

Invitation to the 2010 Annual General Meeting



headquarters in Hagen/Westfalen

Security Identification Number (WKN): 609 900

ISIN: DE 000 609 900 5

Dear DOUGLAS Shareholders!

You are hereby cordially invited to attend the Annual General Meeting on

March 24, 2010 at 10.30 a.m. (CET)

at Stadthalle Hagen, 58093 Hagen, Wasserloses Tal 2.

AGENDA

- 1. Presentation of the approved annual financial statements, the adopted consolidated financial statements and the combined management report of Douglas Holding AG and the Group for the financial year from October 1, 2008 to September 30, 2009 (including explanatory comments on the disclosures made under § 289 (4) and § 315 (4) of the German Commercial Code – HGB), and the report of the Supervisory Board**

- 2. Resolution on the appropriation of net income for the financial year from October 1, 2008 to September 30, 2009**

The Executive Board and the Supervisory Board propose that the unappropriated net income amounting to Euro 44,000,000.00 be appropriated as follows:

- a. One amount of Euro 43,252,981.20 to be distributed as a dividend of Euro 1.10 per share entitled to dividends

and

- b. The remaining amount of Euro 747,018.80 to be carried forward.

The dividend is due for payment on March 25, 2010.

Should there be any change in the volume of treasury stock held at DOUGLAS HOLDING AG by the date of the Annual General Meeting, then the amount attributable to these shares as a result of this change will be imputed to the amount to be carried forward. A suitably amended proposal for the appropriation of net income will then be made to the Annual General Meeting.

3. Resolution on the approval of the actions of the Executive Board for the financial year from October 1, 2008 to September 30, 2009

The Executive Board and the Supervisory Board propose the approval of the actions of the members of the Executive Board for the financial year from October 1, 2008 to September 30, 2009.

4. Resolution on the approval of the actions of the Supervisory Board for the financial year from October 1, 2008 to September 30, 2009

The Executive Board and the Supervisory Board propose the approval of the actions of the Supervisory Board for the financial year from October 1, 2008 to September 30, 2009.

5. Resolution on the authorization to acquire treasury stock

The Executive Board and the Supervisory Board propose adopting the following resolution:

The company shall be authorized to acquire individual bearer shares in the company (treasury stock) up to an amount of 10% of the current share capital of Euro **117,962,676.00**. Upon coming into effect, this authorization shall replace the authorization granted by the Annual General Meeting on March 18, 2009 and shall be valid until September 23, 2011.

Such acquisition may only be executed via the stock exchange or by way of a public purchase offer addressed to all shareholders. Should the shares be acquired via the stock exchange, then the purchase price per share must be within $\pm 10\%$ of the average closing price of the share in the Xetra trading system (or in any comparable system replacing the Xetra system) at the Frankfurt Stock Exchange on the three trading days preceding such transaction.

In the event of a public purchase offer being made, the purchase price thereby offered and paid must be within $\pm 10\%$ of the average closing price of the share in the Xetra trading system (or in any comparable system replacing the Xetra system) at the Frankfurt Stock Exchange on the fifth to the third trading day (in both cases inclusive) preceding the publication of such purchase offer.

The Executive Board shall be authorized to retire the shares acquired on the basis of this authorization without any further resolution being required from the Annual General Meeting. The authorization also permits the acquisition and retirement of treasury stock to be executed in partial amounts.

Furthermore, the Executive Board shall also be authorized, subject to approval by the Supervisory Board, to dispose of the treasury stock thereby acquired via the stock exchange or by way of an offer addressed to all shareholders. Moreover, the Executive Board shall also be authorized to dispose of the shares in other ways to the exclusion of shareholders' subscription rights in the event of the acquired treasury stock being disposed of in return for cash consideration at a price (excluding disposal-related expenses) which does not fall materially short of the stock market price of equivalent shares in the company at the time of such disposal.

Moreover, the Executive Board shall be authorized, subject to approval by the Supervisory Board, to dispose of the acquired treasury stock in return for non-cash consideration and to the exclusion of shareholders' subscription rights for the purpose of acquiring companies, parts of companies or shareholdings in companies.

