

- The spoken work takes precedence -

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2009 Annual Shareholders' Meeting

Address by Dr. Henning Kreke,

President and CEO, DOUGLAS HOLDING AG

Valued Shareholders,

Ladies and Gentlemen,

Friends of the DOUGLAS Group,

On behalf of the DOUGLAS HOLDING AG Executive Board, I too would like to wish you a very warm welcome to this year's Annual Shareholders' Meeting. We are delighted that so many of you have again taken the time here in Hagen today to learn about developments in your company and we thank you all for the trust you have placed in us.

The DOUGLAS Group can look back on a satisfactory 2007/2008 fiscal year. We consistently kept on track with our strategy of value-oriented growth, boosting consolidated sales by 4.6 percent – portfolio-adjusted sales even increased by 8 percent – to more than 3.1 billion EUR. Earnings before taxes slightly rose from 143 million EUR to 147 million EUR.

We had forecast an increase in sales of between 4 and 6 percent and earnings of about 150 million EUR. As such, we achieved our sales goal completely and practically reached our earnings target.

And with our EBT margin of 4.7 percent, we still rank among the top performers in the German retail sector.

The DOUGLAS Group's EBITDA – earnings before interest, taxes, depreciation and amortization – rose to 274 million EUR following 266 million EUR a year earlier. The EBITDA margin – the ratio of EBITDA to sales – was 8.8 percent, which virtually matched the previous year's figure.

And now a brief look at other key items in our consolidated statement of income:

Gross profit advanced by a good 70 million EUR to 1.5 billion EUR over the comparable prior year's figure. The Group's gross margin at a pleasing 47.6 percent slightly surpassed the previous year's margin of 47.4 percent. Personnel expenses increased by 30 million EUR to over 680 million EUR as a result of expansion; while the pleasing personnel expenses ratio of 21.8 percent remained constant. Rental and energy costs jumped to some 330 million EUR caused by expanding our store network and depreciation stood at almost 120 million EUR. The expense ratios of 10.6 percent and 3.7 percent, respectively, could also be maintained at a virtually constant level compared to the previous year.

We were also pleased at being able to further boost the DOUGLAS Group's value added – that is the DOUGLAS Value Added (or DVA) – with this index rising by almost 4 million EUR to 33 million EUR. The DVA concept is based on the principle that the DOUGLAS Group's subsidiaries only generate real value if they have at least covered their cost of capital, which is 6.5 percent after taxes. The positive performance of our DVA was largely due to the DOUGLAS Group's optimized financing structure, which led to a lower increase in the balance sheet total, thus enabling substantially lower capital employed at the Group level.

During the 2007/2008 fiscal year, the return on capital employed (ROCE) reached 8.8 percent after taxes following 8.5 percent a year earlier.

A glance at our key financial figures reveals that our Group is well-positioned:

The DOUGLAS Group's balance sheet total at the end of September insignificantly rose by one percent to 1.7 billion EUR.

On the assets-side, non-current assets increased by more than 74 million EUR to more than 800 million EUR. This was impacted by the investments volume, which exceeded depreciation by about one-third. In addition, acquisitions of perfumery companies in Bulgaria and Croatia as well as the book group, Buch Kaiser, in Karlsruhe contributed to this increase.

Inventories continue to be the largest item under current assets. Inventories increased growth-related by about 70 million EUR to nearly 670 million EUR.

Where liabilities are concerned, at over 690 million EUR equity was a solid 50 million EUR higher than the year before. The DOUGLAS Group's equity ratio rose from 37 to a healthy 40 percent.

Non-current liabilities fell by about 150 million EUR to almost 150 million EUR as a result of the repayment of bilateral bank loans. At the same time, current liabilities rose by about 110 million EUR to more than 900 million EUR as caused by classification reasons.

Investments of almost 160 million EUR created 141 new stores and numerous upgrading programs. As of the end of September 2008, our retail store network comprised a total of 1,966 locations following 1,840 stores one year before.

The Free Cash Flow – the sum of cash inflow and outflow from operating and investing activities – significantly rose above the prior year's amount from minus 6 million to plus 40 million EUR.

