced in other currencies, and the Company earns royalty income mainly in Japanese YEN (JPY), USD and British pounds (GBP). From the date of their origin until their realization, the resulting assets and liabilities are subject to exchange rate fluctuations.

Derivative and original hedging transactions are used to minimize the foreign currency risk.

Derivative transactions are concluded if a hedging requirement results after netting existing foreign currency receivables and liabilities. As at the balance sheet date, there were only forward exchange contracts concluded with renowned international banks; therefore, the credit risk on the balance sheet date is considered very low or unlikely. The contracts are only used to hedge contracts concluded or expected to be concluded. On December 31, 1999 there were currency futures contracts for the purchase of US dollars and DM and the sale of JPY, GBP and CHF; as a rule, the time to maturity of currency derivatives is within a period of one year with the exception of hedging instruments for the JPY.

Derivative financial instruments are stated at the market value of the balance sheet date and reported within current financial assets or other liabilities, respectively. The resulting price gains and price losses are offset against equity with neutral effects on profits if related to future transactions.

Where original foreign currency positions are used to hedge rate fluctuations ("hedge accounting"), any differences resulting from currency conversion on the balance sheet date are also offset against equity with neutral effects on profits.

In principle, the Company hedges its net demand or surplus of the respective currencies on a rolling basis twelve months in advance. The net demand or surplus is derived from the demand in a given currency, less expected income from the same currency.

The Company does not use financial instruments for trading or speculative purposes.

Management expects no major adverse effects on the Company's financial position from the use of derivatives.

The following derivative financial instruments existed as of the balance sheet date:

	Nominal amount 1999 `000 EUR	**Nominal amount 1998 `000 EUR**	**Market value 1999 `000 EUR**	**Market value 1998 `000 EUR**
Forward exchange transactions	**124,500**	64,858	**614**	3,819

The nominal amount is in accordance with the amounts of each forward exchange transaction agreed between the parties. The market value is the amount to which the respective financial instrument would be traded on the market between interested parties on the balance sheet date. The market value within other financial assets or other liabilities, respectively was reported for the first time in accordance with IAS 39 and offset against equity capital with neutral effects on profits, in as much as the hedging transaction related to future transactions.

Inventories

Inventories are valued at purchase or manufacturing cost or at the lower net realizable value derived from the selling price as of the balance sheet date. The purchase costs of merchandise are determined using the average method. Inventory adjustments were carried out in a uniform manner throughout the group, depending on the age of the respective goods. Risks owing to fashion trends are adequately taken into account.

Receivables and other short-term assets

Trade receivables and other receivables as well as financial assets are stated at their nominal amounts reduced by value adjustments. All recognizable risks are sufficiently taken into account in the form of individual risk assessments and on the basis of historical values.

Deferred taxes

Tax deferrals from timing differences in the commercial and tax balance sheets of individual companies and from consolidation procedures are offset for each tax country and disclosed either as deferred tax assets or deferred tax liabilities. Deferred tax assets also include tax reduction claims from the expected utilization of existing losses to be carried forward in subsequent years and whose realization can be guaranteed with reasonable assurance. The deferred taxes are determined on the basis of tax rates applicable or expected to be realized in the individual countries. In Germany, the distribution tax rate serves as the basis for determination.

Tangible fixed assets and depreciation

Tangible fixed assets are valued at purchase cost. The depreciation period depends on the useful life, which is between 3 and 50 years. As a rule, the straight-line method is applied. The following depreciation rates apply:

	Depreciation rates %
Buildings	2 to 10
Machines, machine equipment and technical facilities and bussiness and factory equipment	10 to 33

Cost of maintenance and repair is reported as an expense at the time of origin. Major improvements and renewals are capitalized.

Leased items regarded as significant in terms of their amounts and which are classified as finance leasing are shown as tangible fixed assets.

One real estate investment in Austria was sold in 1988 within the framework of a sale and lease back agreement, and repurchased in 1995. The sale was not recognized on the balance sheet in the initial preparation of the consolidated financial statements for the 1993 financial year in compliance with IAS. Rather, historical values were used and the repurchase transaction was presented as a financing transaction. This resulted in a variation between the local financial statements and IAS; the respective correction was adjusted to comply with IAS in fiscal year 1999. The respective adjustment was credited to income in tangible fixed assets. The write-up is recorded as other changes under Land and Buildings in the Schedule of Fixed Assets; the adjustment amount is T-EUR 1,785. Taking taxes on income into account, the effects on results from ordinary activities amount to T-EUR 1,178.

Goodwill and long-term assets
The goodwill and intangible assets are valued at purchase cost reduced by accumulated depreciation; Goodwill relates to the UK, Chile and New Zealand. Depreciation concerning the UK is based on the straight-line method over 15 years; the depreciation period corresponds to the expected useful life. The goodwill in Chile and New Zealand, which resulted from capital consolidation, was written down over a 5-year period.

Financial assets and other long-term assets are stated at purchase cost. Value adjustments are made in the event of a permanent impairment in value. The investment in LOGOATHLETIC was written down in 1999 (T-EUR 8,403).

Short-term liabilities from bank loans
Short-term liabilities also include long-term loans with maturities of not more than one year.

Pensions and similar commitments
Pension commitments are usually financed on the basis of pension accruals, and in the UK externally via a pension fund. Pension accruals of the AG have been valued in accordance with IAS 19 (revised 1998) on the basis of the Projected Unit Credit Method; in this context, references is made to No. 17 of these Notes to the Consolidated Financial Statements. The subsidiaries' proportions are immaterial and are valued in accordance with the respective local law; the deviation from IAS 19 (revised 1998) is not significant.

Pension commitments to active members of the AG Board of Management have not been made. A respective compensation is included in the remuneration of board members. We refer to No. 36 of these Notes.

