

Hagen, March 23, 2011

- *Check against delivery* -

Shareholders' Meeting 2011

Dr. Henning Kreke's speech,
President and CEO of DOUGLAS HOLDING AG

Ladies and gentlemen,
Dear shareholders and friends of the DOUGLAS Group,

On behalf of the DOUGLAS HOLDING AG Executive Board, it is my privilege to welcome you to this year's shareholders' meeting. We are happy that you have taken the time here in Hagen to find out about your company's development and we thank you for the trust you have placed in us.

First the good news:

In the fiscal year 2009/2010, despite the lingering effects of the financial crisis, we have not only achieved our goals but we exceeded them.

The company's sales volume increased by 3.7 percent to over 3.3 billion euros, thereby exceeding our sales target by more than 2 percent. The domestic market was the main contributor to this overall growth in sales, with a 4.7 percent increase in sales in our German market. We were particularly happy to see the growth of like-for-like sales, which increase by 2.0 percent. Our Christ jewelry stores, as well as our Douglas perfumeries, won additional market shares. Overall, sales abroad increased by 2.1 percent. However, like-for-like sales fell by 2.7 percent, a decline brought about by the effects of the financial crisis, which still persists in many European countries.

With our earnings before taxes, or EBT, at 131 million euros, we are also slightly over our target of 120 to 130 million euros. Our EBT margin was 4 percent, the same as last year—which is still quite a respectable figure for the retail industry. The consolidated net income rose by 13 million to 76 million euros and the profit per share from 1.60 to 1.93 euros.

A quick look at our balance sheet shows that the DOUGLAS-Group continues to be in robust health and is on solid financial footing.

The balance sheet total at the end of the fiscal year, at about 1.7 billion euros, was an increase of 1.5 percent compared to the previous year. This slight increase resulted from the first-time entry of the assets and liabilities of buch.de on the group's balance sheet.

The portion of non-current assets to total assets was slightly lower, at about 46 percent. The reason was the separate entry of the perfumeries in Russia that were sold.

Once again, inventory made up the largest item in current assets. However, the total value of inventory fell by 20 million to 647 million euros due to better working capital management.

Shareholder's equity increased by 50 million to 765 million euros. The equity ratio reached a solid 45 percent of total assets and is 3 percentage points above the previous year.

The net debt—a very favorite topic of my colleague and CFO Dr. Burkhard Bamberger—dropped from 165 million to 124 million euros.

Fortunately, we were even able to improve the key indicators. Our DOUGLAS Value Added (DVA)—by which we measure the excess return on business assets after deducting capital costs—increased by over 3 million to nearly 24 million euros. Free Cash Flow exceeded 88 million euros, slightly up from the previous year. And our Return On Capital—our ROCE—rose from 7.9 to 8.2 percent after taxes.

Investments increased by 6 million to 118 million euros. In the perfumery sector alone, we opened 50 new stores across Europe. In addition, we opened 6 new bookstores and 9 jewelry stores.

At the same time, we closed 104 unprofitable locations throughout Europe as part of the store network optimization initiated last year. At the beginning of the financial crisis, we made a very thorough examination of our entire store network and decided to eliminate all stores whose profits were not sustainable. This process is now completed.

At the end of the fiscal year, the DOUGLAS Group store network included 1,973 locations in Germany and abroad, compared to 2,005 in the previous year.

Altogether we are satisfied with our growth in the past fiscal year – especially in light of the lingering effects of the financial crisis in many countries. This is why the Executive and Supervisory Boards are suggesting that you, our esteemed shareholders, approve a dividend of 1.10 euros per dividend-bearing share, as you did last year. With the resulting payout ratio of 57

percent of consolidated net income we are slightly above our long-term payout target of around 50 percent and in line with our basic principle of dividend continuity.

Allow me to say a few words about the DOUGLAS share. At our closing date—on September 30, 2010—the DOUGLAS share was at 38.74 euros (XETRA, effective date: March 21, 2011), its highest point for the fiscal year. Currently, the market value stands at around 38 euros. In today's market, 8 analysts give the DOUGLAS share a "buy" rating, 14 analysts give it a "hold" and only 1 analyst labels it "sell".

Now to the frequently asked question about what will change in the day-to-day business of the DOUGLAS Group, due to Müller's increased stake. I would like to reiterate what I already said last year:

Nothing at all will change!

Operations of the DOUGLAS Group will be—as provided by the law—the responsibility of the Supervisory Board in collaboration with the Executive Board. And the DOUGLAS Group only does what is in the best interest of our customers, our employees, and all our shareholders!

