HUGO BOSS

MANAGEMENT REPORT AND FINANCIAL STATEMENTS
OF HUGO BOSS AG FOR FISCAL YEAR **2009**

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01
TO OUR STAKEHOLDERS

REPORT OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

Once again, the Supervisory Board continued to take great care in fiscal year 2009 in fulfilling its monitoring and advisory duties as established under the law, the Company's Articles of Association and its Bylaws.

COOPERATION BETWEEN MANAGING AND SUPERVISORY BOARDS

The Supervisory Board provided counsel to the Managing Board and monitored its management of the Company. The Supervisory Board was directly involved at an early stage in all decisions of fundamental significance for the company. The Managing Board reported regularly in a prompt and comprehensive fashion to the Supervisory Board, verbally and in writing, both in respect of HUGO BOSS AG as well as Group companies, on proposed business policy and fundamental aspects of corporate planning, in particular on financial, investment and HR planning; it also reported on strategic development, business progress, in particular on sales and the Company's situation, as well as on changes in key financial figures, including its profitability and, above all, its equity. This was achieved with the aid of monthly reports and presentations on the risk situation, risk management and compliance. Any deviations from forecasts and targets were explained individually to the Supervisory Board and reviewed by means of the documentation presented. The Managing Board discusses and agrees on the Company's strategic orientation with the Supervisory Board. In addition, all business requiring authorization was submitted in a timely manner. The Supervisory Board issued its authorizations after review of the documentation and, if necessary, asking for clarification from the Managing Board and extensively discussing the matter with the members of the Managing Board. In urgent cases, the Supervisory Board also created written resolutions. Moreover, the Chairman of the Managing Board and the Chairman of the Supervisory Board held regular discussions on key developments and upcoming decisions.

CHANGES IN THE MEMBERSHIP OF THE SUPERVISORY BOARD OF HUGO BOSS AG

Dr. Hellmut Albrecht, who had been a judicially appointed member of the Supervisory Board and its Chairman since June 30, 2008, was elected by the Annual Shareholders' Meetingheld on May 14, 2009, and reelected as Chairman in the meeting of the Supervisory Board that followed. Due to the withdrawal of employee representative Roland Klett owing to illness in January 2009, Ms. Susanne Gregor took his place until the end of his current term as the alternate already chosen. Mr. Rainer Otto also resigned owing to illness in July 2009. Ms. Monika Lersmacher was judicially appointed to take his place until the end of his current term. Mr. Ulrich Gasse, Mr. Olaf Koch, Mr. Gianluca Andena and Mr. Fabrizio Carretti resigned from their function as shareholder representatives with effective date as of February 20, 2010.

Until the end of the current term of the Supervisory Board, Mr. Dr. Klaus Mayer, Mr. Damon Buffini, Mr. Luca Marzotto and Mr. Gaetano Marzotto were judicially appointed as shareholder representatives. The committees were reconstituted as required due to the changes in the Supervisory Board.

The Supervisory Board would like to take this opportunity to thank Mr. Klett and Mr. Otto for their consistently constructive and knowledgeable input and for their contributions to the excellent working atmosphere. Mr. Klett died on February 6, 2009. We share with his family in their grief and will honor his memory.

TOPICS DEALT WITH BY THE SUPERVISORY BOARD AND THE COMMITTEES IN 2009

In fiscal year 2009, four regular and five special Supervisory Board meetings were held in the months of January, February, March, April, May, September, and December. Between scheduled meetings, the Supervisory Board was also kept informed in writing of projects and strategic decisions of high priority for the Company. All Supervisory Board members attended most of its meetings. No member of the Supervisory Board attended less than half of its meetings held in the fiscal year.

Items of regular discussion by the Supervisory Board included sales and earnings trends, investment planning, continuing internationalization of the business, and the Company's current risk exposure. In addition, the initiatives of the Managing Board regarding the realignment of HUGO BOSS AG were also part of the discussion, as well as details of brand strategy, product portfolio, wholesale growth strategy, expanding the Company's own retail business, supply chain, purchasing and production, fixed-cost analysis, and other topics in the year under review. The Supervisory Board discussed in detail the resulting realignment as well as appointments to and personnel matters in respect of the Managing Board. In its strategy meeting held on September 25 and 26, the Supervisory Board also discussed current changes to the law, insofar as these affected the Company respectively the work of the Supervisory Board (in particular the Accounting Law Modernization Act, the Act on the Appropriateness of Management Board Remuneration and the Act Implementing the Shareholders' Rights Directive).

The Supervisory Board created a total of five committees in order to perform its duties efficiently. These committees prepared the Supervisory Board's upcoming resolutions in advance as well as topics to be discussed in the plenary session of the Supervisory Board. In addition, the Supervisory Board's decision-making power is transferred to committees where legally permitted. Each of the various committees comprehensively addressed the corporate management topics assigned to them. During fiscal year 2009, the Audit Committee met four times. Its chief topics involved the audit of the annual financial statements and the consolidated financial statements, financial management strategy, as well as risk management, the system of compliance, and the budgets for future fiscal years. The Personnel Committee met five times. It primarily dealt with the changes in the Managing Board and the corresponding contractual regulations. The other main topic of discussion was the remuneration structure, especially the criteria for the Managing Board's variable compensation. The Working Committee met four times in the reporting year to discuss the annual financial statements as well as corporate and investment planning and prepared the corresponding Supervisory Board resolutions. The Nomination Committee dealt in the reporting year and at the beginning of 2010 with the proposals for new elections of shareholder representatives to the Supervisory Board, particularly in view of the new rules on inclusion of at least one independent member with professional knowledge of accounting and auditing, and on diversity. To this end, it held two meetings, once in fiscal year 2009 and once at the beginning of fiscal year 2010. The Mediation Committee pursuant to Section 27 Paragraph 3 of the German Co-Determination Act (MitbestG) did not need to convene in the past fiscal year. The Chairs of the respective committees reported in detail to the Supervisory Board on all results of the committee meetings.

CORPORATE GOVERNANCE

The Supervisory Board discussed in detail the content of the German Corporate Governance Code. In December 2009, the Supervisory Board and the Managing Board resolved on the declaration of compliance pursuant to Section 161 Paragraph 1 Sentence 1 of the German Stock Corporation Act (AktG) on adherence to the recommendations of the Corporate Governance Code at HUGO BOSS AG. The joint report on adherence to German corporate governance standards pursuant to Section 3.10 of the Corporate Governance Code can be found on page 11 et seq. As in past years, a review of the efficiency of the Supervisory Board's activities – as recommended by the Corporate Governance Code – was conducted by means of a standardized, comprehensive questionnaire. The results were discussed in detail and analyzed at the Supervisory Board Meeting on December 9, 2009. On the whole, the Supervisory Board arrived at a positive conclusion.

Conflicts of interest between Managing or Supervisory Board members, which are to be immediately disclosed to the Supervisory Board and about which the Annual Shareholders' Meeting must be informed, did not occur in the year under review.

AUDIT OF THE ANNUAL FINANCIAL STATEMENTS AND THE CONSOLIDATED FINANCIAL STATEMENTS

KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, reviewed the annual financial statements of HUGO BOSS AG and the management report for fiscal year 2009 along with the consolidated financial statements and the Group management report for fiscal year 2009 prepared by the Managing Board including the accounting records. The corresponding audit engagement had been awarded by the Audit Committee of the Supervisory Board in accordance with the resolution of the Annual Shareholders' Meetingheld on May 14, 2009. This included an agreement by the auditor to inform the Chairman of the Audit Committee immediately during the audit of any grounds for disqualification or partiality that could not be immediately rectified. There was also an agreement with the auditor to immediately report all findings and incidents of which they become aware during the course of the audit that are of significance to the duties of the Supervisory Board. The Auditors also had to inform the Supervisory Board or make a note in the audit report if any facts were ascertained during the audit that would result in the declaration submitted by the Managing Board and the Supervisory Board in accordance with Section 161 of the Stock Corporation Act (AktG) not being correct. There was, however, no occasion for any such report by the auditor. In addition, the Supervisory Board obtained the auditor's declaration of independence pursuant to Section 7.2.1 of the German Corporate Governance Code and is convinced of the auditor's independence. Commissioning non-audit related services to the auditors was also discussed.