Recognition of sales revenues
Sales are recognized after the passing of risk, and booked net of returns, discounts, rebates and sales-related advertising grants.

Advertising and promotion expense
The Company recognizes an advertising expense at the date of its origin. Promotion expenses are, as a rule, spread on an accrual basis over the term of the contract provided that assessment of performance does not lead to deviating results.

Product development
The Company is constantly engaged in developing innovative products with a fashionable design in order to comply with market requirements and changes. Expenses are reported at the time of origin. Capitalization does not occur since the criteria stated in IAS 9 have not been met.

Net interest income
Net interest income includes interest income from financial investments and interest paid on credits. Expenses and income from currency changes are disclosed in operating results in as much they have been incurred by operations. Exchange rate effects are usually included in general expenses; where exchange rate effects from derivative financial instruments are directly attributable to an underlying business, disclosure is made in the respective item of the income statement.

3. Cash and cash equivalents

Cash and cash equivalents contain cash and bank credits. Bank credits not required to finance current assets are invested into the Euro money market for periods of up to six months. As a rule the maturity of time deposit investments is up to six months; current interest rates are between 2.6 % and 6.0 %.

4. Inventories

Inventories are subdivided into the following main categories:

	Dec. 31, 1999 `000 EUR	Dec. 31, 1998 `000 EUR
Raw materials and supplies	498	965
Finished goods and merchandise	63,249	48,295
Goods in transit	21,342	14,135
	85,089	**63,395**

Inventories increased by T-EUR 11,137 as a result of changes in the consolidated group.

Of the total amount of reported inventories, the amount of T-EUR 11,409 (previous year: T-EUR 7,752) is stated at its net realizable value. The value deductions totaled T-EUR 14,850 on the balance sheet date (previous year: T-EUR 13,883).

5. Trade receivables and other receivables

Receivables are presented net of itemized value adjustments; they are due within the following financial year. Receivables from management and of supervisory bodies do not exist.

	Dec. 31, 1999 `000 EUR	Dec. 31, 1998 `000 EUR
Trade receivables	69,665	55,452
Other receivables	6,902	4,384
Prepaid expenses	2,792	1,451
	79,359	**61,287**

As of December 31, 1999, trade receivables include T-EUR 6,541 from the first time consolidation of PUMA UK.

The market value of this position corresponds to the book value.

6. Other short-term financial assets

This item includes derivative financial instruments, which existed as of the balance sheet date and result in an asset. The financial instruments consist of forward exchange transactions used to hedge existing balance sheet items and future transactions. The book value corresponds with the market value.

7. Deferred income taxes

The item consists of the following:

	Dec. 31, 1999 `000 EUR			Dec. 31, 1998 `000 EUR
	Tax assets from loss carryforwards	Other tax assets	Total	Total
Deferred taxes	16,607	15,709	**32,316**	**33,406**

Other deferred tax assets relate to temporary differences. For the realization of deferred tax assets, sufficient taxable income is expected which exceeds the income from the reversal of existing taxable temporary differences. Other deferred tax assets include deferred tax liabilities to the amount of T-EUR 1,683.

8. Property and equipment

Tangible fixed assets at book value consist of the following:

	Dec. 31, 1999 `000 EUR	Dec. 31, 1998 `000 EUR
Land and buildings including buildings on third party land	16,990	13,101
Technical equipment and machines	833	753
Other equipment, factory and office equipment	9,172	5,511
	26,995	**19,365**

The book value of tangible fixed assets is derived from purchase costs. Accumulated depreciation for this item amounts to T-EUR 21,158 (previous year: T-EUR 19,424).

Tangible assets include leased items in the amount of T-EUR 1,260 (previous year: T-EUR 1.014) which primarily relate to real estate in France used for business purposes and office and operational equipment in Australia.

Individual items of tangible assets including their movements during the 1999 financial year are shown in the Enclosure to the Consolidated Financial Statements.

9. Intangible fixed assets

The movements of this item in the 1999 financial year are shown in the Enclosure to the Consolidated Financial Statements.

10. Goodwill

The item includes the goodwill paid upon take-over of the companies in Chile, New Zealand and the UK net of accumulated depreciation. The development for the 1999 financial year is shown in the Enclosure to the Consolidated Financial Statements.

11. Other long-term financial assets

The item is made up as follows:

	Dec. 31, 1999 `000 EUR	Dec. 31, 1998 `000 EUR
Loans	469	491
Other assets	256	342
	725	**833**

The movements for the 1999 financial year are shown in the Enclosure to the Consolidated Financial Statements.

12. Investment in associated companies

The valuation of the associated company "LOGOATHLETIC" as of December 31, 1998 was written off in the amount of T-EUR 8,403 (T-DM 16,435) within the 1999 financial year. Through the strategic investment in LOGOATHLETIC, PUMA achieved tremendous brand exposure in 1999 with the American sports leagues, in particular NFL, which greatly exceeded the investment made.

13. Short-term bank borrowings and credit lines

The residual maturity of existing short-term bank loans is less than twelve months. The loans largely relate to USD (about 60 %), GBP (about 20 %), AUD (approx. 8 %) and other currencies (approx. 12 %).

Credit lines available to the Company total T-EUR 136,146, which may be used as bank credits and guarantee credits. In addition to the bank borrowings to the amount of T-EUR 34,366, guarantee credits (largely letters of credit) amounted to T-EUR 6,260 as of December 31, 1999. On that date, credit lines not yet drawn upon amounted to T-EUR 95,520.

14. Trade and other payables

The market value of trade payables corresponds to the book value.