All of the above authorizations can be exercised in total or in part, individually or jointly, on several occasions by the company, associates of the company or third parties acting on behalf of the company or of associates of the company.

6. Resolution on the approval of the compensation system for members of the Executive Board

On 18 June 2009, the Federal Parliament adopted the Act on the Appropriateness of Management Board Compensation. This legislation was published in the Federal Law Gazette on 4 August 2009 (BGBl. I 2009, 2509) and came into force on 5 August 2009. Among other aspects, this legislation is intended to strengthen and specify the responsibility of the Supervisory Board for struc-

turing management board compensation and to enhance the transparency of management board compensation for shareholders and the general public.

§ 120 (4) of the German Stock Corporation Act (AktG) allows the Annual General Meeting to adopt a resolution approving the system for remunerating management board members. Such resolution is not legally binding. In the interests of broadening the basis of acceptance for management board compensation, however, the Executive Board and the Supervisory Board deem it expedient to seek shareholders' approval for the existing system of management board compensation.

The resolution on this agenda item refers to the compensation system currently in place at the company, which formed the basis for determining the compensation of members of the Executive Board in the 2008/2009 financial year.

Details of the compensation system can be found in the company's 2008/2009 Annual Report. Moreover, the Chairman of the Supervisory Board will provide a detailed explanation of the compensation system at the Annual General Meeting.

The Executive Board and the Supervisory Board propose adopting the following resolution:

"The compensation system for members of the company's Executive Board is approved."

7. Resolution on amendments to the Articles of Association to account for amendments to the German Stock Corporation Act (AktG) due to the Shareholders' Rights Directive Implementing Act (ARUG)

On 29 May 2009, the Federal Parliament adopted the Shareholders' Rights Directive Implementing Act (ARUG). This Act was published in the Federal Law Gazette on 4 August 2009 (BGBl. I 2009, 2479) and largely came into force on 1 September 2009. The Act primarily serves to implement Directive 2007/36/EC (EU Official Journal No. L 184 Page 17) dated 11 July 2007 concerning the exercising of specified rights by shareholders in publicly listed companies.

The Directive and the Act are intended to strengthen shareholders' rights in publicly listed companies. The Act amends numerous requirements of the German Stock Corporation Act (AktG), including those relating to the convening of the Annual General Meeting, measures simplifying the exercising of shareholders' rights and simplifications to the procedures for the exercising of voting proxies by banks. It is therefore necessary to adapt the company's Articles of Association to the amended legislation. Moreover, several of the measures now permitted are to be drawn on.

a) Amendment to § 15 (3) of the Articles of Association

The Executive Board and the Supervisory Board propose adopting the following resolution:

§ 15 (3) of the Articles of Association shall be reformulated as follows:

“When no shorter statutory notice period is permitted, the Annual General Meeting must be convened at least 30 days before the expiry of the final registration date (§ 16 (1) of the Articles of Association). The day on which the meeting is convened is not included in such calculation.”

b) Addition of a new § 15 (4) to the Articles of Association

In § 125 (2) and § 128 (1) of the German Stock Corporation Act (AktG), the relevant legislation now provides for the possibility of determining in the Articles of Association that shareholders may be notified of the convening of the Annual General Meeting solely by way of electronic communications, e.g. by e-mail via the internet. Pursuant to § 30b (3) No. 1 subsection d) of the German Securities Trading Act (WpHG), however, this only applies to notifications made directly by the company when the shareholders consent to such procedure. The implementation of these new legal possibilities is intended to reduce the administrative expense involved in communicating notifications.