The controlling majority shareholders—the Oetker Group and the Kreke/Eklöh families, who have been close partners in the DOUGLAS Group's development for over 40 years—all agree about this.

Now to get back to our development in the past fiscal year. It was not a foregone conclusion that we would be able to exceed our targets in spite of the financial crisis.

Rather, it was the result of the tireless efforts of our over 25,000 enthusiastic employees, who create a great shopping experience for our customers, through their friendliness, competence, and service each and every day at Douglas, Thalia, Christ, AppelrathCüpper, and Hussel.

Hats off to all the things our staff accomplishes every day throughout all the divisions of the DOUGLAS Group. I would like to take this opportunity, for myself and on behalf of my fellow board members, to express my heartfelt gratitude to each and every one of our employees for their outstanding commitment.

Our employees are the heart of our company. Challenging and motivating them to achieve excellence in the retail market every day is the core value of our company culture.

In this respect, I am particularly pleased that the DOUGLAS Group welcomed 670 new trainees throughout Germany. This is over 200 more trainees than the year before. Our trainee ratio of

nearly 13 percent continues to be well above the German retail sector's average of around 8 percent. Currently we have more than 1,500 young men and women in training programs with us. Through comprehensive and practical training at our stores or service centers, these young people receive a solid foundation for their future careers in the retail industry. At the same time, this guarantees that we will have enough of well-trained employees to meet upcoming challenges.

We are very proud that a young woman from our company was one of the top trainees in Germany. Last year, more than 300,000 trainees took exams for over 200 positions given by the Chamber of Industry and Commerce. Karoline Nawrat, who was a retail sales trainee at Douglas in Frankfurt, received a score—believe it or not—of 100 out of 100 possible points. Of the 300,000 trainees throughout Germany, only two others achieved that perfect score. It is a sensational result, which underscores the quality of our training. I would like to congratulate Ms. Nawrat once again for her really outstanding achievement.

The huge commitment of our employees is not only shown in the examination scores, but also in awards given to our subsidiaries. In 2010 in Germany, by independent customer surveys, Douglas, Thalia, and Christ were elected “Retailers of the Year” in their respective categories. All their fellow employees and the members of the board are proud of Reiner Unkel from Douglas, Michael Busch from Thalia, and Manfred Kroneder from Christ, who were chosen for these awards.

Our motto for 2011 is "Into the Future with Heart and Mind". We want the DOUGLAS Group to continue to develop, to be even better prepared for the future. To accomplish this, we need highly motivated employees, who:

- Embark upon new paths with enthusiasm
- Dare to put their ideas into practice, and
- Are not afraid to make mistakes and learn from experience while making their contribution to the company.

Our company values and leadership principles have long been the basis for initiative, open and fair cooperation, and tolerance. Maintaining this culture and applying it to the future is one of my main missions on the Board.

As an innovative company in today's fast-paced world, we want to and we must change our hearts and minds. The challenge is to move away from being a traditional retail merchant to being a top multi-channel retailer!

To ensure the connection between in-store and online retailing, we will also be emphasizing the 'multi-channel' theme in training and continuing education programs to get our team excited about 'multi-channel' opportunities.

In spite of all the excitement surrounding 'multi-channeling', it is still a big challenge to convince our retail store employees of the advantages of multi-channel-thinking. It is understandable that some of them are wondering about what will happen to their jobs if more and more sales shift to the internet. However, it is clear—and this is the result of different in-depth studies—that customers who shop both in store and online with the same retailer, generate significantly more sales than customers who only shop in store or only shop online with that same retailer. Thus we have a lot of convincing to do here. Nevertheless, we have also noticed that employees are becoming more and more enthusiastic about 'multi-channeling'.

Another current topic is the discussion around the ratio of women to men in managing positions. I would like to underline a few facts: More than 90% of the DOUGLAS Group is made up of women. Besides business management and sector management positions, there are also a significant number of women in division management positions. At these high management levels, women make up the following percentages: 90 percent in division management, 60 percent in sector management, and 20 percent in business management—and the trend is on the rise. On our Board, we are happy to have a very competent woman, who sees to it that we live up to our motto "Retail with Heart and Mind" every day.

In short, the DOUGLAS Group is thriving thanks to its capable and successful women, whether or not they have management responsibilities. And the women who are in management positions are not just "token" women, but are qualified managers who have proven themselves through their performance and commitment. And this is as it should be!

The DOUGLAS Group is already a step ahead when it comes to "Women and Careers". We are proud that we have been cited as a model company when it comes to 'Women in Managing Positions' – due in part, no doubt, to our company day care center.