	Dec. 31, 1999 `000 EUR	Dec. 31, 1998 `000 EUR
Trade payables	41,580	24,386
Other liabilities:		
Liabilities from taxes (no income taxes) and social security contributions	2,176	1,998
Liabilities from market assessment of foreign exchange transactions	812	0
Leasing liabilities	203	365
Other liabilities	2,519	6,763
	47,290	**33,512**

15. Accruals

Accruals are made up as follows:

	Dec. 31, 1999 `000 EUR	Dec. 31, 1998 `000 EUR
Accruals for structural adjustments and restructuring	6,733	13,367
Other accruals		
Taxes	1,677	533
Personnel costs	3,642	2,486
Other accruals	41,163	25,088
	53,215	**41,474**

Accruals associated with structural adjustments and restructuring include obligations remaining from one-off expenses incurred in 1998.

Tax accruals contain capital taxes and income tax. Deferred taxes are not included.

Other accruals have been set up to account for all discernible risks. The item refers mainly to accruals for invoices still outstanding, claims under bonuses and warranties, accruals for risks from litigation and other risks.

16. Long-term interest bearing debts

The item includes the convertible bond issued to management which bears an interest rate of 5 % (see No. 20 of these Notes). The total amount of T-EUR 2,035 includes an equity component to the amount of T-EUR 230. There were no long-term bank liabilities as of December 31, 1999.

17. Pension accruals

The Company maintains and pays contributions to various pension schemes, mainly in Germany and the UK. The pensions are, as a rule, financed on the basis of pension accruals, and in the UK via a pension fund. Pension accruals totaled T-EUR 12,772 (previous year: T-EUR 12,320) as of the balance sheet date. The accrual, which also contains the fund commitment in the UK, was reduced by the amount of the fund assets. Of the total amount, EUR 12,307 million (EUR 11,897 million) are attributable to PUMA AG.

The first-time application of IAS 19 (revised 1998) resulted in an additional amount of T-EUR 535. The Company decided to distribute this adjustment amount over a five-year period. After netting the amount of T-EUR 107 for the past financial year, the remaining amount is T-EUR 428 at the balance sheet date. In all, the adjustment amount from actuarial losses which is not yet reported comes to the net amount of T-EUR 237 (previous year T-EUR 535).

Accruals set up for employee pension plans relating to the AG concern active employees, former employees with non-forfeitable pension rights and old age pension recipients. As in the previous year, the calculations were based on the Dr. Klaus Heubeck mortality tables. In accordance with IAS 19, the Projected Unit Credit Method was applied for valuation.

The AG pension plan covers general commitments that are, as a rule, based on maximum pension payments of DM 250,00 for each month to entitled employees. In addition, there are individual commitments, which largely refer to non-forfeitable claims of retired PUMA AG board members. The interest rate (6 % p.a.) and future pension increases as well as the fluctuation rate (2,5 % p.a.) were stated as in the previous year. The respective assumptions relate to employees in Germany to whom the largest part of the pension commitment applies.

A new valuation in line with IAS with respect to the subsidiaries in France, Austria and Italy was waived; the adjustment amounts are insignificant.

Expenses arising from pension plans totaled T-EUR 1,143 (previous year: T-EUR 884); they are included in personnel expenses.

18. Other long-term liabilities

Other long-term liabilities consist of the following:

	Dec. 31, 1999 `000 EUR	Dec. 31, 1998 `000 EUR
Accruals	3,406	6,504
Other liabilities:		
Leasing liabilities	1,194	1,207
Other long-term liabilities	151	771
	4,751	**8,482**

Accruals largely relate to expenses for various promotion contracts and are associated with obligations resulting from the one-off expenses incurred in 1998.

Leasing liabilities relate to finance leasing in France and Australia. The maturities expire in 2003 at the latest.

19. Minority interest

The minority interest (49 %) refers to the joint venture participation of PUMA Chile S.A. Due to the 1999 results, a negative minority interest remains as of the balance sheet date which was offset against minority interests within the income statement in accordance with IAS.

20. Shareholders’ equity

In accordance with IAS 1 (revised 1997), the equity capital is disclosed as an independent component of the annual financial statements.

PUMA AG’s subscribed capital is T-DM 76,950 (T-EUR 39,344) and consists of a total of 15,390,000 ordinary shares. The share price as of December 31, 1999 was listed in the XETRA at EUR 17.20. The subscribed capital conversion from DM to EUR is planned during the General Meeting, which resolves on the 2000 financial year.

Monarchy Enterprises Holdings B.V. including its subsidiaries is the sole major shareholder. At year-end 1999, Monarchy Enterprises Holding B.V. and its subsidiaries held 32.26 % of the shares issued. The remaining shares are publicly held. The Company is not aware of any other shareholder holding at least 5 % of the subscribed capital.

The capital reserve includes the premium from the PUMA AG capital increase in 1996. The withdrawal from revenue reserves in 1998 results from the AG’s individual financial statements which have been prepared in compliance with German commercial law.

As in the previous year, a dividend to the nominal amount of 4 % or EUR 0.10 (DM 0.20) per share was proposed for distribution from the net accumulated profits in the balance sheet of PUMA AG.

In accordance with IAS 39, offsetting within equity capital with neutral effect on profits occurred for the first time in 1999. The item refers to the change in equity, and includes, in addition to the change in market value arising from derivative financial instruments, currency changes from original hedging transactions.

Conditional capital for the issuing of convertible bonds to management
At the Shareholders’ Meeting held on April 17, 1996 (conditional capital 1996), on April 24, 1997 (conditional capital 1997) and on May 5, 1999 (conditional capital 1998), the shareholders decided on a conditional capital of each T-DM 1,500 (T-EUR 767). Each DM 5.00 convertible bond gives the right to a PUMA AG share; statutory pre-emption rights are excluded.