In the context of the overall satisfying earnings performance during the last fiscal year, we want you, our valued shareholders, to have a fair participation in the company's success. For this reason, the Supervisory and Executive Boards are proposing today that our Annual Shareholders' Meeting approve a dividend of an unchanged 1.10 EUR per dividend-bearing share for the past fiscal year. That would mean a total dividend of over 40 million EUR and a distribution ratio of about 45 percent, underscoring once again the continuing shareholder-friendly dividend policy of the DOUGLAS Group. While being slightly below our long-term goal of about 50 percent, we believe that a dividend of 1.10 EUR is fairly reasonable given the current economic climate and hope that you are also of this opinion.

Let me add a few words about our DOUGLAS shares, which reached their highest price last fiscal year at 45 Euro in October 2007. Unfortunately the DOUGLAS shares could not succeed in escaping from the turbulent environment on the capital market. However, our stock price drop was lower than the MDAX and Prime Retail indices. Thus, the listed DOUGLAS shares fell by 25 percent by the end of the fiscal year; while the MDAX lost about 33 percent and the Prime Retail lost almost 45 percent in the same period.

Once again the DOUGLAS shares have outperformed the MDAX and Prime Retail indices in the current fiscal year. Hence, the DOUGLAS shares fell by about 4 percent during the period from October 2008 to today's date; while the MDAX and the Prime Retail each suffered losses of about 34 percent. Given the extremely difficult estimation of the impact of the economic and financial crisis on the German and European retail sectors, the analysts' evaluation of retail shares are somewhat restrained.

On the contrary, constant purchasing by the Oetker company and my family demonstrate an unbroken trust in the DOUGLAS Group. This – in my opinion – is a good sign.

Ladies and gentlemen:

"Retailing with Heart and Mind" seems to have always been the motto of the DOUGLAS Group. In this motto, "mind" refers to the operating side and stands for our endeavors to secure a sustainable value-oriented strategy. But the emotional aspect of our motto, the "heart" is at least as important – indeed it is far more important.

The heart of the DOUGLAS Group is embodied in its almost 25,000 employees, who personify our philosophy and are the face of our company. And it is a face that radiates competence, a willingness to help and enthusiasm.

The DOUGLAS Group grew by almost 1,300 employees in the last fiscal year; of which nearly 900 were abroad and about 400 in Germany.

Every single day, in every one of our stores, in the 23 countries where we are presented today, these highly motivated persons spark the interests of our customers for our products and services. On behalf of the entire Executive Board and, I am sure in your name as well, I would like to take this opportunity to thank them.

And in this connection with regards to our workforce, we are especially proud of another figure: At about 560, the number of young men and women who joined our Group in Germany straight from school or college last year was higher than ever before.

At the present time, there are more than 1,500 trainees in our ranks. They make up almost 13 percent of our entire workforce – a proportion well above the country's retail industry average of between seven and eight percent. On one hand, this program ensures that we have new young employees coming up through our ranks. And on the other hand, by supplying top training for these young people as they enter professional retail life, we are also fulfilling our responsibilities to society. Particularly pleasing in this

connection is that many of these former trainees could be recruited, with some of them even being able to occupy managerial posts within our company.

Our long-standing employees also rank among our key concerns. After all, their experience and commitment – partly over the course of several generations – are the cornerstones of our Group's success and have brought our motto "retailing with heart and mind" to life. For this reason, we are proud that in Germany alone we have congratulated and written to about 1,300 men and women who can look back on more than 20 years of service within the DOUGLAS Group. Of these, over 250 employees have worked with us for more than 30 years and even 30 for more than 40 years. We consider these figures to be an indication that our employees are satisfied and happy in their jobs.

And by the way, this message was reinforced by last year's employee survey, according to which over 90 percent of personnel stated that they "much or very much" enjoyed working in the DOUGLAS Group and in their teams. We are quite proud of this, too!