The consolidated financial statements of HUGO BOSS AG were prepared pursuant to Section 315a of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRS) as applicable in the European Union. The external auditor issued an unqualified audit opinion for both the annual financial statements and the management report as well as the consolidated financial statements and the Group management report.

The report on relations with affiliated companies prepared by the Managing Board was also reviewed by the auditors. The auditors issued the following audit opinion on this report:

"Based on our audit performed in accordance with our professional duties, we confirm that
1. the information in the report is correct, and
2. with respect to the legal transactions cited therein, the Company's contribution was not inappropriately high."

The Supervisory Board had at its disposal the audit records and the Managing Board proposal for the appropriation of profits as well as the two audit reports from the external auditors, including the report on relations with affiliated companies pursuant to Section 312 of the German Stock Corporation Act (AktG). These documents were initially reviewed and discussed in detail by the Audit Committee, the Working Committee, and the Supervisory Board in the presence of the external auditors, who reported on their audit findings. The auditors reported on their main audit findings and commented on the financial performance and financial position of the Company and the Group in detail. The auditors further reported that there were no substantial weaknesses in the Internal Control System and Risk Management system in respect of the accounting process. They also reported that no occasion had arisen to cause concern about any bias on their part or services that they provided in addition to their audit work. The questions posed by the Supervisory Board and its committees at such time were answered, and the audit records were examined in detail with the auditors and discussed and reviewed by the Supervisory Board and its committees. The audit reports were discussed with the auditors and the related questions were answered by the auditors. The auditors' findings were subsequently approved. After a final review, the Supervisory Board raised no objections.
At its financial review meeting on March 29, 2010, the Supervisory Board therefore approved the annual financial statements, the consolidated financial statements, and the corresponding management reports for fiscal year 2009 as prepared by the Managing Board. The annual financial statements of HUGO BOSS AG are thus deemed approved in accordance with Section 172 of the Stock Corporation Act (AktG).

The report on relations with affiliated companies reviewed by the Working Committee, Audit Committee and the Supervisory Board, and the audit report prepared by the auditors on this report were approved by the Supervisory Board. After a final review, no objections were raised to the Managing Board's statement at the end of the report on relations with affiliated companies.

Finally, the Supervisory Board approved in its meeting on March 29, 2010 the proposal of the Managing Board for the appropriation of profits. In this context the Supervisory Board held intensive discussions on the liquidity situation of the Company, the financing of planned investments and the impact on the capital market. In the course of the discussions, the Supervisory Board came to the conclusion that the proposal was in the best interests of the Company and its shareholders.

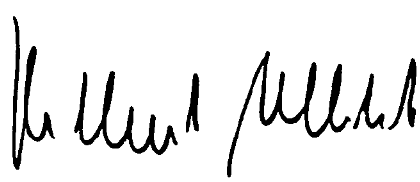
CHANGES IN THE MANAGING BOARD

There were a number of changes in the Managing Board of HUGO BOSS AG in fiscal year 2009 and the beginning of 2010. The Supervisory Board had already reported on the withdrawal of former Managing Board members Hans Fluri and André Maeder in its report to the Annual Shareholders' Meeting in March 2009. As of June 1, 2009, Dr. Andreas Stockert was appointed a member of the Managing Board and at the same time to the post of Chief Operating Officer (COO). He is responsible for Purchasing, Production and Logistics. As of December 1, 2009, Christoph Auhagen was appointed a member of the Managing Board and at the same time to the post of Chief Brand Officer (CBO). He is responsible for Brand and Creative Management. Finally, Mr. Unterharnscheidt resigned from the Managing Board as of January 15, 2010 and Mark Langer was appointed a member of the Managing Board and at the same time as Chief Financial Officer (CFO) and Director for Labor Relations.

The Supervisory Board would like to thank all the departing members of the Managing Board and wishes them much success in the future.

The Supervisory Board wishes to express its thanks and recognition to all employees for their high level of personal commitment and their achievements in fiscal year 2009.

Metzingen, March 29, 2010
The Supervisory Board



Dr. Hellmut Albrecht
(Chairman of the Supervisory Board)

CORPORATE GOVERNANCE REPORT

The Managing Board and the Supervisory Board have reported as follows pursuant to Section 3.10 of the German Corporate Governance Code on corporate governance at HUGO BOSS:

Corporate governance has always counted highly at HUGO BOSS AG. The Managing and Supervisory Boards consider it their obligation to ensure the ongoing existence of the Company and the creation of sustained value added through responsible long-term corporate governance. We are convinced that good and transparent corporate governance in compliance with national and international standards is a significant factor contributing to the Company's success. Corporate governance is accordingly part of our identity and we extend these standards to all areas of the Company and the Group. We want to justify the confidence of our investors, the financial markets, business partners, employees and the public on a lasting basis and continue to develop corporate governance within the Group.

In 2009, HUGO BOSS AG continued to follow recognized standards for good, responsible corporate governance. We view good corporate governance as one of the most important principles for the long-term success of the Company and we extend this principle to all areas of the Company. We comply with all of the Code's recommendations with few exceptions. Some of the Code was last revised by the Government Commission on the German Corporate Governance Code on June 18, 2009 and announced on August 5, 2009. You will find details on this in the following report by the Managing Board and Supervisory Board.

TRANSPARENT COMMUNICATION WITH OUR SHAREHOLDERS

We intend to reinforce the trust placed in us by our shareholders and investors as well as the interested public by remaining open and transparent. For this reason, the Company reports regularly and promptly on the situation of the Company and any major changes in the business. HUGO BOSS also meets regularly with analysts and institutional investors as part of our investor relations activities. In addition to the yearly analyst conferences on the annual financial statements, telephone conferences are held for analysts upon publication of the interim reports on the first, second and third quarters. All presentations prepared for these events as well as for the investor conferences may be viewed in the Internet at www.hugoboss.com.

Moreover, contact with private investors was further cultivated. For example, the Annual Shareholders' Meeting is the most important investor relations event of the year, particularly for private investors. The aim of the Annual Shareholders' Meeting is to provide all shareholders with current and comprehensive information in an efficient manner both before and during the meeting. Shareholders who are not able to attend the Annual Shareholders' Meeting in person have the opportunity to follow the transmission of the speech of the Chairman of the Managing Board in the Internet. They may either cast their vote themselves at the meeting or by proxy via an authorized person of their choice or a representative of the Company acting as per their instructions. In addition to the Annual General Assembly, HUGO BOSS presented itself at private investor events.

The financial calendar may be referred to for the most important dates. The financial calendar is a fixed component of the annual report and the interim reports and is updated on an ongoing basis on the Company website at www.group.hugoboss.com. All press releases and ad-hoc announcements as well as information on current developments are published there. Ad-hoc announcements pursuant to Section 15 of the German Securities Trading Act (WpHG) that directly relate to the Company are published immediately by HUGO BOSS in accordance with the statutory provisions and can be viewed on the Company's website under "Notes WpHG-Releases", as can the reports on investor shareholdings. This is intended to ensure that the new information is provided to all shareholders and the interested public at the same time. Lastly, new developments in the Group are reported on via an electronic newsletter.