The convertible bonds on the balance sheet date are held exclusively by management. No conversion has as yet occurred. The total amount of convertible bonds in circulation is T-EUR 2,035 or T-DM 3,980 (previous year: T-EUR 1,340 /T-DM 2,620). The conditions are shown in the following table:

	1999		1997		1996	
	Nominal value `000 EUR	Unit	Nominal value `000 EUR	Unit	Nominal value `000 EUR	Unit
Nominal amount	767	300,000	767	300,000	767	300,000
Convertible bonds issued	754	295,000	725	283,500	752	294,100
of which in circulation on Dec. 31, 1999	754	295,000	711	278,000	570	223,000
Authorization until		May 4, 2004		Feb. 24, 2002		April 17, 2001
Conversion price		EUR 16.64		EUR 32.88		EUR 32.93
Issue date		Dec. 21, 1999		Oct. 1, 1997		Aug. 1, 1996
Blocking period		2 years		2 years		2 years
Term to maturity		10 years		10 years		5 years
Interest rate p.a.		5 %		5 %		5 %

Authorized capital

On April 17, 1996, the shareholders authorized the Board to increase the share capital by an amount of up to DM 30 million (EUR 15.4 million) ("authorized capital") after approval by the Supervisory Board through a one-off or repeated issuance of new ordinary shares against a contribution in cash. After using DM 6.95 million (EUR 3.6 million) for the capital increase on July 17, 1996 the remaining amount of DM 23.05 million (EUR 11.8 million.) may be drawn upon until April 17, 2001.

Stock repurchase

The authorization to acquire own shares up to 10 % of the share capital was not exercised. Pursuant to applicable law, this authorization became invalid after 18 months (November 13,1999).

21. Personnel expenses

On an annual average the number of staff was increased as follows:

	1999	1998
Marketing	147	134
Distribution	349	259
Product management/development	183	155
Procurement/logistics/production	440	383
Central units	264	218
Total	**1,383**	**1,149**

The increase largely results from the expansion of the consolidated group, as well as from additional recruiting in some subsidiaries and within the strategically important areas of Marketing and Product Management/Development.

22. Advertising and selling costs

The increase in advertising and selling expenses resulted from increased expenses incurred for traditional advertising measures in various regions and the extension of the sports promotion endorsement portfolio. It is worth mentioning in this respect that the strategic investment in LOGOATHLETIC compares to an advertising value which is much greater than the investment itself (see No. 12 of these Notes) due to the high presence in the American sports leagues. Inclusive of these expenses (T-EUR 8,403) advertising and selling expenses amounted to T-EUR 67,592.

Broken down by areas of operation, the marketing expense totaled T-EUR 61,000 or 16.4 % of sales revenues (previous year: T-EUR 47,863 or 15.8 %). This amount also includes, in addition to the direct costs, other cost types (e.g. personnel costs).

23. General and administrative expenses

Product development, rental and leasing costs are major items within general expenses. The amount of T-EUR 7,976 (previous year: T-EUR 5,620) is attributable to rental/leasing costs.

Total costs of Product Development and Design amount to T-EUR 15,167 or 4.1 % of sales in 1999 (previous year: T-EUR 15,189 or 5.0 %).

24. Other operating income

Other operating income contains releases of accruals, exchange gains, and value adjustments. Most of the income is directly associated with selling, administration and general expenses. In addition, in 1999 the item includes off-period income from payments received from a former Asian licensee which had already been written off (T-EUR 5,790).

25. One-off charges

One-off charges, which were reported in the previous year, include restructuring costs incurred in the fourth quarter of 1998.

26. Finance cost

The finance cost consists of the following:

	1999 **`000 EUR**	**1998** **`000 EUR**
Other interest and similar income	1,434	1,741
Interest and similar expenses	-3,297	-2,080
Net finance cost	**-1,863**	**-339**

27. Result from associates

The result from associated companies relates to the write-down of the LOGOATHLETIC, Inc. investment. As a result of the investment in LOGOATHLETIC, Inc., an advertising exposure was achieved which, in 1999 greatly exceeded the investment made. However, the depreciation expense is to be allocated to advertising expenses in the Management Income Statement. Please refer to No. 12 and No. 22 of these Notes.

28. Income taxes

	1999 `000 EUR	1998 `000 EUR
Current income tax		
Germany	2,272	2,248
Other countries	682	81
	2,954	2,329
Deferred taxes	3,043	-33,407
	5,997	**-31,078**

Current income taxes in Germany relate almost exclusively to withholding tax on royalty income at the AG.

The corporation tax loss carry forwards total approximately EUR 80 million. About EUR 50 million of this amount were recognized for capitalization. Here, realization can be assumed with reasonable assurance.

Within deferred taxes, T-EUR 607 are included from the appreciation of tangible fixed assets in Austria (see No 2 "Tangible fixed assets" of these Notes).

Income from tax deferrals which was included in the previous year in the amount of EUR 33.4 million resulted from the first time application of IAS 12 (revised) in 1998. The adjustment amount was credited to income. The amount of EUR 13.0 million of the total adjustment was attributed to the 1998 financial year and EUR 20.4 million to previous years.

Transition from results before taxes on income to reported income taxes:

	1999 `000 EUR	1998 `000 EUR
Profit before taxes (previous year before one-off charges)	**14,393**	**3,424**
One-off charges	0	-31,055
Profit before taxes	14,393	-27,631
Theoretical tax expense (previous year: income)	5,972	-11,464
Tax rate of the AG = 41.5 % [1]		
Differences from tax ratres abroad	-1,591	-782
Other tax effects:		
Valuation deferred taxes relating to matters prior to January 1	0	-20,388
Non deductible expenses, consolidation and other effects	1,616	1,556
Effective tax expense (1998 tax income)	**5,997**	**-31,078**
Effective tax rate (previous year adjusted for deferred taxes which relate to prior years)	41.7 %	38.7 %

[1] Distribution charge incl. trade tax on earnings and solidarity surcharge

29. Earnings per share

Earnings per share are determined in accordance with IAS 33 by dividing group earnings through the weighted number of shares outstanding. The number of outstanding shares (15,390,000) has remained unchanged in comparison with the previous year and is in accordance with the weighted average. Earnings per share amount to EUR 0.62 compared to EUR 0.26 in the previous year. In accordance with IAS 33, outstanding convertible bonds do not result in diluted earnings per share.