The Executive Board and the Supervisory Board therefore propose adopting the following resolution:

§ 15 of the Articles of Association shall be supplemented by the following Paragraph 4:

“The right on the part of the shareholder pursuant to § 128 (1) Sentence 1 of the German Stock Corporation Act (AktG) to receive notifications pursuant to § 125 (1) of the German Stock Corporation Act (AktG) is limited to electronic means of communication. The same applies, when the requirements of § 30b (3) No. 1 subsection d) of the German Securities Trading Act (WpHG) are met, for the communication of notifications by the company pursuant to § 125 (2) of the German Stock Corporation Act (AktG). The Executive Board is entitled to communicate notifications by hardcopy and may also authorize banks to communicate notifications by hardcopy. Should the Executive Board authorize communication by hardcopy, such circumstance must be announced upon the convening of the Annual General Meeting.”

c) Amendment to § 16 of the Articles of Association

§ 16 of the Articles of Association should also be adapted to the amended legislative framework. Furthermore, it should be possible in future to authorize the Executive Board to allow shareholders to use the newly created possibility of participating in the Annual General Meeting by way of electronic communications and of casting their votes without attending the Annual General Meeting to the extent that such procedure is deemed expedient.

The Executive Board and the Supervisory Board propose adopting the following resolution:

§ 16 of the Articles of Association shall be reformulated as follows:

“§ 16 – Participation in the Annual General Meeting

(1) To participate in the Annual General Meeting and exercise their voting rights, shareholders must register with the company or at the office stated in the notification of the convening

of the meeting and provide documentary evidence of their entitlement by the end of the sixth day prior to the Annual General Meeting. The date of receipt of the registration and the date of the Annual General Meeting shall not be included in the calculation of the deadline.

(2) The documentary evidence must refer to the beginning of the 21st day prior to the Annual General Meeting and must be submitted in writing (§ 126b of the German Civil Code – BGB) in English or German by the account-holding bank.

(3) Voting rights may be exercised by authorized proxies. Powers of attorney must be granted, revoked and documented in writing (§ 126b of the German Civil Code – BGB) unless otherwise required by law. Documentary evidence of the power of attorney may be communicated to the company by way of electronic communications in a manner to be specified by the Executive Board. The relevant details will be communicated in the notification of the convening of the Annual General Meeting.

(4) Should a shareholder authorize more than one person to participate in the Annual General Meeting and exercise his or her voting rights, the company is entitled to reject one or several such persons.

(5) The Executive Board is authorized to allow shareholders to participate in the Annual General Meeting without being physically present on location and without sending an authorized proxy and to exercise all or of their rights or specific such rights in full or in part by way of electronic communications, with the exception of the right to have objections to resolutions adopted by the Annual General Meeting included in the written protocol. The relevant details will be communicated in the notification of the convening of the Annual General Meeting.

(6) The Executive Board is authorized to allow shareholders to cast their votes in writing or by way of electronic communications (postal voting) without participating in the Annual General Meeting.”

d) Amendment to § 17b (3) of the Articles of Association

§ 17 (3) of the current Articles of Association already includes regulations governing the video and audio broadcasting of the Annual General Meeting. However, responsibility for permitting such broadcasting has not yet been clearly allocated. The new regulation clarifies which body may decide on the video and audio broadcasting of the Annual General Meeting.

The Executive Board and the Supervisory Board propose adopting the following resolution:

§ 17 (3) of the Articles of Association shall be reformulated as follows:

“The Executive Board is authorized to allow the Annual General Meeting in its entirety or excerpts thereof to be broadcast by way of video or audio recording.”

8. Election of the auditor for the financial year from October 1, 2009 to September 30, 2010

The Supervisory Board proposes the election of Susat & Partner OHG Wirtschaftsprüfungsgesellschaft, Domstrasse 15, 20095 Hamburg, as auditors for the financial year from October 1, 2009 to September 30, 2010. This audit company will also perform any audit reviews commissioned for interim financial reports.

REPORT OF THE EXECUTIVE BOARD TO THE ANNUAL GENERAL MEETING:

In respect of Agenda Item 5

Stock corporations have the possibility of acquiring treasury stock up to an amount of 10% of their share capital on the basis of a resolution adopted by the Annual General Meeting, as well as the possibility of disposing of such stock.