Now let me turn briefly to development in each business sector over the past fiscal year:

The Douglas perfumeries increased their sales by 1.4 percent to nearly 1.9 billion euros, thus further expanding their leading market position in many European countries. In Germany, 445 Douglas perfumeries generated sales of 947 million euros. This translated into a growth of almost 2.9 percent, which allowed Douglas to win additional market shares in the all-important German domestic market.

Sales at the 760 Douglas perfumeries abroad reached 932 million euros, almost matching the prior year's figure. However, the positive sales growth of Douglas perfumeries in Poland, Italy, and Turkey could not completely compensate for declining sales in Spain, Hungary, Croatia, Portugal, and the Baltic States.

The Perfumeries sector's EBT remained stable at 88 million euros. While the earnings of perfumeries in Germany exceeded that of the previous year due to a significant increase in sales, the EBT of the Perfumeries outside of Germany fell due to the ongoing challenges of macroeconomic conditions in several countries.

In the book sector, the Thalia Group further extended its leading market position in German-speaking countries. Sales climbed by 10.5 percent to nearly 906 million euros due to the first time full consolidation of buch.de. In the stationary stores, sales from the 289 Thalia bookstores in Germany, Austria, and Switzerland were 818 million euros, the same as the previous year.

In Germany the overall sales figure increased by 9.7 percent to 690 million euros. Online sales from buch.de, totaling 70 million euros, also had a positive impact. Although the 232 bookstores in Germany recorded a slight drop in sales of 1.4 percent, they did manage to hold their solid market position with sales of 619 million euro despite weak industry conditions on the whole.

The 57 Thalia bookstores in Austria and Switzerland posted a sales gain of 3.8 percent to 198 million euros. When earnings from buch.at and buch.ch are included, sales abroad soared by 13.1 percent to 216 million euros.

Earnings in the books sector increased by 2 million to 25 million euros. Without the one-time gain from the revaluation of the buch.de shares in the amount of 6 million euros, earnings fell from 23 to 19 million euro.

Growth of our jewelry business sector was very satisfying. At its 204 jewelry stores, Christ registered sales of over 310 million euros for a sales growth of 6.1 percent. Christ has had one of its most successful financial years in the company's history and further extended its solid market position for mid- to high-priced jewelry in Germany. In addition to the high level of the staff's consulting and advice expertise, the successful and exclusive fashion brand strategy played a pivotal role in this solid, above-average performance.

Due to very high jewelry sales, EBT increased from 15 to over 17 million euros.

In the Fashion sector, sales in the 14 AppelrathCüpper women's apparel stores were 124 million euros, or 5.3 percent less than the previous fiscal year. Adjusted for the Berlin store that closed in January 2009, the sales were down by a moderate 1.2 percent. The fashion stores in Bonn and Münster have been thoroughly modernized and now have a modern setting—just like all other AC stores. Customers have become increasingly aware that AppelrathCüpper has completely repositioned itself over the past two years and has become an attractive fashion focal point.

Adjusted for the costs of the Berlin store closing, AppelrathCüpper achieved a balanced EBT, as in the previous year, due to ongoing cost management.

In the Confectionery division, Hussel generated sales of approximately 100 million euros in Germany and Austria. Although the number of confectionery shops decreased from 274 to 261, to streamline the store network, sales were almost the same as last year.

At 3 million euros, EBT of the Confectionery division missed the prior year's figure by almost 500 thousand euros.

Well that about raps it up for the past fiscal year.

Let us now turn to developments in the current fiscal year and our strategic challenges.

Fortunately, the media have been reporting about the rise in consumer spending for weeks—particularly in our all-important German domestic market. Low unemployment, the humming economy and moderate inflation have driven the buying power of German consumers to its highest level since fall 2007.

And—more importantly—consumers are confident about the future. We are finally getting more optimistic news after some difficult years.

We also see the light at the end of the tunnel for many of the countries outside of Germany, as sales are slowly but surely on the rise. At the very least declining sales in most countries have slowed down and are beginning to turn positive.

In the first five months of the new fiscal year, the DOUGLAS Group has felt this economic momentum. Sales volume increased by 4.1 percent to over 1.6 billion euros between October and February. In our German domestic market, we have even seen an increase of 5.8 percent. Abroad, we have recorded a slight 0.8 percent growth in sales.

Like-for-like sales were up by 2.3 percent. In Germany, comparable sales increased a remarkable 4.1 percent over the previous year. We owe this good performance to Christ's 9.6 percent

increase in sales and the 5.5 percent increase of our Douglas perfumeries in Germany. AppelrathCüpper's growth of more than 3.8 percent was also a plus.