30. Dividend per share

The PUMA AG Board proposes a dividend of EUR 0.10 (DM 0.20) per share for the 1999 financial year (unchanged in comparison to the prior year), to the shareholders at the Annual General Meeting. Consequently, the amount distributed is EUR 1.6 million. The proposal is based on the assumption that continued high investments in the brand will also be made in subsequent years. In addition, a positive cash flow is needed to finance the planned growth.

Payments are made from untaxed equity. No tax credit is associated with this.

31. Segment reporting

Since reporting is primarily oriented towards geographic regions, secondary segment reporting would have to be oriented towards business units. PUMA is only engaged in one business field, and that is the sports industry. Consequently, segmentation by business fields does not apply.

Firstly, sales and gross profit are shown by the geographical region where sales are realized (according to customers' head office). Secondly, sales are allocated to the region where the head office of the respective group company is located. Inter-company sales are eliminated under Central units/Consolidation. The allocation of remaining segment information is also determined according to respective group company's head office. The sum totals equal the amounts in the income statement or balance sheet.

The operating results for the respective region were adjusted for intra-group settlements such as royalty and commission payments. The worldwide royalty income, which is largely realized at the AG, as well as cost of international product development, are included under Central units/Consolidation. Regional allocation with respect to the sales business would not be reasonable.

Total assets include segment assets used to generate operating results of the respective segment. Non-operating assets and group assets, which cannot be allocated, are disclosed under the Central unit/Consolidation column.

Liabilities include the respective borrowed capital from the viewpoint of the respective companies allocated. Intra-group assets and liabilities are eliminated in the Central unit/Consolidation column.

Investments and depreciation include additions and depreciation of tangible and intangible fixed assets for the current financial year.

Information on the categorized segment data is shown in the following table:

Regions	Sales (total)		Intercompany sales		External sales with third parties		Gross profit		Sales by head office location	
	by head office location of customers									
	1999 `000 EUR	1998 `000 EUR	**1999 `000 EUR**	1998 `000 EUR	**1999 `000 EUR**	1998 `000 EUR	**1999 `000 EUR**	1998 `000 EUR	**1999 `000 EUR**	1998 `000 EUR
Western Europe	241,026	195,324	-13,834	-18,589	227,192	176,735	97,920	63,960	259,419	234,643
Eastern Europe	21,903	20,478	-5,365	-4,295	16,538	16,183	4,408	4,904	8,637	6,190
Asia/Pacific Rim	38,780	38,387	-689	-645	38,091	37,742	15,449	14,825	43,111	40,741
America	85,985	67,631	-1,201	-7,233	84,784	60,398	22,258	21,337	82,631	51,700
Africa/Middle East	6,104	11,454	0	0	6,104	11,454	1,652	3,221	0	0
Central units/consolidation									-21,089	-30,762
	393,798	333,274	**-21,089**	-30,762	**372,709**	302,512	**141,687**	108,247	**372,709**	302,512

Regions	Profit from operations		Gross assets (balance sheet total)		Debts		Investments		Depreciation	
	by head office location of group companies									
	1999 `000 EUR	1998 `000 EUR	**1999 `000 EUR**	1998 `000 EUR	**1999 `000 EUR**	1998 `000 EUR	**1999 `000 EUR**	1998 `000 EUR	**1999 `000 EUR**	1998 `000 EUR
Western Europe	13,972	-7,784	177,576	129,369	141,018	104,688	5,158	2,435	2,509	1,842
Eastern Europe	-498	-159	5,371	3,815	5,796	4,071	194	163	53	66
Asia/Pacific Rim	3,159	3,404	22,190	17,415	16,790	13,721	1,284	2,049	777	498
America	-3,208	2,886	49,233	35,787	59,148	35,719	3,194	1,117	1,187	689
Africa/Middle East	113	0	0	0	0	0	0	0	0	0
Central units/consolidation	11,121	6,336	12,230	36,524	-68,323	-33,412	0	0	406	169
	24,659	4,683	**266,600**	222,910	**154,429**	124,787	**9,830**	5,764	**4,932**	3,264

Breakdown of sales and gross results by product categories

Product Category	Sales (total)		Intercompany sales		External sales with third parties		Gross profit in %	
	1999 `000 EUR	1998 `000 EUR	**1999 `000 EUR**	1998 `000 EUR	**1999 `000 EUR**	1998 `000 EUR	**1999**	1998
Footwear	223,742	223,067	-14,720	-20,554	209,022	202,513	37.6 %	35.4 %
Apparel	144,722	94,936	-5,770	-9,134	138,952	85,802	37.8 %	36.4 %
Accessories	25,334	15,271	-599	-1,074	24,735	14,197	42.6 %	38.3 %
	393,798	333,274	**-21,089**	-30,762	**372,709**	302,512	**38.0 %**	35.8 %

32. Disclosures in the cash flow statement

In accordance with IAS 7 (revised) the cash flow statement has been prepared using the indirect method and broken down by cash flows from operating, investment and financing activities. The cash flow is defined within the cash flows from operating activities. It is derived from results before taxes on income and adjusted for non-cash expense and income items.

The cash flow increased substantially from T-EUR 9,908 to T-EUR 29,366 in the 1999 financial year. The sources of funds from operating activities including cash flow and the change in the short term balance sheet items amounts to T-EUR 12,764 (previous year: T-EUR -16). Cash flows attributable to investment and financing activities have been reclassified accordingly.

The application of funds relating to investment activities in the amount of T-EUR 11,969 (previous year: T-EUR 12,129) result from investments in fixed assets (T-EUR 9,930) and a goodwill payment. In addition, the item includes payments received for the disposal of fixed assets and interest received.