Pursuant to Section 15a of the Securities Trading Act, members of the Managing and Supervisory Boards as well as employees with management responsibilities as defined in the Securities Trading Act are required to disclose the purchase or sale of HUGO BOSS AG securities – called directors' dealings. Directors' dealings are published on the HUGO BOSS website under "WpHGReleases". During the reporting period from January 1 to December 31, 2009, no securities transactions were reported to the Company pursuant to Section 15a of the Securities Trading Act.

As of December 31, 2009 the total shares held in HUGO BOSS AG by all Managing and Supervisory Board members amounted to less than 1 % of the shares issued by the Company. Thus as of this date, there were no shareholdings subject to the reporting requirements of Section 6.6 of the German Corporate Governance Code.

CLOSE COOPERATION BETWEEN MANAGING AND SUPERVISORY BOARDS

In the interests of the Company, the Managing and Supervisory Boards work closely together. Their common goal is a sustainable increase in enterprise value. To this end, the Managing Board reports regularly, comprehensively, and promptly to the Supervisory Board on all issues of relevance to the budget, business performance, risk exposure, and risk management as well as on topics involving compliance. Any deviations from targets and the budget or the strategic orientation and development of the Group are discussed immediately with the Supervisory Board and its committees.

When selecting the Supervisory Board members, care was taken to ensure that the Supervisory Board committees are composed of members who possess the requisite knowledge, skills and professional experience. HUGO BOSS has long applied the requirement for the members of its Supervisory Board to be independent, as is now stressed more forcefully in the latest amendments to the German Corporate Governance Code. None of the current Supervisory Board members has previously occupied a management position within the Company. Likewise, no consulting agreements or other contracts for work and services were entered into between Supervisory Board members and the Company in the year under review. The Company also complies with the new requirement under the German Corporate Governance Code for consideration to be given to diversity in the composition of its Managing and Supervisory Boards.

The members of the Managing and Supervisory Boards may not pursue any personal interests or grant any unfair advantages to other persons in connection with their activities or when making decisions. No conflicts of interest occurred between Managing or Supervisory Board members during the reporting year. The persons holding seats on the Managing and Supervisory Boards are listed in the notes under "Supervisory Board and Managing Board". The positions held by Managing and Supervisory Board members in supervisory boards required by law or comparable domestic or foreign monitoring bodies at commercial enterprises may be found on page 94. No member of the Managing Board may take up more than three supervisory board positions at non-Group listed companies. The relationships with related parties (companies and individuals) are listed in the financial statements on page 78.

RESPONSIBLE HANDLING OF ENTREPRENEURIAL RISKS

Good corporate governance also involves handling entrepreneurial risks responsibly. The Managing Board provides for appropriate risk management and risk control in the Company. Our value-based Group management involves a systematic risk management process that ensures that risks are identified and measured at an early stage and risk exposure is optimized. The Audit Committee set up by the Supervisory Board is regularly involved in monitoring the effectiveness of internal control, risk management and auditing systems. The internal control, risk management and auditing systems are being continuously developed and adjusted to changing overall conditions. Details on this topic may be found in the "Risk Report" on pages 34 to 42.

ACCOUNTING AND THE FINANCIAL STATEMENTS

Since fiscal year 2001, HUGO BOSS has been reporting in accordance with the International Financial Reporting Standards (IFRS). The Audit Committee set up by the Supervisory Board is regularly involved in the accounting process and monitoring the audit. With respect to the year under review, our auditor, KPMG AG Wirtschaftsprüfungsgesellschaft, Stuttgart, agreed to inform the Chairman of the Audit Committee immediately during the audit of any grounds for disqualification or partiality that could not be immediately rectified. The auditors are also required to immediately report all findings and incidents of which they become aware during the course of the audit that are of significance to the duties of the Supervisory Board. Moreover, the auditors must inform the Supervisory Board or make a note in the audit report if any facts are ascertained during the audit that do not correspond with the Declaration of Compliance submitted by the Managing Board and the Supervisory Board in accordance with Section 161 of the Stock Corporation Act.

COMPLIANCE AS A MAJOR RESPONSIBILITY OF THE MANAGING BOARD

Compliance, meaning measures to which we have committed ourselves to ensure adherence to the law, statutory regulations and the Company's internal guidelines, and their observance by Group companies, is seen as a major responsibility of the Managing Board at HUGO BOSS. This covers not only antitrust legislation and corruption regulations but also provisions under capital markets law.

COMPENSATION OF THE MANAGING BOARD

Remuneration for members of the Managing Board in the fiscal year 2009 totaled EUR 4,927 thousand (2008: EUR 5,479 thousand). Of this amount, EUR 2,642 thousand (2008: EUR 2,919 thousand) reflects fixed components and EUR 2,285 thousand (2008: EUR 2,560 thousand) variable components. The fixed salary components paid to members of the Managing Board comprise, besides a salary, benefits such as company cars and benefits in kind as well as other equipment and services necessary for Managing Board members to fulfill their duties. The variable components consist of bonuses paid on the basis of the achievement of personal targets as agreed with the Supervisory Board for each Managing Board member and on the achievement of predefined corporate earnings targets.

Since fiscal year 2001, HUGO BOSS AG has offered a "Stock Appreciation Rights Program" to Managing Board members and executives. As part of this program, executives of HUGO BOSS AG and its subsidiaries are granted a certain number of participation rights. These rights enable them to benefit from any increase in the value of the Company's shares. The participation rights solely grant a claim to cash settlement, not a claim to HUGO BOSS AG shares.

Managing Board members holding office as of the reporting date are not eligible to participate in the "Stock Appreciation Rights Program".

Owing to additional issues of hedging instruments and the possibility of external influences on the share price, the management at HUGO BOSS AG has resolved to revise the general conditions applying to the "Stock Appreciation Rights Program". Effective December 14, 2009, all entitled executives were accordingly offered an amended program. More details may be found in the notes to the annual financial statements on pages 72 et seq. under "Additional information".

Tranches 4 to 8 of the "Stock Appreciation Rights Program" have terms of six years. After the initial holding period of two years, the four-year exercise period commences. Tranche 9, however, issued in the past fiscal year, has a term of five years. After the initial holding period of three years (two years prior to the amended program), the two-year exercise period commences (three-year exercise period prior to the amended program).

Participation rights under tranche 5 may be exercised if the increase in the price of preferred shares of HUGO BOSS AG exceeds MDAX growth by 5 percentage points (exercise hurdle) upon expiration of the holding period or during the exercise period. There is no "exercise hurdle" when participation rights are exercised under tranche 9.

The payoff is calculated as the difference between the strike price and the average price of HUGO BOSS AG preferred shares during the five trading days preceding the date of exercise. The strike price corresponds to the average price of HUGO BOSS AG preferred shares during the twenty trading days preceding the date of issue.

in EUR thousand	**Tranche 4**	**Tranche 5**	**Tranche 6**	**Tranche 7**	**Tranche 8**	**Tranche 9**	**Total**
Date of Issue	February 2004	February 2005	February 2006	January 2007	January 2008	February 2009	
Number of SARs Outstanding on December 31, 2009[1]	–	–	–	–	–	–	–
Strike Price (EUR) Pre special dividend	17.00	25.38	32.59	39.08	42.11	–	–
Strike price (EUR) Post special dividend[2]	14.83	22.14	28.43	34.09	36.74	11.80	–
Values of SARs held by Managing Board							
December 31, 2008	–	33	107	88	44	–	272
December 31, 2009	–	–	–	–	–	–	–

1 Due to the payout of a special dividend in May 2008 the contract sizes have been adjusted according to the EUREX conditions with the corresponding R-factor (see [37] share-based payments).