On the other hand, like-for-like sales in our companies abroad fell by 1.2 percent. Nevertheless, this is still an improvement compared to the previous year, when we had declines of 2.8 percent in like-for-like sales. I am pleased to report growth in our most important markets abroad: Douglas perfumeries in Austria and the Netherlands continue to expand as market leaders with a growth of 4.1 percent and 2.2 percent respectively.

Unfortunately, sales abroad were disappointing. Some markets, for example Spain, Portugal, and Croatia have continued to register declines in the like-for-like sales in our Douglas perfumeries—this makes the fourth year in a row for Spain. In the book sector, Thalia Group growth wasn't what we hoped. Although sales were up by 6.0 percent, like-for-like sales were almost the same as last year.

Altogether, valued shareholders, your group has had a respectable start for the new fiscal year with a sales growth of 4.1 percent. We have created a solid basis to tackle upcoming challenges and manage sustainable growth.

One of the biggest future challenges we face is to properly manage online business. In this respect, 'multi-channel' is the buzz word.

Multi-channel means for us that we also want to attract customers to our online shops much more than before. The future, after all, will belong to retailers who can forge lasting bonds with customers both through stationary services and online retailing. Here, the DOUGLAS Group has a better starting position than the 'pure' online retailer. We have our cutting-edge online stores as well as our top-class stationary stores, where our customers can take their time to browse and get expert advice. Our customers can obtain information about their favorite products at their local store and on the internet. They can either buy them over the counter or order them online for convenient home delivery or pick them up at one of our stores.

Despite all the hype about online shopping, there is no 'either-or' decision, but rather an optimum combination of in-store shopping and online retailing. The DOUGLAS Group is determined to take advantage of this incredible opportunity to further enhance the image of the Thalia, Christ, AppelrathCüpper and Hussel brands. Therefore, more proactive efforts will be made at stores to convince customers of the advantages of making purchases online. At the same time, online customers will be made aware of the unique services found only inside the DOUGLAS Group's stores. By integrating our specialty stores and online shops, the DOUGLAS Group is poised to profit from the huge growth potential for multi-channel businesses.

Let's now turn to another topic which is ranked high in the DOUGLAS Group's priorities—'sustainable retail'.

For the DOUGLAS Group, corporate responsibility is linked to a clear commitment to retailing with heart and mind. This means harmonizing the economic success that everyone wants while respecting the environment and being a good corporate citizen. Your company is responding to this challenge with many different measures and initiatives.

In 2008, the DOUGLAS Group created the internal 'Corporate Social Responsibility Council', which includes representatives from both the operational divisions and the holding company.

With our supplier codex, the so-called 'Code of Conduct', we have been working for years with our business partners to maintain environmental and social standards. This codex is based on the Human Rights Declaration of the United Nations (UN) and the Conventions of the International Labor Organization (ILO). Fortunately, all our suppliers have signed a written agreement to adhere to this codex or to implement their own Code of Conduct.

And with careful management of our natural resources, our subsidiaries have succeeded, through improved energy efficiency, in cutting back on their consumption of energy and materials.

New constructions and renovations now include energy-saving technology for air conditioning and ventilation systems. We maintain a constant room temperature in our stores using energy-efficient air curtains. In order to reduce the energy consumption even further per square meter, we have been testing alternate light bulbs at our stores. For example, last April, one of the Douglas perfumeries in Frankenthal was totally equipped with LED lights for the first time. Another installed system measures the energy consumption taking exact measurements to determine the interaction between air conditioning, ventilation, heating, lighting, door system and computers. The findings from this pilot store, as well as the huge technical advances in LED lighting, are very promising. In the near future we will be able to equip new stores with only LED lights, which will mean a significant increase in energy-savings.

Furthermore, our Douglas perfumeries in Germany have dramatically overhauled their logistics in order to minimize environmental impacts. By reducing the eight cross docking centers to just five and introducing an IT-based ordering system, Douglas reduced transportation expenses despite higher volumes. Thalia also entered into a new logistics agreement in the previous fiscal year, which allows the company to carry out all national distribution through one logistics center. In this way, Thalia and buch.de will further optimize their transportation routes.

DOUGLAS HOLDING has been using FSC-certified paper for several years now in order to protect the forests—even the annual report you have in front of you is printed on recycled paper. And at the Hagen site, we have been using only recycled paper for a long time.

As you can see 'sustainability' is very important for us. However, even if environmental issues become increasingly important in the future, in the end, 'sustainability' has to be affordable. Ultimately, it is the consumer who pays the bill. The challenge is for retailers and manufacturers and the policy of 'sustainability' to find the optimal combination between ecology and cost-effectiveness, in order to make meaningful sustainability also sustainably affordable.