The funding requirements from investment activities could be fully financed from the sources of funds from operating activities.

Taking an outflow of funds from financing activities (T-EUR 1,633) and currency-related changes in financial resources into account, the increase in financial resources amounts to T-EUR 9. Cash and cash equivalents on December 31, 1999 amounted to T-EUR 35,493 (previous year: T-EUR 35,484) and include cash and sight deposits; there are no restraints on disposal.

33. Contingent liabilities

	1999 `000 EUR	1998 `000 EUR
Discounted bills of exchange	298	546
Guarantees and warranties	935	643

34. Other financial commitments

The Company's other financial commitments relate to license, promotion and advertising contracts. In addition, the Company leases and rents offices, warehouses and facilities. The term of the lease contract for the logistics center is 13 years, the term to maturity of all other rental and leasing contracts is between 1 and 5 years.

The Company's current financial commitments are as follows:

	Dec. 31, 1999 `000 EUR	Dec. 31, 199 `000 EUR
from license, promotion and advertising contracts		
2000 (1999)	11,681	7,794
2001 - 2004 (2000 - 2003)	17,767	18,123
from rental and leasing contracts		
2000 (1999)	7,973	4,668
2001 - 2004 (2000 - 2003)	21,741	10,787
from 2005 (from 2004)	9,112	10,610

35. Transactions with affiliated companies or persons

There were no transactions with affiliated companies or persons in the financial year 1999.

36. Disclosures on Supervisory Board and Board of Management

	1999 `000 EUR	1998 `000 EUR
Remuneration of Supervisory Board	87	72
Remuneration of Board of Management	1,703	1,622
Pension commitments concerning former board members	2,333	2,316

Remuneration of the Board of Management includes, in addition to current remuneration, compensation for private pension plans. No other pension commitments for active board members exist.

37. Management incentive plan

In 1996 the Company introduced a Management Incentive Plan for the Board of Management, senior executives and other senior staff of PUMA AG and its subsidiaries.

The issuing of convertible bonds gives participants the opportunity to acquire PUMA shares at a defined amount within a given period of time. These shares are financed on the basis of conditional capital. Please also see No.14 of this report.

Herzogenaurach, February 9, 2000

The Board of Management

Zeitz Gänsler Heyd

Auditor's Report

„We have audited the consolidated financial statements of PUMA Aktiengesellschaft Rudolf Dassler Sport, Herzogenaurach, consisting of the balance sheet, the income statement and the statements of changes in equity and cash flows as well as the notes to the financial statements for the business year from January 1 to December 31, 1999. The preparation and the content of the consolidated financial statements according to the International Accounting Standards of the IASC (IAS) are the responsibility of the Company's Board of Managing Directors. Our responsibility is to express an opinion, based on our audit, whether the consolidated financial statements are in accordance with IAS.

We conducted our audit of the consolidated financial statements in accordance with German auditing regulations and generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer in Deutschland (IDW). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatements. The evidence supporting the amounts and disclosures in the consolidated financial statements are examined on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by the Board of Managing Directors, as well as evaluating the overall presentation of the consolidated financial statements. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit, the consolidated financial statements give a true and fair view of the net assets, financial position, results of operations and cash flows of the Group for the business year in accordance with IAS.

Our audit, which according to German auditing regulations also extends to the group management report for the business year from January 1 to December 31, 1999, has not led to any reservations. In our opinion, on the whole the group management report provides a suitable understanding of the Group's position and suitably presents the risks of future development. In addition, we confirm that the consolidated financial statements and the group management report for the business year from January 1 to December 31, 1999 satisfy the conditions required for the Company's exemption from its duty to prepare consolidated financial statements and the group management report in accordance with German accounting law."

Frankfurt am Main, February 9, 2000

PRICEWATERHOUSECOOPERS

GmbH
Wirtschaftsprüfungsgesellschaft

(Neugebauer)	(Cuntz)
German Public Accountant	German Public Accountant

Dear Shareholders and Friends of the Company

During the 1999 financial year, the Supervisory Board performed the tasks required by law as well as the corporate articles, and in so doing, monitored and advised the company management. We held four general meetings on March 4, May 5, September 17 and November 15, 1999, at which time we discussed the situation of the company and its affiliates together with the Board of Management; we obtained information about the course of business and fundamental matters of corporate policy and conferred with the Board of Management on these affairs. We paid close attention to all matters on which decisions by the Board of Management required our approval. Futhermore, the personnel committee of the Supervisory Board consists or the chairman, Mr. Thore Ohlsson and Ms. Katharina Wojaczek.

Significant issues were discussed at the Supervisory Board meetings, as well as on an individual and group basis. In particular, these were the audit and approval of the 1998 financial statements, the continuing difficult situation faced by the sporting goods market, the business course of the AG and its subsidiaries, PUMA brand positioning in the international competitive environment, the issuance of convertible bonds to management, as well as corporate planning for the year 2000 and mid-term planning.

The Law on the Control and Transparency of Corporations (KonTraG), which places clearly defined parameters on publicly held companies, came into effect May 1998. In particular, it addresses the set-up of a risk management system and extended reporting requirements. We are satisfied that the Board has properly performed the duties placed upon it, and can confirm that a risk management has been further extended and institutionalized. Furthermore, the auditor's report states that the monitoring system is suitable for early recognition and counteraction against risks that may endanger the survival of the Company.

PUMA AG 's annual financial statements as prepared by the Board of Management, as well as the consolidated financial statements, the management report and the group management report, including the bookkeeping system, have been audited with an unqualified audit opinion by the auditors of PricewaterhouseCoopers Wirtschaftsprüfungsgesellschaft GmbH. These auditors were selected and agreed upon during the General Meeting on May 5, 1999, and commissioned by the Supervisory Board to audit the annual financial statements and the consolidated financial statements.