2 Due to the payout of a special dividend in May 2008 the strike prices have been adjusted according to the EUREX conditions with the corresponding R-factor (see [37] share-based payments).

In addition, the Company has provided pension benefits for Managing Board members. The amount of future pension benefits is based on each member's base salary and years of service. In 2009, pension provisions for Managing Board members (excluding sacrificed compensation) amounted to EUR 1,631 thousand (2008: EUR 821 thousand).

COMPENSATION FOR THE SUPERVISORY BOARD

According to the German Corporate Governance Code, the remuneration of Supervisory Board members is divided into a fixed and a variable component. The variable compensation part is determined on the basis of group earnings per share. The position of the chairman of the Supervisory Board and his deputy are taken into account when determining the level of compensation. The Supervisory Board received total remuneration of EUR 1,427 thousand for its services (2008: EUR 1,154 thousand). This includes a variable component of EUR 695 thousand (2008: EUR 389 thousand) calculated on the basis of earnings per share.

DECLARATION OF COMPLIANCE

Pursuant to Section 161 Paragraph 1 Sentence 1 of the Stock Corporation Act, the Managing Board and Supervisory Board of HUGO BOSS AG must submit an annual Declaration of Compliance stating whether the recommendations published by the Government Commission on the German Corporate Governance Code in the official section of the electronic Federal Gazette have been and are being complied with and, if applicable, which of the recommendations the Company did not comply with and the grounds for the non-compliance. The latest amendments to the German Corporate Governance Code in the version dated June 18, 2009 were published in the electronic Federal Gazette on August 5, 2009. In 2003, the Annual Shareholders' Meeting of HUGO BOSS AG resolved on changes to the Articles of Association that created the framework necessary for following the recommendations of the German Corporate Governance Code to a great extent. The Managing Board and Supervisory Board accordingly submitted the following Declaration of Compliance in December 2009:

HUGO BOSS AG, Metzingen, Germany
– Security ID Nos. 524 550, 524 553 –

The Managing Board and Supervisory Board of HUGO BOSS AG hereby declare pursuant to Section 161 Paragraph 1 Sentence 1 of the German Stock Corporation Act (AktG) that since the Declaration of Compliance made in March 2009, the recommendations of the Government Commission on the German Corporate Governance Code – initially as amended on June 6, 2008 and published in the electronic Federal Gazette on August 8, 2008 and subsequently as amended on June 18, 2009 and published in the electronic Federal Gazette on August 5, 2009 – have been and are being adhered to with the following exceptions:

- Section 2.1.2 Sentence 1: at HUGO BOSS AG there are both voting common shares and non-voting preferred shares. This division exists for historical reasons.

- In derogation of the recommendation in Clause 3.8 sentence 4 (old version) and the inclusion of the statutory provision in Clause 3.8 Sentence 4 (new version), there is no deductible in the D&O insurance for Managing Board members. Nor, in derogation of Clause 3.8 sentence 4 (old version) and Clause 3.8 Sentence 5 (new version), does the D&O insurance for Supervisory Board members have any deductible. HUGO BOSS AG covers the D&O risk by taking out appropriate property and liability insurance for the members of its executive bodies, which also encompasses coverage for the Supervisory Board members. The Managing and Supervisory Boards of HUGO BOSS AG perform their duties responsibly and in the interest of the Company. HUGO BOSS AG does not believe that a deductible is an appropriate means to further improve the sense of responsibility of the individuals concerned. Moreover, no significant savings in premiums would be achieved by introducing a deductible. Nevertheless, HUGO BOSS AG will take account of the change in legislation for Managing Board members no later than the expiration date of the statutory transitional periods.

- In derogation of the recommendation in Clause 4.2.3 Sentence 10 (old version) / Sentence 11 (new version), some contracts of Managing Board members provide for the calculation of the severance cap to be based on the last full fiscal year or – after the member of the Managing Board has already been in office for two full fiscal years – the average of the last two full fiscal years.

- In derogation of Clause 5.4.6 Paragraph 3, the remuneration of Supervisory Board members is not reported individually in the Corporate Governance Report. Similarly, there is no individual reporting of the amounts of remuneration paid by companies to members of the Supervisory Board or of advantages extended to them for services provided individually, in particular, advisory or agency services. Total payments made to members of the Supervisory Board are disclosed in the notes to the consolidated financial Statements. HUGO BOSS AG holds the view that reporting in the Corporate Governance Report of individual amounts paid does not provide any additional information of relevance to the capital markets.

Metzingen, December 2009

02

MANAGEMENT REPORT

BUSINESS ACTIVITIES AND COMPANY STRUCTURE

HUGO BOSS represents fashion and lifestyle in the premium segment across the globe. Based on its ongoing success in this segment, HUGO BOSS has continuously expanded its product range and now offers high-quality garments with supplementary accessories and licensed products for a variety of occasions.

BRAND ARCHITECTURE

The brand world of HUGO BOSS presently consists of various independent collections of the core brand BOSS and the trendy HUGO brand that cover several different areas of focus.

The menswear collections are represented by the core brand BOSS with the lines BOSS Black, BOSS Selection, BOSS Orange, and BOSS Green as well as by the HUGO brand. The main BOSS Black line offers men classic and modern business and evening wear. The relaxed casual fashion of BOSS Orange and the stylish golf-oriented sport collection of BOSS Green round off the selection. The luxury label BOSS Selection offers a combination of sophisticated design, exclusive materials, and careful tailoring of the highest quality. The top end of the successful luxury men's line BOSS Selection is embodied in the tailored line. And lastly the avant-garde HUGO collection appeals to the trendsetter.

HUGO BOSS also offers stylish clothing for women under BOSS Black, casual-inspired fashion under BOSS Orange, and accentuated strict avant-garde style under HUGO. The product range for women will be complemented with a BOSS Green collection starting from 2010.

With BOSS and HUGO, the Company covers all the key fashion segments for men and women. The HUGO BOSS children's collection sold under the BOSS brand and produced and distributed by licensed partner C.W.F. Children Worldwide Fashion SAS, has been sold in retail stores since 2009.

The HUGO BOSS collections are complemented by product lines such as shoes and accessories, perfumes, eyewear and watches. In addition, as a result of a cooperative agreement with Samsung Electronics in 2008 and 2009, HUGO BOSS cell phones and matching accessories are also available.

ORGANIZATIONAL STRUCTURE

HUGO BOSS AG headquartered in Metzingen, Germany is the parent company of the HUGO BOSS Group. All Group central management functions are located here. The most important tasks of HUGO BOSS AG are establishing a corporate strategy (especially the brand and sales strategy), financing and risk management as well as making collection decisions and managing the sales network. Besides internal communication, HUGO BOSS AG is also especially responsible for external communication, including contact with the capital market and shareholders.

In addition to HUGO BOSS AG, the Group consists of 51 consolidated subsidiaries, which run local business operations. HUGO BOSS AG had a direct interest in 12 companies in the past fiscal year. A detailed overview of the direct and indirect interests of HUGO BOSS AG can be found on page 60 et seq.

The management structure of HUGO BOSS is primarily based on the framework of corporate law. As a German stock corporation (Aktiengesellschaft), HUGO BOSS has a dual management and control structure. The Group is managed by the Managing Board as a whole. The Supervisory Board advises the Managing Board and oversees its management of the Company. Essential information on the remuneration of the Managing Board and Supervisory Board is given in the management report on page 47. The share-based remuneration for executives is in the notes on page 76.