Now I will turn to the performance of our individual divisions:

The Douglas Perfumeries succeeded in further extending their leading market position in Europe. Fueled by investments of about 91 million EUR, its store network grew to 1,171 perfumeries. Nearly 90 perfumeries opened their doors in the 2007/2008 fiscal year - more than ever before!

All in all, Douglas posted sales of more than 1.8 billion EUR. That translates into a gain of nearly 9 percent. In Germany, the 445 Douglas Perfumeries increased their turnover by 4.0 percent to nearly 920 million EUR.

In this connection I would like to draw attention to one very special opening. In mid-2008 Douglas celebrated the reopening of its perfumery on Dortmund's Westenhellweg. Ulrike

Grabe, Douglas' regional director – who is participating for the first time today at our Annual Shareholders' Meeting as a Supervisory Board member – created a perfumery together with her team which experts have dubbed "Europe's most beautiful perfumery." And the chances are good that this store will win a spot at the upper echelon of the winner's podium in the "Store of the year 2009" competition – perhaps even at the very top. Ms. Grabe – we will keep our fingers crossed for you and your team!

And should you – our valued shareholders – find the time after this Annual Shareholders' Meeting, then please drive just over the hill to Dortmund and experience the truly one-of-kind most beautiful perfumery. It's worth the drive!

The number of Douglas perfumeries outside of Germany jumped to 726 as a result of the fast addition of 77 new stores, thus boosting their sales by 14 percent to 915 million EUR. Douglas posted the bulk of its sales growth in Poland, the Netherlands, Russia and Italy. Through the market entries in Romania, Bulgaria and Croatia, our Douglas perfumeries have strengthened its presence in southeastern Europe. But in certain markets, for example in Spain and also Portugal, the economic and financial crisis prompted lower sales.

EBITDA in the Perfumeries division slightly rose to almost 200 million EUR following a more than 195 million EUR one year before.

Last year's high EBT level however could not be matched, contracting by 9 percent to 108 million EUR. The EBT margin came in at 6 percent compared to 7 percent in the previous year.

A total of about 50 new stores throughout Europe are scheduled to open their doors in the new fiscal year as well as the expanding and modernization of existing perfumeries. The expansion focus was placed on Italy, Poland, Russia and Croatia. But we want to continue

expanding in our home market, too. With almost 450 locations already operating, we are gradually approaching our goal of celebrating the opening of our five-hundredth perfumery in Germany one day. But that is a good way down the road.

Alongside this organic growth, acquisition and investment opportunities – especially in existing markets – are constantly being analyzed. Parallel to this, the depressed Spanish economic market will be consolidated. In any event, Douglas will further cement its market leadership in Europe and expand with a measure of caution.

Our Thalia Group posted dynamic growth, with capital expenditures of about 34 million EUR, thus anchoring and further extending its leading market position as a retail bookseller in German-speaking countries. The store network grew to 291 bookstores. Twenty-nine new stores were opened during the period, while a further six were added as a result of acquisitions.

Sales in the Books division climbed by 10.5 percent to almost 770 million EUR. In Germany, turnover was nearly 11 percent higher at about 590 million EUR. Besides the 25 new openings, this good development stemmed primarily from the acquisition of Buch & Kunst Group with 44 retail stores in January 2007 and four bookstores acquired from Buch Kaiser in Karlsruhe in spring 2008.

The 55 retail bookselling subsidiaries in Austria and Switzerland posted sales gains of about 9 percent to nearly 180 million EUR. The positive performance of the 32 bookstores in Austria largely contributed to this.

EBITDA in the Books division was 15 percent higher during the period to over 50 million EUR.

The EBT development of the Books division was most pleasing. The pre-tax earnings soared by almost 40 percent from 14 million EUR to 19 million EUR.

The current fiscal year will also be a year of growth for Thalia. The focus is still on expanding its market leadership position in German-speaking Europe. To this end, a total of about 15 new stores are due to be opened along with numerous modernization programs. But acquiring and securing interests in leading regional or local retail booksellers also present additional growth alternatives.