The annual financial statements, consolidated financial statements, management report, group management report, the proposal on the appropriation of earnings, and the auditor reports were all issued to the members of the Supervisory Board prior to the balance sheet meeting on March 9, 2000. The auditors who signed the audit report participated in the meeting, reported on all significant audit issues, and were available to answer questions. The Supervisory Board approved the audit of the financial statements as provided by the auditor.

The Supervisory Board examined the annual financial statements prepared by the Board of Management, the consolidated financial statements, the management report, and the group management report, as well as the proposal on the appropriation of earnings. After an examination of the Supervisory Board, no causes for objection were found. The annual financial statements as of December 31, 1999 were approved by the Supervisory Board and are thus established; the Supervisory Board agrees with the Board of Management's proposal on the appropriation of earnings which provides for a dividend of DM 0.20 (EUR 0.10) for each no-par value share.

At the General Meeting on May 5, 1999, it was resolved that the Supervisory Board be extended from six to nine members. Mr. Peter Chernin and Mr. David Matalon were appointed to represent the shareholders. With these appointments, the Supervisory Board gained two entertainment industry personalities with in-depth experience of the important U.S. market. Mr. Horst Zyder was also appointed as an additional employee representative. The new members commenced Supervisory Board activities after an entry of the change in the corporate articles was made in the Commercial Register on June 15, 1999.

The Supervisory Board wishes to express its gratitude and appreciation to the Board of Management, the management of the group companies, the elected employees' representatives and all staff members for their performance in the past financial year.

Herzogenaurach, March, 9, 2000

For the Supervisory Board

Werner Hofer

Chairman

Board of Management

Jochen Zeitz
Nuremberg, Germany
Chairman
(Marketing, Sales, Finance, Administration, Human Resources)

Member of other Supervisory Boards or similar boards:
- Deutsche Bank AG
- LOGOATHLETIC, Inc. (Chairman)
- Falke KG
- Harley Davidson Europe

Martin Gänsler
Gersthofen, Germany
Deputy Chairman
(Research, Development, Design and Sourcing)

Ulrich Heyd
Nuremberg, Germany
(Legal Affairs and Industrial Property Rights)

Supervisory Board

Werner Hofer (Chairman)
Hamburg, Germany
Lawyer

Member of other Supervisory Boards or similar boards:
- H&M Hennes & Mauritz AB
- Electrolux Deutschland GmbH (Chairman)
- Ispat Germany GmbH
- AEG Hausgeräte GmbH (Chairman)
- Ispat Hamburger Stahlwerke GmbH

Thore Ohlsson (Deputy Chairman)
Falsterbo, Sweden
President of Elimexo AB

Member of other Supervisory Boards or similar boards:
- Tretorn AB
- Multimedia Production AB (Chairman)
- SSRS Hotels
- SE-Bank
- Proventus AB
- Boss Media AB

Supervisory Board

Mikael Kamras
Stockholm, Sweden
President and Manager of Proventus AB

Member of other Supervisory Boards or similar boards:
- SSRS Holding AB (Chairman)
- Von Roll Holding AG
- Nesuah Zannex Ltd.
- Tretorn AB (Chairman)

Arnon Milchan
Herzelia, Israel
Producer

Member of other Supervisory Boards or similar boards:
- Monarchy Enterprises Holding B.V.
- Fox Kids Europe N.V.

David Matalon
Beverly Hills, USA
President and Managing Director of New Regency Productions, Inc.

Member of other Supervisory Boards or similar boards:
- Monarchy Enterprises Holdings B.V.
- Regency Entertainment USA
- Restless Records

Peter Chernin
Los Angeles, USA
President and Managing Director of News Corporation Ltd.,
New York, USA / Sidney, Australia

Member of other Supervisory Boards or similar boards:
- News Corporation Limited
- Monarchy Enterprises Holdings B.V.
- Fox Entertainment Group, Inc.
- E*Trade
- T.V. Guide
- Tickets.com

Inge Baumann (Employees' Representative)
Muenchsteinach, Germany
Worker

Katharina Wojaczek (Employees' Representative)
Aurachtal-Falkendorf, Germany
Works council chairperson