The acquisition of treasury stock for the purpose of trading in treasury stock or of maintaining the share price on an ongoing basis is not permitted. When acquiring and disposing of treasury stock, companies are required to comply with the principle of equal treatment of shareholders pursuant to § 53a of the German Stock Corporation Act (AktG).

The proposed resolution will allow the company to acquire treasury stock up to an amount of 10% of the current share capital of Euro **117,962,676.00** via the stock exchange or by way of a public purchase offer addressed to all shareholders. In this respect, the purchase price per share in the case of such shares being acquired via the stock exchange must be within $\pm 10\%$ of the average closing price of the stock in the Xetra trading system (or in any comparable system replacing the Xetra system) at the Frankfurt Stock Exchange on the three trading days preceding such purchase. In the event of the shares being acquired by means of a public purchase offer, the purchase price offered and paid must be within $\pm 10\%$ of the average closing price of the stock in the Xetra trading system (or in any comparable system replacing the Xetra system) at the Frankfurt Stock Exchange on the fifth to third trading day (in both cases inclusive) preceding the publication of the purchase offer.

The proposed resolution allows the company to retire or to dispose of the shares thereby acquired without any further resolution being required from the Annual General Meeting. In the event of such shares being retired, the share capital of the company is to be reduced accordingly.

Furthermore, the proposed resolution also authorizes the treasury stock thereby acquired to be disposed of in return for cash consideration to the exclusion of shareholders' subscription rights in ways other than via the stock exchange. Such transaction is dependent on the shares being disposed of in return for cash consideration at a price not falling materially short of the stock market price of equivalent shares in the company at the time of such disposal. This authorization draws on the possibility of simplified exclusion of subscription rights permitted by § 71 (1) No. 8

of the German Stock Corporation Act (AktG) with corresponding application of § 186 (3) Sentence 4 of the German Stock Corporation Act (AktG). The need to protect shareholders against any dilution of their holdings is accounted for to the extent that the price at which such shares are disposed of may not fall materially short of the respective stock market price. The possibility of such disposal is in the interests of the company.

This way, shares can be sold, for example, to institutional investors in the context of a book building procedure, thus enabling additional German and foreign shareholders to be accessed. Moreover, the authorization to exclude subscription rights allows the company to react rapidly, flexibly and inexpensively to any opportunities arising in stock market trading. Furthermore, the proposed authorization provides the Executive Board, subject to approval by the Supervisory Board, with the possibility of offering own individual bearer shares to third parties as consideration for an asset contribution in the context of the acquisition of companies or shareholdings. The authorization provides the company with the scope required to seize opportunities for acquiring companies, parts of companies or shareholdings in companies on both national and international markets rapidly and flexibly. This is accounted for by the proposed exclusion of subscription rights.

All of the authorizations referred to and explained above can be exercised in total or in part, individually or jointly, on several occasions by the company, associates of the company, or third parties acting on behalf of the company or associates of the company.

Participation in the Annual General Meeting:

To be entitled to participate in the Annual General Meeting and to exercise their voting rights, shareholders must register and submit documentary evidence of their shareholding at the central registration office of DOUGLAS HOLDING AG at the following address by the end of **March 17, 2010**:

DOUGLAS HOLDING AG
c/o WestLB AG
Herzogstr. 15
40217 Düsseldorf
Germany

The documentary evidence for the shareholding must refer to the beginning of **March 3, 2010 (evidence date)**. It is to be submitted as a written confirmation from an institution accredited with the custodianship of securities. Such confirmation must be formulated in German or English.

Only those shareholders who provide documentary evidence of their shareholding shall be deemed to be shareholders for the purposes of participating in the Annual General Meeting and exercising their voting rights. Alongside the registration requirement, entitlement to participate in the Annual General Meeting and the scope of voting rights shall be based exclusively on the shareholding as of the evidence date. The evidence date does not involve any restriction on the disposal of shares. Even in the event of the full or partial disposal of shares following the evi-

dence date, participation and voting rights shall be based exclusively on the shareholding as of the evidence date. Persons not owning any shares on the evidence date and only becoming shareholders subsequently are not entitled to participate in or exercise any voting rights at the Annual General Meeting. The evidence date has no implications for dividend entitlement.