Our Jewelry division also performed successfully. The 204 Christ jewelry stores posted higher sales of 9 percent amounting to almost 290 million EUR. In total, Christ opened nine new jewelry stores in the past fiscal year and modernized numerous others. Christ was therefore able to expand its solid market position in the mid to upper price range in Germany.

EBITDA of the Christ brand reached a solid 23 million EUR following over 20 million EUR in the previous year.

Christ's EBT climbed by 17 percent to 13 million EUR.

In the Jewelry division we want to further extend Christ's leading market position in Germany. To this end, up to ten new stores are due to be opened and numerous existing locations will be remodeled and modernized. Christ has positioned itself on the market as a "stylesmith" that conveys the fun and pleasure that jewelry and watches can bring. Recognizing contemporary design and fashion themes, incorporating these into the merchandise at the right time, and then presenting it to customers to optimum effect: this is the mission of the Christ stylesmith.

In contrast, sales in the Fashion division unfortunately performed disappointingly. The sales performance of the 15 AppelrathCüpper women's apparel stores was 8 percent behind the preceding year due to the persistently difficult industry environment and reached sales of 148 million EUR. It was especially pleasing that at least the major renovations of the stores in Kiel and Aachen progressed well. On the contrary, the AppelrathCüpper store first opened in 2006 in Berlin by far failed to meet sales and earnings forecasts. Since an improvement was not foreseeable, it was resolved to close this store at the end of January 2009. Further closures in line with the ongoing restructuring of the AppelrathCüpper women's apparel stores are not planned.

Following an EBITDA of 13 million EUR in the previous year, AppelrathCüpper's EBITDA for the past fiscal year was regrettably lower, but still reached about 6 million EUR. At least, AppelrathCüpper's operative cash flow continued to be positive.

Nevertheless, AppelrathCüpper generated a loss for the first time in its company history – largely stemming from costs incurred in closing the Berlin flagship store, but also from ongoing lower sales. The EBT stood at minus 5 million EUR for the last fiscal year compared to plus 4 million EUR in the previous year.

The management team of AppelrathCüpper is also energetically pushing ahead the restructuring program in the current fiscal year. Just a few years back, AppelrathCüpper was considered a true *gem* in the German fashion sector, making it one of the most profitable subsidiaries in the DOUGLAS Group. And this is where we want to be again. Regrettably, it has become apparent to us so far this year that the pending subleasing of the Berlin flagship store will hamper our plans and despite all foresight will again adversely impact our earnings. Nonetheless, we are still convinced that AppelrathCüpper will be restored to its former strength in the near future.

By contrast, the developments in the Confectionery division were quite pleasing in the past financial year. Our 285 Hussel confectionery shops reported sales in excess of 101 million EUR; translating into growth of one percent. While sales in Germany marginally dropped following alignments to the store network, Hussel boosted its sales in Austria from 3 million EUR to over 4 million EUR. This positive performance largely arose from the opening of five new confectionery shops.

EBITDA in the Confectionery division climbed by 7 percent to almost 8 million EUR; while pre-tax earnings of over 4 million EUR remained virtually unchanged.

The Hussel confectionery stores will focus on developing the existing markets in Germany and Austria in the new fiscal year. Hussel plans numerous refurbishments and up to ten new openings. The product mix focus will be on optimizing the number of items and an appealing presentation of several product innovations. All in all, we are most pleased with Hussel's performance. And this is delightful, because Hussel is quasi *the cradle* of today's DOUGLAS Group.

Ladies and gentlemen:

Let me now move on to the situation in the current fiscal year and the challenges awaiting us in the future.

For weeks on end we have been showered with evermore depressing news. Many companies have been hit hard by repercussions from the financial crisis.

In respect of the DOUGLAS Group, however, we have been able to hold our ground. Nonetheless, the financial crisis has not left us, but we did however get off to a very sound start in the new fiscal year. In the first quarter (October 1, 2008 – December 31, 2008), we recorded a sales gain of around 4 percent amounting to over 1.1 billion EUR. Sales in Germany rose by 3 percent and by 6 percent outside of Germany. On a like-for-like basis,

the prior year's figure was just barely missed of -0.4 percent. The slight growth of 0.1 percent posted in Germany unfortunately could not completely compensate the downward trend abroad of -1.4 percent.