Horst Zyder (Employees' Representative)
Erlangen, Germany
Controller

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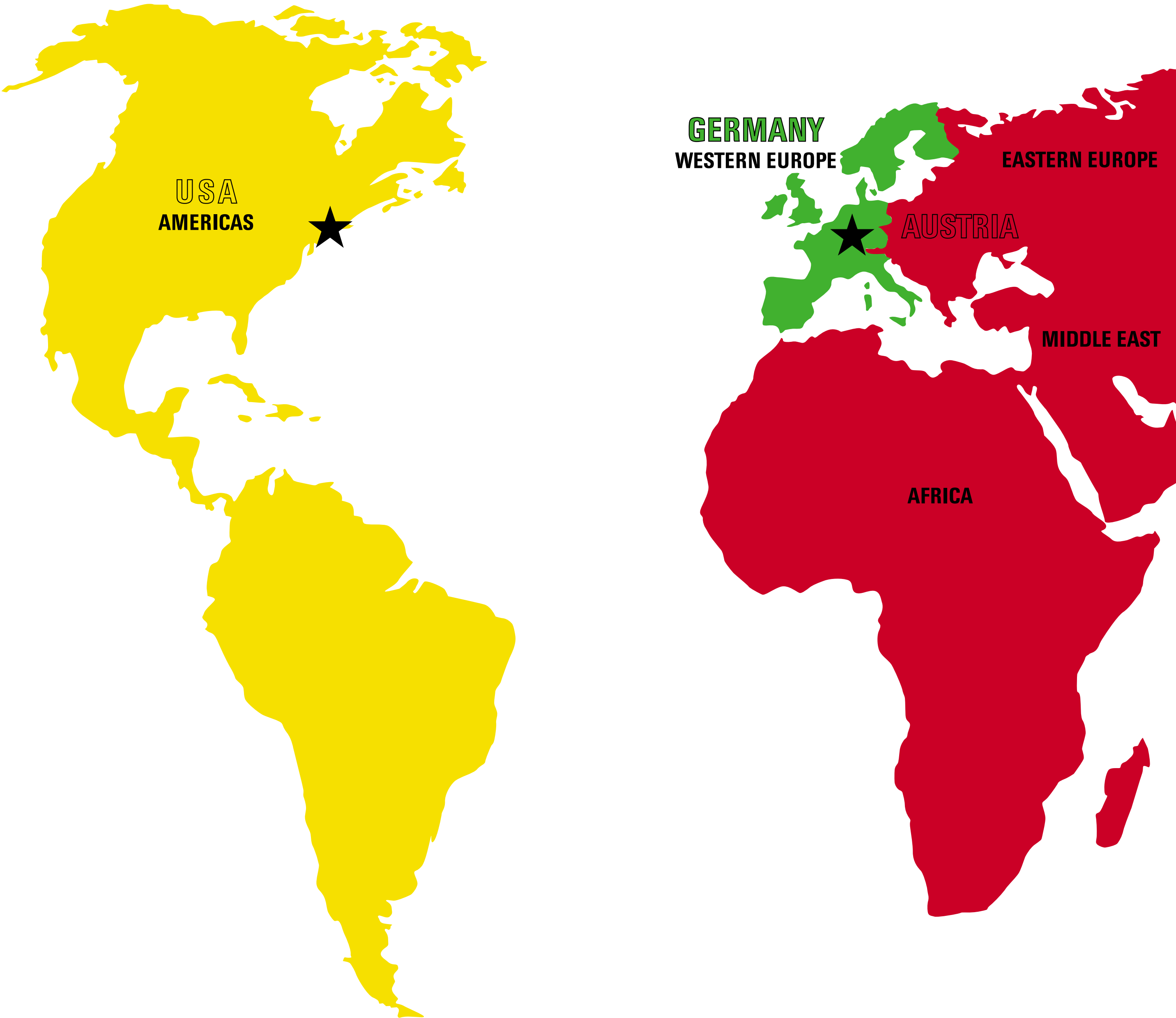
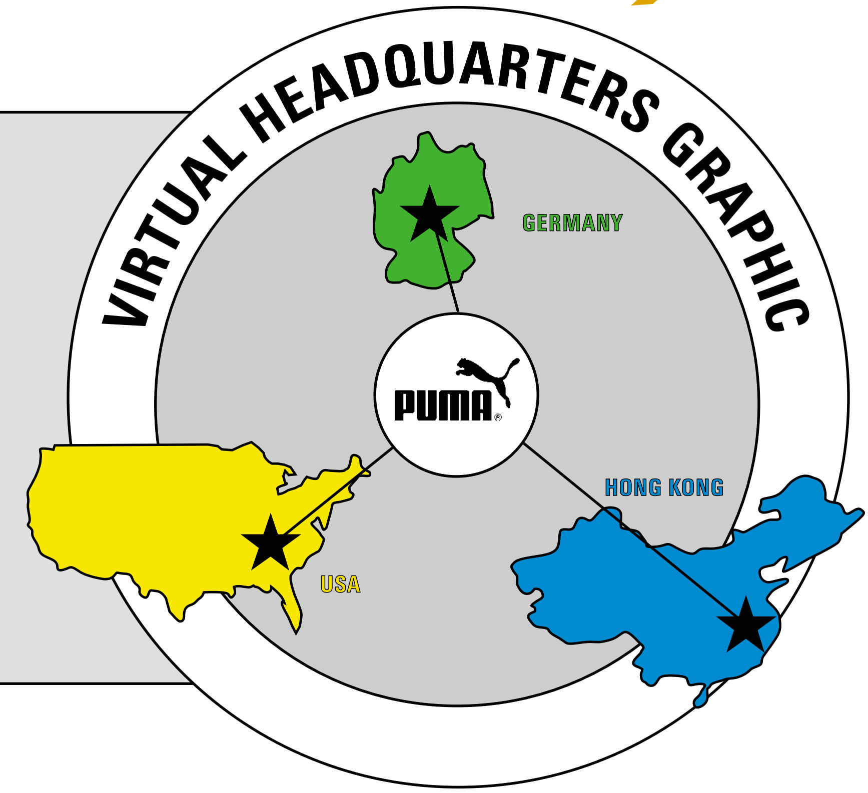


PUMA GROUP MATRIX

VIRTUAL HEADQUARTERS

SUBSIDIARIES	PRODUCT	PRODUCT SUPPLY	BRAND	GROWTH	STRUCTURE	BRAND VALUE	CULTURE	HUBS
USA	✪	✪	✪	✪	✪	✪	✪	AMERICAS
GERMANY	✪	✪	✪	✪	✪	✪	✪	WESTERN EUROPE
HONG KONG	✪	✪	✪	✪	✪	✪	✪	ASIA
AUSTRIA	✪	✪	✪	✪	✪	✪	✪	EASTERN EUROPE, MIDDLE EAST
AUSTRALIA	✪	✪	✪	✪	✪	✪	✪	PACIFIC REGION
FRANCE	✪	✪	✪	✪	✪	✪	✪	
ITALY	✪	✪	✪	✪	✪	✪	✪	
UNITED KINGDOM	✪	✪	✪	✪	✪	✪	✪	
SWITZERLAND	✪	✪	✪	✪	✪	✪	✪	
BENELUX	✪	✪	✪	✪	✪	✪	✪	
CHILE	✪	✪	✪	✪	✪	✪	✪	


HONG KONG
ASIA
AUSTRALIA
PACIFIC RIM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