The members of the Managing Board of HUGO BOSS AG, which manages the Group, have equal standing. They and the Chairman of the Managing Board are represented on the Board with areas of responsibility that include their individual central functions. The areas of responsibility for the central functions are divided up among the members of the Managing Board as follows:

Claus-Dietrich Lahrs
Chairman of the Managing Board
Responsible for Distribution,
Retail, Licenses and Communications

Christoph Auhagen
Responsible for Brand and Creative Management
Member of the Managing Board since December 1, 2009

Mark Langer
Responsible for Controlling, Finance,
Legal Affairs, Human Resources and IT
Director for Labor Relations
Member of the Managing Board since January 15, 2010

Dr. Andreas Stockert
Responsible for Purchasing,
Production and Logistics
Member of the Managing Board since June 1, 2009

The directors of the regions Europe incl. Middle East/Africa, Americas and Asia/Pacific as well as the directors of central functions belong to an extended executive committee established in 2008 to support the Managing Board's activities.

COMPANY MANAGEMENT

The internal management system of HUGO BOSS AG consists of the Group-wide reporting system, Group planning, and investment controlling.

Group-wide reporting includes subsidiaries' monthly financial statements, individual reports illustrating subsidiaries' business units, and standardized key data reports.

The most important, consolidated key performance indicators, which are subject to continuous monitoring and are used to determine the variable compensation component for executives are:

- Net sales
- EBITDA before special items
- Net working capital

Group planning is set for three years and revised annually as part of the comprehensive budget process. Each subsidiary creates a three-year plan for its specific market. The three-year plan focuses on an assessment of sales and profits for distribution companies in particular, but also concentrates on planned investments and managing financial assets and inventories.

In investment controlling, investment projects are analyzed and managed based on their contribution to the Company's business objectives, and then respective goal attainment is examined after a project is implemented. This means that only projects that are expected to make a positive contribution to raising enterprise value are initiated. Accordingly, projects are only implemented if they, after a predetermined time of initializing, generate a rate of return above the cost of capital.

DECLARATION FOR CORPORATE MANAGEMENT (PURSUANT TO SECTION 289a OF THE GERMAN COMMERCIAL CODE (HGB))

The corporate governance report (pursuant to Section 289a of the German Commercial Code (HGB)) contains the declaration of compliance, information on corporate management practices as well as the description of the functions of the Managing and Supervisory Boards. It is published on the HUGO BOSS website at "Investor Relations/Corporate Governance".

INNOVATION, RESEARCH AND DEVELOPMENT

The continuous development of HUGO BOSS' high quality products is based on its employees' experience and expertise, particularly that of its specialists working at the Company's several competence centers. In addition to the creative department functioning as the actual innovator and origin of new collections and trends, technical development, operation technical development (OTD), and the Technology & Service Center (TSC) help innovate all aspects of HUGO BOSS's products.

Research and development expenses amounted to EUR 26 million in the past fiscal year (2008: EUR 28 million). The funds primarily went to expenditures in the creative departments for designing the collections.

OVERALL ECONOMIC CONDITIONS

For the HUGO BOSS AG, as a fashion company that is active internationally, strategic positioning and company management as well as global economic trends and the sector-specific outlook all play a role in the Company's profitable growth.

DEVELOPMENT OF THE OVERALL ECONOMY

The general downward trend on the international capital markets and the dramatic fall in world economic activity in 2008 continued in the first few months of 2009. Significant economic downturns were still recognizable in industrialized countries and in most of the emerging countries. In the first quarter of 2009, real GDP in the G7 countries fell even more than in the final quarter of 2008. The sharp drop in production was mainly driven by a drastic reduction in capital expenditures and exports which recorded double-digit drops almost everywhere.

Following the initial sharp economic downturn, the decline in the global economy has slowed considerably since spring 2009 and, according to a report by the Kiel Institute for the World Economy (IfW), changed course in summer 2009 towards economic recovery.

Swift and comprehensive economic policy measures to support the banking sector and a highly expansive monetary and fiscal policy in the form of extensive debt-financed stimulus programs as well as lower interest rates prevented the world banking system from collapsing in 2009 and laid the foundations for a recovery in production and trade. Although global production in the third quarter was still below the previous year's level, the decline was not as extreme as at the beginning of the year due to the strong boost provided by economic policies and inventory reductions which were not as sharp as those seen previously.

Production began to expand again early on, particularly in the emerging countries of Asia. Here, governments managed to stimulate the economy in the first few months of the year and therefore create momentum for the world economy. By the end of the third quarter, there were few countries whose economy was not back on the path of growth.

As a result of an upturn in private consumption, increased investment in residential real estate and reduced inventory clearance in the retail sector, economic indicators for Central and Eastern European countries pointed to a smaller drop in GDP than in the preceding quarters. In the USA, the GDP returned to a growth course again after nearly two years of recession. Japan benefited from rising public investment and exports. In China, government stimulus packages to strengthen domestic demand compensated for the country's persisting weakness in exports.

SECTOR PERFORMANCE

Both overall economic conditions and the sales trend in the global market for fashion, accessories and luxury goods are key factors for the operations of HUGO BOSS. After regularly posting high growth rates over the last decade, the global market for luxury goods saw the first signs of a general drop in sales in 2008; this decline increased in intensity during the reporting year.

The past fiscal year was characterized by an unprecedented global reduction in consumer spending, which made it necessary for the industry to ensure liquidity, concentrate capital expenditure towards possible future growth segments, postpone the introduction of new products and increase cost consciousness. Along with numerous other factors, this was caused primarily by increasing uncertainty on the part of consumers due to the difficult economic conditions.

According to estimates by management consultancy firms, sales of luxury goods worldwide fell by 8% to EUR 153 billion in the past fiscal year. In particular, the second and third quarters were marked by sharp falls, while the first signs of a recovery appeared towards the end of the year. With forecast drops in sales of 16% in America, 10% in Japan and 8% in Europe, sales of luxury goods were especially weak in sophisticated markets characterized by starkly recessive trends. In many places, the sudden fall in demand and the resultant high inventories could only be counteracted by increased price cuts. In contrast, a sales increase of 10% is assumed for Asia as a whole, with aspiring consumers of luxury goods in Asia and other emerging countries largely responsible for industry sales.

Of all the distribution channels, the industry's wholesale segment, with an estimated drop in sales of 11%, was most severely hit by extremely restrained consumer spending. Industry's own retail business, in contrast, posted a minus of 4%. Online retailing represented the fastest growing distribution channel, albeit the weakest in terms of the share of total volume. In addition, outlet businesses were a particular beneficiary of the increasing price sensitivity on the part of consumers.

In the clothing sector, postponement of expensive new purchases or the preferred purchase of long-lasting and classic items as well as a trading down tendency on the part of consumers were particularly apparent. The segment for watches, jewelry and similar goods was also severely affected. In addition to the postponement of purchasing decisions, in particular an increased reluctance to show off wealth and affluence played a crucial role. Therefore, estimates for the clothing sector forecast a drop in sales of 11% and a fall of up to 18% in sales of watches, jewelry and similar goods. In contrast, sales of leather goods, shoes and accessories remained stable for the most part in the past fiscal year. These lower priced products, in comparison with clothing or watches, can be more easily combined with the existing wardrobe.

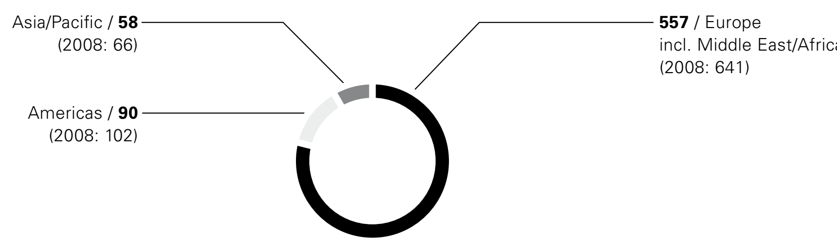
EARNINGS POSITION

Due to restrained consumer and retail spending, business activity declined in 2009. Despite the worldwide economic crisis, which caused substantial drops in both textile and clothing sales, HUGO BOSS AG was able to maintain its position.