To register, shareholders should fill in the admissions ticket order forms forwarded to them via their account-holding bank and return them to their bank in good time and in accordance with the bank's requirements. The account-holding bank will then undertake the registration and simultaneously forward the documentary evidence of the shareholding to the central registration office of DOUGLAS HOLDING AG referred to above, which will then forward such registration and the documentary evidence of the shareholding to the company.

Each shareholder thereby registered will receive an admissions ticket, which will also include a form for issuing a power of attorney for casting votes at the Annual General Meeting.

Proxy voting:

Shareholders not wishing to attend the Annual General Meeting in person may have their voting rights exercised by a voting proxy on the basis of a corresponding authorization, or by a bank or shareholders' association.

German stock corporation law requires the information concerning the granting or revoking of powers of attorney, as well as the documentary evidence of such authorization, to be provided to the company in writing, unless such powers of attorney are granted to a bank, a shareholders' association or any other person or institution listed in § 135 (8) or § 135 (10) in conjunction with § 125 (5) of the German Stock Corporation Act (AktG). We would point out that in cases where powers of attorney are to be issued to banks, shareholders' associations or other persons or institutions listed in § 135 (8) or § 135 (10) in conjunction with § 125 (5) AktG such persons or institutions may require a special form of power of attorney as they are obliged by § 135 AktG to retain verifiable proof of such power of attorney. Should you wish to issue powers of attorney to a bank, a shareholders' association or any other equivalent institution or person pursuant to § 135 (8) or § 135 (10) in conjunction with § 125 (5) AktG, please therefore agree the respective approach with the institution or person concerned.

Such authorization may be documented by presenting the power of attorney at the entrance on the day of the Annual General Meeting or by forwarding documentary evidence of such authorization in advance by post or fax to the registration address and telephone number provided above or by forwarding the documentary evidence of authorization or the authorization itself to the following e-mail address:

hv2010@douglas-holding.com

As in previous years, as a special service the company provides its shareholders with the opportunity of issuing powers of attorney in advance of the Annual General Meeting to a voting proxy appointed by the company and required to act on shareholders' instructions.

Shareholders wishing to issue such powers of attorney to voting proxies appointed by the company will require an admissions ticket for the Annual General Meeting to do so. This may be obtained from the account-holding bank. To ensure that admissions tickets are received on time, orders should be submitted to the account-holding bank as early as possible.

When powers of attorney are issued to voting proxies appointed by the company, these must in all cases be provided with instructions as to how the voting rights are to be exercised. The voting proxies are obliged to vote in line with such instructions. To enable the voting proxy to act in accordance with the respective powers of attorney and instructions, these must be submitted to the voting proxy in good time, if possible by the end of **March 23, 2010**.

Shareholders wishing to authorize voting proxies are requested to issue their powers of attorney on the form provided by the company for this purpose. The form for issuing powers of attorney and second-level proxies can be found on the reverse side of the admissions tickets. Furthermore, shareholders may download the form required to issue powers of attorney from the company's website at www.dhag-hv.com or request the form free of charge from the company. Shareholders will receive further information about voting proxies from their account-holding banks along with the admissions ticket for the Annual General Meeting. Information about proxy voting is also available to our shareholders at the internet address www.dhag-hv.com.

Documents for the Annual General Meeting and information pursuant to § 124a AktG:

The documents referred to in Agenda Item 1, as well as the information pursuant to § 124a of the German Stock Corporation Act (AktG) are available at the internet address www.dhag-hv.com. Furthermore, the documents referred to in Agenda Item 1 will also be available at the venue for inspection during the Annual General Meeting.