Astonishingly enough, the comparative growth in our domestic market – especially following the general euphoria experienced abroad over the past years – has surpassed the comparative growth outside of Germany for the first time since many years. This illustrates that despite all foreign growth euphoria, it was right not to lose track of our home market here in Germany.

The EBT in the first three months totaled 132 million EUR following 140 million EUR the year before. The reason for this six percent decline was the relatively weak sales performance abroad on a like-for-like basis and the start-up losses from numerous new openings.

Overall, we were not dissatisfied with the performance in the first quarter and our holiday season sales, even if we just fell just short of our initial projections for the first quarter.

Southwestern Europe was particularly hit the hardest by the financial crisis. I would like to illustrate this with an example of Spain:

We launched the first Douglas perfumery there in 1998. Our objective was to attain a leading market position as quickly as possible. In 2004 our store network already comprised about 50 locations and by the end of the last fiscal year there were already 90 perfumeries. Sales rose to annual double-digits and we earned good profits for several years.

Growth in the Spanish gross domestic product was well above the European average over all these years. The good performance was the good fortune of a one-time construction

boom throughout Europe providing my Spaniards with substantially more income for many years. But then Spain was hit by the real estate crisis similar to the USA. All of a sudden, the consumer's purchasing power took a significant nose-dive.

And where Douglas had just attained double-digit growth rates, we had to post double-digit sales drops since May 2008. This rapid sales collapse presented us with major challenges overnight. We reacted quickly and implemented various countermeasures already by the beginning of July 2008. Here are a few examples:

- In respect of sales, price reductions were presented more clearly and we contemplated with our sales force on which sales promotions could be realized.
- In respect of purchasing, the purchase margin was improved by means of listing with better calculable exclusive products.
- In respect of costs, we negotiated lease cutbacks with all landlords. As you can well imagine, this was not an easy task. This posed quite a struggle. But finally, some center operators kindly accommodated us.
- In addition, staff work hours were optimized together with the employees.

And, despite all these measures, sales and earnings in Spain declined further.

In order for us to stay on the tightrope, we must adjust costs as much as possible to the ongoing changing sales situation on the one side without breaking our sales pledge to our customers on the other side. Because in times of crises, customers still expect from us first-class service, fair prices and an inviting shopping ambiance. A disproportionate cost adjustment – such as with personnel costs – could quickly lead to a downwards spiral. This is because:

Fewer staff could mean less time with customers – less time with customers usually means worse service – and worse service quickly leads to further sales drops.

Therefore, we must be careful to not lose sight – otherwise we run the risk of suddenly damaging our image on the medium and long terms – and we could not afford that – even if sales and earnings are compromised here and there in times of crises.

That is why it is important to keep our eyes open in other markets, not to panic, but to counterstep where necessary and to act when attractive opportunities arise. This means to us that we should continue to uphold our Lifestyle philosophy in all business divisions. Keeping our customers happy remains to be our main corporate objective. And this can only be accomplished with a happy workforce.

And that is exactly why during these difficult times we are especially pleased to count among the best in the retail business with the most competent and enthusiastic personnel both in Germany and abroad. To uphold this, we want to achieve one pledge – to create a working environment where our staff has no need to worry.

With our long-standing credo of "as much decentralization as possible, and only as much centralization as necessary," we make sure that our teams enjoy the maximum possible decision-making power to individually fulfill customer requests. Our lean corporate structure with its flat hierarchies facilitates these processes. As such, we assure that we do not become a bureaucratic and complicated conglomerate, but remain a middle-sized business organization with short decision-making processes.

"Successful together!" this slogan guided the DOUGLAS Group during the past fiscal year. Following the positive feedback to last year's slogan, our sequel for 2009 is "Successful together – fit for the future." Our aim is to further promote team spirit and make use of

experience exchanged between the subsidiaries in order to learn from one another and to become even better together.