SALES PERFORMANCE

HUGO BOSS AG sales declined by slightly less than 13% to EUR 705 million in the fiscal year 2009 (2008: EUR 809 million). Regional sales performance with subsidiaries and external retail partners was as follows:

01 — REGIONAL SALES DEVELOPMENT (in EUR million)
with subsidiaries and external retail partners



As a result of the merger between HUGO BOSS Germany Retail GmbH and HUGO BOSS AG on January 1, 2009, sales results for HUGO BOSS AG in Germany for the fiscal year 2009 include a total of EUR 23 million in retail sales.

Sales outside Germany were predominantly with subsidiaries.

In Europe incl. Middle East/Africa, HUGO BOSS AG's sales to subsidiaries in fiscal year 2009 declined by a total of 22% to EUR 273 million (2008: EUR 352 million). Sales to third parties amounted to 284 Mio. EUR (2008: 289 Mio. EUR).

HUGO BOSS AG sales on the American continent fell by 12% to EUR 90 million (2008: EUR 102 million). In Asia, HUGO BOSS AG sales dropped 12% to EUR 58 million (2008: EUR 289 million).

Brand sales declined in the past fiscal year. Sales of the BOSS core brand fell by 13% to EUR 632 million (2008: EUR 728 million), whereas both menswear and womenswear sales decreased. The HUGO fashion brand saw a 11% sales drop to EUR 73 million (2008: EUR 82 million) in the fiscal year 2009.

EARNINGS DEVELOPMENT

Gross profits fell 16% to EUR 268 million compared to the previous year (2008: EUR 320 million), with the gross profit margin dropping slightly by two percentage points to 38% (2008: 40%).

The gross profit margin is calculated as follows: sales +/– change in finished goods inventories and work in progress minus cost of materials as a proportion of sales.

At EUR 94 million, other net operating income and expenses for the past fiscal year were about 20% below the figure for the previous year (2008: EUR –118 million).

Other operating expenses decreased by 26% to EUR 208 million versus the previous year (2008: EUR 281 million) and consist mainly of operating, administration and sales expenses. The reduction was due mainly to the implementation of a number of cost optimization initiatives. The valuation of hedging transactions in the "Stock Appreciation Rights Program" resulted in a gain of EUR 1 million over the past fiscal year (2008: EUR –17 million), thereby reducing other operating expenses.

The reduction in other operating expenses was matched by a 30% decrease in other operating income to EUR 114 million (2008: EUR 163 million).

Other operating income mainly consists of recharging marketing and administrative expenses to affiliated companies. Reduced marketing and administrative expenses meant that less costs were recharged on contributing significantly to the reduction in "Other operating income". The treasury share appreciation resulted in a EUR 10 million gain over the past fiscal year.

Marketing expenses and collection costs were at 2% and 4% of sales, respectively. As a percentage of sales, the costs remained virtually unchanged year-over year.

Personnel expenses fell by 13% in the past fiscal year to EUR 142 million (2008: EUR 164 million). The drop in personnel expenses was partly a result of the realignment in the corporate structure leading to a reduction in the number of employees as well as the decrease of expenditure concerning personnel changes in the Management Board compared to 2008.

Depreciation and amortization increased in fiscal year 2009 by 19% to EUR 25 million (2008: EUR 21 million). The depreciation and amortization reflect investments in the IT infrastructure and in plant and office equipment made in previous reporting periods. The assumption of HUGO BOSS Germany Retail GmbH assets resulted in depreciation and amortization rising by just under EUR 2 million in the past fiscal year.

Income from long-term equity investments is primarily from withdrawals at HUGO BOSS Trade Mark Management GmbH & Co. KG, which amounted to EUR 73 million in the past fiscal year (2008: EUR 78 million).

Net financial losses amounted to EUR –9 million in fiscal year 2009 (2008: EUR –56 million), an improvement caused partly by the absence of treasury share depreciation, which in the previous year had exacerbated the net loss by EUR 21 million. The decreased financing requirement through the syndicated loan arrangement, also reduced interest expenses by more than EUR 25 million.

Income from profit transfer agreements amounting to EUR 34 thousand (2008: EUR 300 million) comes from the affiliated company HUGO BOSS Beteiligungsgesellschaft mbH. In the previous year HUGO BOSS Internationale Beteiligungs-GmbH was concerned.

Expenses from compensating losses at HUGO BOSS Internationale Beteiligungs-GmbH in fiscal year 2009 amounted to EUR 115 thousand (2008: EUR 2 million), which was entered in the previous year as the HUGO BOSS Beteiligungsgesellschaft mbH subsidiary.

Extra-ordinary income equal to EUR 11 million (2008: EUR 0) relates to the merger with HUGO BOSS Germany Retail GmbH.

Pre-tax earnings in fiscal year 2009 amounted to EUR 83 million (2008: EUR 337 million). The considerable reduction in earnings before taxes was due to a substantial reduction in income from profit transfer agreements to EUR 34 thousand (2008: EUR 300 million). At 13.8%, the tax rate is above the rate for the previous year (2008: 5%). The adjusted tax rate, excluding non-recurring profit from the merger with HUGO BOSS Germany Retail GmbH, was 15.9%. One positive effect of the adjusted tax rate was income taxes returns from other reporting periods.

Net income was EUR 71 million (2008: EUR 319 million).

DIVIDEND PAYOUT AND APPROPRIATION OF PROFITS

HUGO BOSS AG closed the fiscal year 2009 with net income of EUR 71.4 million (2008: EUR 319.4 million). The distributable profit after allocation to reserves for own shares, accumulated income from the previous year and drawing from retained earnings amounted to EUR 67.9 million. In view of a profit-oriented distribution policy, the Managing and Supervisory Board will recommend to the Annual Shareholders' Meeting that a dividend of EUR 0.96 will be paid per common share, and EUR 0.97 per preferred share for the fiscal year 2009. This corresponds to an amount of EUR 66.6 million (2008: EUR 94.9 million). A recommendation will also be made to the Annual Shareholders' Meeting for the dividend amount attributable to own shares of EUR 1.3 million to be carried forward.

NET ASSETS AND FINANCIAL POSITION

BALANCE SHEET STRUCTURE AND KEY BALANCE SHEET RATIOS

At the end of 2009, total assets fell by 2% to EUR 937 million (2008: EUR 960 million).

On the asset side, the proportion of long-term assets remained virtually unchanged at 71% (2008: 70%). Intangible assets of EUR 44 million (2008: EUR 47 million) consist mainly of software to improve the business process structures.

The opening of the new logistics and distribution centre increased the "Other Equipment, factory and office equipment" item by EUR 24 million, while simultaneously reducing "Prepayments and construction in progress".

The financial assets include HUGO BOSS AG's direct investments in HUGO BOSS Internationale Beteiligungs-GmbH, which indirectly holds shares in foreign subsidiaries and HUGO BOSS Trade Mark Management GmbH & Co. KG, the owner of the Group's trademarks.

GRAMOLERA Grundstücks-Vermietungsgesellschaft Objekt Ticino mbH was added to last year's financial assets. All direct and indirect investments held by HUGO BOSS AG are listed in the notes in the information on investment holdings.

The proportion of short-term assets at 29% as of December 31, 2009 was therefore close to the previous year's level (2008: 30%). Inventories could be to be reduced by 23% to EUR 131 million (2008: EUR 170 million). The reduction in inventories is primarily due to improved procurement and inventory management.