Inquiries and shareholder motions:

Shareholders are requested to address any inquiries they may have regarding the Annual General Meeting, as well as any motions, to the following address:

DOUGLAS HOLDING AG
c/o Haubrok Corporate Events GmbH
Landshuter Allee 10
80637 Munich
Germany

Fax: +49 (0)89 21027 298

E-mail: gegenantraege@haubrok-ce.de

Motions and shareholders' election proposals pursuant to § 126 (1) and § 127 AktG

Shareholders may submit countermotions to the company concerning any proposal made by the Executive and Supervisory Boards in respect of any specific agenda item. Pursuant to § 126 (1) of the German Stock Corporation Act (AktG), shareholder motions concerning the agenda must be directed exclusively to the aforementioned address. Motions sent to other addresses will not be considered. Shareholder motions concerning the agenda will be published together with the name of the shareholder and the reasons for such motion on the internet at www.dhag-hv.com without delay following receipt in cases where the motions require publication and are received by the company together with the relevant substantiation at the latest by midnight on March 9, 2010. Any statements by the management concerning countermotions will also be published at the aforementioned internet address.

Pursuant to § 126 (2) Sentence 1 of the German Stock Corporation Act (AktG), countermotions and their respective substantiations do not require publication and, pursuant to § 126 (2) Sentence 2 of the German Stock Corporation Act (AktG), substantiations alone do not require publication when the respective texts have a length of more than 5,000 characters.

Petitions for additions to the agenda pursuant to § 122 (2) AktG

Shareholders whose combined shares represent one twentieth of the share capital or a prorated amount of Euro 500,000.00 are entitled to request that items be included in the agenda and announced. Such requests must be addressed to the company's Executive Board (**address: DOUGLAS HOLDING AG, Vorstand, Kabeler Strasse 4, 58099 Hagen**) in writing and must have been received by the company at the latest by midnight on February 21, 2010. Each new item must be accompanied by a substantiation or a proposed resolution. The petitioners must provide documentary evidence that the shares have been in their ownership for at least three months prior to the date of the Annual General Meeting (i.e. at least since December 24, 2009).

Right to information pursuant to § 131 (1) AktG

Any shareholder or shareholder representative may request the Executive Board to provide information on company matters at the Annual General Meeting, provided that such information is necessary for the appropriate assessment of the respective agenda item. This duty to provide information also includes the company's legal and business relationships with associated companies, provided that the information is necessary for the appropriate assessment of the respective agenda item. Requests for information must generally be made verbally during the discussion at the Annual General Meeting. The Executive Board may refuse to provide information for the reasons set out in § 131 (3) of the German Stock Corporation Act (AktG).

Reference is made to the duties of notification set out in § 21 et seq. of the German Securities Trading Act (WpHG) and to the legal consequences provided for in § 28 of the German Securities

Trading Act (WpHG), involving the suspension of all rights relating to the shares, in the event of any duty of notification being infringed.

Internet broadcast of the Annual General Meeting:

Company shareholders and interested parties may follow the opening of the Annual General Meeting by the Chairman of the Meeting and the presentation by the CEO to the Annual General Meeting live on the internet from 10.30 a.m. (CET) on March 24, 2010. It will also be possible to access the recording after the Annual General Meeting at the internet address www.dhag-hv.com.

Total number of shares and voting rights upon the convening of the Annual General Meeting:

Upon the Annual General Meeting being convened, the company has share capital of Euro 117,962,676.00, which is divided into 39,320,892 individual non-par shares with a prorated amount in the share capital of Euro 3.00 per share. Each share entitles its bearer to one vote. The company did not own any treasury stock upon the meeting being convened. The total number of shares with participation and voting entitlement amounts to 39,320,892.

Donations:

As in previous years already, we would like to make cash donations to support the following institutions in the context of the 2010 Annual General Meeting:

The Lutheran Foundation in Volmarstein (*Evangelische Stiftung Volmarstein*) will receive a donation of Euro 12,500.00 to support its important work.

The Child Protection Clinic (*Kinderschutzambulanz*) operated by Diakonisches Werk in Ennepe Ruhr/Hagen and Hagen Soup Kitchen (*Suppenküche Hagen e.V.*) will be supported with donations of Euro 6,250.00 each.

Hagen, February 2010

DOUGLAS HOLDING AG

THE EXECUTIVE BOARD