But our aim is also to reward our mutual commitment. That is why we launched a sales competition at the beginning of October 2008. The top teams have a chance to win attractive awards; the main prize being a trip for the entire team on the AIDA cruise ship. From my visits to numerous stores, I can tell you that all branch teams are eager to win this competition.

Furthermore, we also want to take a stand in the area of wages and salaries. If we are to attract the best retail staff to our organization, we need to pay them accordingly. For this reason, we are continually working on our compensation system with the aim of paying accordingly for above-average work. At the present time, more than 30 percent of our employees in Germany receive a salary of at least 10 percent above the tariff rate – sometimes even significantly more. In all, even 70 percent of our staff earns above this rate. As you can see: those who render above-average work, can earn a good salary with us.

Ladies and gentlemen:

Alongside reasonable compensation and fair treatment, the DOUGLAS Group naturally stands for being ecologically-minded and socially responsible.

For example, we are committed to harmonizing family life with career. Especially, in our business group where over 90 percent of employees are women, flexible childcare programs and shifts are important amenities. At the service headquarters in Hagen, where over 1,000 employees now work, the prerequisites for a company kindergarten have been established and is due to open after the summer school break.

We are also actively involved in social and charitable projects. Here I again mention this year's donation on the occasion of today's Annual Shareholders' Meeting and the Douglas Perfumeries' intensified support of DKMS LIFE. DKMS LIFE is a subsidiary of the German Database of Bone Marrow Donators offering free cosmetic seminars for the benefit of women with cancer by helping them gain self-confidence to strengthen their courage. In addition, Douglas sponsored various, very successful sales promotions for the benefit of DKMS LIFE in the past year, which resulted in donations amounting to around 150,000 EUR.

Besides these important social and charitable projects, the careful use of natural resources and energy efficiency also plays a very important role in our Group. Our "open door" services for our customers and the related energy conservation pose great challenges. As part of a heating management, many of our stores are equipped with specially monitored air curtains in the winter months for purposes of keeping the warmth in the store and the cold outside. This air curtain technology is very efficient and operates in the summer months under the same principle – keeping the warm air outside.

The optimum conservation of energy also includes the use of efficient light bulbs with lower energy values and longer lives. Moreover, we plan to install so-called 'energy conservation cockpits' at our stores; with which energy use can be more efficiently monitored and optimized. For example, real-time consumption readings have already been taken at over 200 perfumeries, the findings of which will tell us how to reduce energy consumption.

Ladies and gentlemen,

Before we conclude, please allow me to briefly address our company's current situation. We consider ourselves to be well-equipped to weather the current storm. With an equity ratio of nearly 40 percent and our solid net assets, financial position and result of operations, we are strongly placed to secure our position as a leading European Lifestyle retail group and – as soon as the storm has subsided – to further expand. To this end we

will again invest in earnings-oriented growth in the current fiscal year, although with a 10 to 20 percent lower investment volume.

Many retail experts predict that 2009 will be a particularly difficult year. However, we firmly expect the bigger picture to be somewhat brighter. Notwithstanding the instability of the financial markets and retail sector, current developments demonstrate that many customers will still want to indulge in at least a touch of luxury from time to time.

A firm prognosis of the entire 2008/2009 fiscal year is extremely hard to estimate because of the macroeconomic framework conditions which are difficult to anticipate. As you may perhaps have noticed, many companies are no longer giving a prognosis for 2009.

However, since forecasts are desired, we have decided to present a prognosis range for the current fiscal year for purposes of significantly extending beyond the previous customary scope. From today's standpoint, the Executive Board still believes that it is possible to increase sales by between 3 and 6 percent and earnings before taxes are expected to lie between 100 and 150 million EUR. Upon publishing our half-year report in May, sufficient new information should be available in order to minimize the range of the prognosis.

Ladies and gentlemen,

The DOUGLAS Group is and a family-driven company, in which traditional values have played a vital role for over 40 years. Our corporate creed "Retailing with Heart and Mind" together with our corporate culture and company's principles have made us strong and underlie our success. And that should remain so!

And so, with a good measure of optimism, I would now like to wish each and every one of us a healthy and prosperous year in 2009.