Trade receivables fell to EUR 10 million (2008: EUR 20 million). The drop mainly due to a more intensive trade receivables management, as well as a fall in sales.

Receivables from affiliated companies including investments, increased from EUR 15 million to EUR 35 million. The increase is mainly the result of a loan granted to a subsidiary to acquire real estate.

Other assets remained unchanged at EUR 58 million (2008: EUR 58 million) and mainly include tax receivables and assets held in insurance policies dedicated to cover pension liabilities.

On the liabilities side, appropriation of retained earnings increased the "Other revenue reserves" item by EUR 93 million to EUR 335 million. "Reserves for treasury shares" increased by EUR 10 million to EUR 32 million. Shareholder equity in HUGO BOSS AG as of the reporting date stood at EUR 507 million (2008: EUR 530 million), making for an equity-to-asset ratio of 54.1% (2008: 55.2%).

Accruals fell slightly to EUR 97 million (2008: EUR 99 million). An increase in accruals for pensions was overcompensated by a decrease in personnel-related accruals.

Liabilities increased slightly to EUR 333 million (2008: EUR 331 million).

FINANCIAL POSITION

Cash flow from operations generated cash inflow, while investing activities naturally leads to cash outflow. Payment of the 2008 dividend resulted in a cash outflow from financing activities in fiscal year 2009.

At EUR 123 million, the operating cash flow was significantly below the level of the previous year (2008: EUR 341 million), but it was due entirely to income from profit transfer agreements amounting to EUR 300 million for the previous year. After allowing for this non-recurring item, operating cash flow increased by more than EUR 82 million. The improvement in operating cash flow stems in part from higher net income of EUR 71 million. The cash net income needs to be adjusted to allow for the non-recurring items from the merger (EUR 11 million) and the appreciation of treasury shares (EUR 10 million).

The positive developments are due to better management of procurement and trade receivables, which enabled inventory reduction of EUR 39 million and a trade receivables reduction of EUR 10 million. At the same time, trade payables rose by EUR 8 million due to extended terms of payment.

Cash outflow from investment activities amounted to EUR 32 million (2008: EUR 36 million), the main element of which was the EUR 20 million increase in financial receivables from affiliated companies. Investments amounting to EUR 15 million in intangible assets and property, plant and equipment were carried out, making for a reduction of EUR 30 million over the previous year. You can find a more detailed account of the capital expenditure in the chapter entitled "Capital expenditure".

The main element in cash outflow from financing activities was the EUR 95 million dividend payment. Cash outflow from financing activities amounted to EUR 92 million as of December 31, 2009.

Cash and cash equivalents were reduced by EUR 0.4 million to EUR 4.0 million.

FINANCIAL MANAGEMENT

HUGO BOSS AG has sufficient liquidity to finance investments and growth. Financing is secured primarily with the Group loan from HUGO BOSS International B.V.

HUGO BOSS AG has a total credit line of up to EUR 750 million available from the HUGO BOSS International B.V. syndicated loan, which can be used by subsidiaries when needed. As of December 31, 2009, HUGO BOSS AG had borrowed EUR 200 million from HUGO BOSS International B.V. at a fixed interest rate. HUGO BOSS AG has taken out another short term loan of EUR 41 million from HUGO BOSS International B.V., the interest upon which is based on EURIBOR 1-month-rate plus a fixed margin.

In addition, loans and lines of credit can be taken out at banks to cover short-term liabilities.

Dependence on interest rate developments is minimal due to the low level of debt financing.

If companies enter into direct external credit transactions, either HUGO BOSS AG or HUGO BOSS International B.V. will submit guarantees or letters of comfort depending on the request. Coordinating these tasks at HUGO BOSS AG is essential for central management and risk monitoring.

For a more detailed account of financial risk management as well as its hedging, please refer to the "Risk Report" chapter and the section "Contingent liabilities" in the notes to the financial statements.

CAPITAL EXPENDITURE

Total investment volume in tangible and intangible assets amounted to EUR 15 million over the past fiscal year (2008: EUR 45 million).

Investments in expanding the logistics infrastructure accounted for EUR 6 million in 2009, mainly for construction and technical equipment at the distribution center which opened in April 2009 (2008: EUR 24 million).

The Columbus project, which began in 2004, was completed by including BOSS Black Menswear in the process. A further EUR 4 million was invested during fiscal year 2009 in a variety of subsequent projects for new software and licenses (2008: EUR 10 million).

Various other investment projects such as the construction of administrative buildings, office equipment replacement, capital expenditures on machinery and IT equipment amounted to a total of some EUR 5 million (2008: EUR 7 million).

Existing obligations arising from investment projects previously started are listed in the notes under "Other financial obligations" and amounted to EUR 1 million as of December 31, 2009 (December 31, 2008: EUR 4 million).

OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

Off-balance sheet financial instruments are primarily used for leasing property at the headquarters in Metzingen, Germany. Future financial obligations arising from these instruments are described in the notes under "Other financial obligations". No other off-balance sheet financial instruments are used.

ADDITIONAL FACTORS FOR SUCCESS

The financial success of HUGO BOSS results from more than first-class products, well-coordinated procurement and operational concepts and an efficiently-managed organization. It is also the result of other factors that cannot be measured solely with financial figures. These include its highly qualified and motivated employees, its openness to innovative solutions throughout the entire value chain, a constructive dialogue with its customers, the Company's constant observance of corporate responsibility and its awareness of the importance of environmentally and socially sustainable concepts.

EMPLOYEES

In the first quarter of 2009 a reorganization of the Group's structure was implemented to control international growth more precisely and speed up decision-making processes. Key measures were the optimization of existing work processes, the recognition and use of synergies as well as streamlining the staff structure.

The reorganization was necessary to allow HUGO BOSS to continue to operate efficiently in the future and to maintain and build on its position in the market. This makes it possible for HUGO BOSS to successfully compete internationally and to continue to offer long-term prospects. The measures outlined above have had a positive effect on the Company's cost structure and results, although the terms of the workplace agreement sealed in March 2008 between the Managing Board and the Works Council for five years have not been affected by the reorganization. Approx. 150 jobs in Germany were affected.

The staff cuts were made within the framework of an existing social plan and reconciliation of interests in order to alleviate the economic disadvantages for affected employees to the greatest extent possible. The employees who were let go were offered retraining support (outplacement), which was accepted by approximately 50% of those affected. Feedback on this measure was very positive and many of the staff taking part found employment quickly thanks to this external support, in some cases even before the outplacement process was completed.

Owing to the declining sales of HUGO BOSS AG in the first quarter of 2009, the work schedule model was adjusted accordingly. Given this trend, a company agreement on an extraordinary reduction of working hours was resolved on April 1, 2009 with the Works Council, which temporarily suspended all existing rules on working hours until September 30, 2011.

Employees were set the target of reducing their working hours by 20% in line with their respective employment grade and building up a work time balance of a maximum of 200 missing hours until December 31, 2009. With the aid of this measure, short-time work along with salary cuts was successfully avoided.

To help employees cope with these major changes, the training focus in 2009 was on improving management quality. Managers extended their knowledge concerning team development and management, increasing team efficiency and the professional implementation of changes. 150 managers participated in leadership training in total.

The area of Talent Supply covers trainees, students of the University of Corporate Education, interns as well as Bachelor and Masters candidates and therefore represents the junior staff at HUGO BOSS AG.