Ladies and gentlemen,

Even if multi-channel and sustainability are hot topics in the retail sector, the DOUGLAS Group will always remain true to our strategic direction. We maintain our lifestyle philosophy with outstanding customer service, first-class products, and a stimulating shopping environment. Because we are convinced that all consumers—whether in our stores or online— enjoy treating themselves or others to a little luxury now and then as part of their pursuit of happiness.

At the beginning of the new fiscal year, I would like to underscore that we are very happy with the development of Christ and Douglas in Germany. AppelrathCüpper and Hussel also have a respectable growth. However, our big challenges are with Thalia and our Douglas perfumeries in some markets abroad where consumption has not really restarted yet.

Altogether the DOUGLAS Group is in a good position to achieve this year's targets.

With this in mind, we are maintaining our forecast found in the annual report in regards to sales and profit growth. The Board expects sales to rise by 2 to 4 percent in 2010/2011 and the pre-tax earnings – or EBT – to increase from 131 to nearly 140 million euros.

With an equity ratio of nearly 45 percent and our solid financial position and our earnings, we are ready to expand our position as a leading European lifestyle-group in the retail industry. As I mentioned earlier, at the beginning of the financial crisis, we made a very thorough examination of our entire store network and decided to close all stores that did not show sustainable profits. In addition, we have concentrated our efforts in perfumery in countries where we are already market leaders or can be leaders in the near future. For these reasons, we have withdrawn from Denmark, the USA, and Russia.

Let me say a few words about our withdrawal from Russia. Since we entered the Russian market in 2003, we have always had a decent profit in the operating business. However, rental costs

have always been and still are challenging in Russian. This is why we have acted very cautiously there and have only entered into new leasing agreements if the conditions were acceptable from an economic and operational point of view. In contrast, our Russian competitors have signed many leasing agreements, despite the very high prices, following an 'at any cost' mindset and have gained a considerable market share. Given the situation, becoming a leader in the Russian market would have required very risky investments. Therefore, we decided to sell our Russian Douglas perfumeries at the end of December 2010. The sale of Douglas Russia brought in over 22 million euros. Combined with the fact that—as previously mentioned—we have made a decent operating profit in Russia every year, we can definitely say that the DOUGLAS Group had a respectable business there.

Our Douglas perfumeries now have a strong and healthy store network across Europe, with good growth potential.

From the investment reserve of nearly 125 million euros that is available for the fiscal year 2010/2011, the majority will be used for the growth of our Douglas perfumeries. Nearly 65 million euros will be used to open 50 to 60 new stores, upgrade the current store network and expand our multi-channel activities. We will focus on growth of our stores in countries where our Douglas Perfumeries can become market leaders in the near future.

The Thalia Group will optimize its multi-channel strategy and will quickly move forward to adapt to the new challenges of digitalization in the book industry. This is extremely important because digitalization has arrived here in Germany much sooner than expected. In our stationary store business, the group will optimize space and the product line. In the online business, Thalia has to offer additional products lines around 'books', in order to distinguish itself from its competition. The planned investment budget of nearly 300 million euros will not only be used to open more than ten bookstores and upgrade the existing store network, but also for the targeted expansion of the Thalia and buch.de online stores.

Christ jewelry stores will invest 4 million euros to open five to ten new stores and make numerous upgrades. However, Christ will also test innovative distribution concepts for jewelry and watches. We are planning to open a new store in the future, where we offer only our exclusive Jette brand of jewelry and watches.

With its newly designed online presence in fall 2010, Christ has taken a major step towards becoming a multi-channel supplier. Besides having a good position with our stationary services, our goal is also to have a top position as an online jewelry and watch retailer.

In the fashion sector, AppelrathCüpper is making important progress with its new positioning.

Intensive marketing and impressive communication materials have increased customers' awareness of 'AC'. And AppelrathCüpper's online shop, appelrath.com, which started up last fall, will be further expanded.

Hussel confectionery stores are focusing on numerous renovations. To accomplish this, an investment budget of around 4 million euros has been set aside. Together with the new store concept, a new logo, and a new online store, Hussel intends to highlight its expertise in the field of high-quality products to win new customers, especially the younger generation.

We are on the right track to develop the DOUGLAS Group by connecting in-store shopping and online retailing and transforming it from a traditional retail business into a modern multi-channel supplier. We will consistently improve our multi-channel retail in order to maintain our leading position in the retail industry throughout Europe.

Well, that finishes my presentation and I want to thank all of you for your kind attention. Now, if anyone has any questions, I will be very happy to answer them.