In September 2009, 25 new trainees and students of the University of Corporate Education started their training at HUGO BOSS AG with a joint induction week. Training is available for industrial office workers, retail salesmen/women, warehouse logistics specialists, apparel sewers and tailors and textile laboratory assistants. HUGO BOSS also offers courses in Business Information Systems and International Business in cooperation with the University of Corporate Education Baden-Württemberg Stuttgart as well as courses in Freight Forwarding, Transportation and Logistics in cooperation with the University of Corporate Education Baden-Württemberg Lörrach.

Each new trainee is assigned a mentor to ease their entry into working life. Over 30 training officers are engaged in looking after trainees in the specialist departments and competently imparting practical training to trainees and students of the University of Corporate Education. In 2009, 23 trainees and students of the University of Corporate Education successfully completed their training of which 14 of them have found jobs within the company (a 61% placement rate).

In 2009 HUGO BOSS AG offered around 160 interns the chance to gain practical experience in virtually all the Company's departments. As a "Fair Company" (an initiative by the job and business magazine "Junge Karriere"), HUGO BOSS AG offers internships primarily to provide professional orientation; the Company also pays the interns an adequate living allowance. At the end of the internship HUGO BOSS offers very promising interns the opportunity to round off their studies by doing their thesis within the Company. In 2009 25 theses were prepared at HUGO BOSS. This gives students the chance to independently discuss a practical issue related to the Company and make a large contribution to the Company.

HUGO BOSS AG had 2,469 employees (December 31, 2008: 2,636 employees) by the end of fiscal year 2009.

As a means of improving employee communication and therefore continuously improving employee service, the existing intranet was replaced with an SAP-based portal. This information medium supports Group-wide and local communication. Business and work processes are optimized and supported through Employee Self Services.

VALUE CHAIN

In the last fiscal year another important step was taken in expanding and modernizing the warehousing infrastructure with the opening of the most modern textile distribution center in Europe at the Metzingen headquarters. This building, which is 285 meters long and 100 meters wide, was built on a surface of 25,000 m². The building height of 20 meters allowed a steel structure system specially for hanging textiles to be erected over 4 stories in the building shell. This planning approach has placed over 110,000 m² of useful floor space and 37 kilometers of materials handling technology at the Company's disposal.

The logistics center has been working at full capacity with the full span of HUGO BOSS brands since the end of 2009 and processes a goods turnover of over 100,000 hanging articles on peak days. This productivity can be significantly increased in the future through shift work. Following the first phase in May 2009 with HUGO was BOSS Black Womenswear, BOSS Orange and BOSS Green in September 2009. The last phase was completed with BOSS Black Menswear in October 2009. The existing production sites in Metzingen, Markgröningen and Viernheim were also integrated into the new distribution center in three phases in the course of the reporting year.

In addition to the high-grade outer facade, the building's flat roof covering around 22,000 m² is fitted with an innovative photovoltaic system, one of the largest of its kind in Germany. The efficient structure of the building has reduced the cost burden per square meter of useful space to a minimum, thus securing low-cost usable space for HUGO BOSS AG in the long term.

The global purchasing network of HUGO BOSS allows the Company to flexibly control material procurement. In this respect the past fiscal year was especially characterized by the consolidation of the supplier network and the strengthening of long-term partnerships. As a result, the supplier network was decreased by up to 40% for all areas of goods procurement.

The ready availability of goods, which ensures on-time and complete delivery of goods, once again reached an excellent figure of 93% in fiscal year 2009.

By continuously optimizing processes throughout the entire value chain HUGO BOSS will continue to maintain its competitive cost structure and its outstanding quality level in the future.

SUSTAINABILITY

Sustainability is an important requirement at HUGO BOSS for a corporate policy that is successful in the long-term. For this reason, sustainability is taken into account in all strategic decisions, investments and developments in the Company.

Two areas in which the sustainability naturally plays an important role in manufacturing companies are the responsible use of natural resources and cooperation with suppliers.

It is essential in today's world that natural resources are used responsibly. Therefore, the Company places importance on the use of environmentally friendly technologies and the increased use of renewable energies in all administrative and production sites. In addition, the bundling of transportation to create more efficient transport routes has helped to steadily reduce the CO_2 output of the Company.

The Company pursues the strategy of working closely with its suppliers to ensure long-term partnership. Because only the joint development of production expertise and the improvement of social and environmental standards in manufacturing plants can ensure the high quality for which HUGO BOSS products are known around the world.

More information on the Company's approach to sustainability can be found in the chapter entitled "Corporate responsibility".

INVESTORS AND RELATIONS WITH THE CAPITAL MARKETS

Good capital market and corporate communication help increase enterprise value over the long term. For this reason, the Investor Relations department and Corporate Communications continued to have a regular exchange with capital market players and the press. The aim is to give information on the current situation and developments at HUGO BOSS in a transparent way and in doing so to strengthen the confidence that the market players and the public have in the Company.

OVERALL STATEMENT ON THE ECONOMIC SITUATION

In summary, the Company's net assets and financial positions indicate that the HUGO BOSS AG was in a sound financial position at the time that this Management Report was prepared.

RISK REPORT

RISK MANAGEMENT

Risks are unavoidable elements of every business operation. Risk handling is therefore of immense importance, as is the exploitation of opportunities. Risk management is centralized in HUGO BOSS AG's Risk and Insurance Management department to recognize risks and opportunities at an early stage in order to analyze, manage, monitor and counteract them if needed with risk-minimizing measures. This ensures that risks and opportunities are regularly recognized Company-wide using a uniform method. The department also coordinates higher-level measures and regularly informs the Managing Board and Supervisory Board about the risk situation, the most important risk developments, and significant new risks. Risks are categorized as internal and external risks. Internal risks are then subdivided into strategic, financial, operational, and organizational risks.

All risks are, regarding their magnitude but at least once anually, reviewed by the responsible managers to ensure that they reflect the current situation Individual risk entries are revised or supplemented as necessary. At the same time, the possible extent of damage and probability of occurrence are recalculated and quantified.

Irregularities can be recognized at an early stage by continuously monitoring leading indicators. Should a risk materialize, reporting chains are also triggered and appropriate pre-defined countermeasures are initiated to guarantee a rapid response.

Risk management fulfills legal requirements. The risk management system is also monitored at regular intervals by the Internal Audit department to ensure its proper functioning. As part of the year-end audit of financial statements, the independent auditor verifies that the Managing Board has undertaken the steps necessary according to Section 91, Paragraph 2 of the German Stock Corporation Act (AktG) in appropriate manner.

EXTERNAL RISKS

The general economic risks facing HUGO BOSS are to be seen in the context of the general global economic situation. The effects of the financial crisis on the real economy during 2008 and the associated drop in growth and consumption throughout the year 2009 affected the demand for textile goods and accessories in the premium fashion and luxury goods market equally. The market is not expected to recover onto its 2008 level before 2011/2012 (more information on this can be found in the forecast on page 44 et seq.).

Various initiatives to counter the financial effects of reduced demand have been taken throughout HUGO BOSS to optimize processes and costs, a large part of which have already been successfully concluded. At the same time, HUGO BOSS has been pursuing a strategy of strong brand profiling as a way of increasing market share in a highly competitive environment.

The Company also aims for a balanced distribution of sales across different regions to avoid being overly dependent on individual markets. HUGO BOSS will therefore continue to seek to expand in profitable growth regions, notably the Asia/Pacific region.

As a fashion and lifestyle company, HUGO BOSS is exposed to sector risks with every new collection due to changing fashion and lifestyle trends. Rapidly changing trends must be identified at an early stage and implemented. The challenge is twofold – identifying the right trends in time and then quickly making them into an unmistakable collection. HUGO BOSS counteracts this risk with in-depth analysis of target groups and markets as well as by using different design teams for each brand and line. Pre-collections also ensure that trends can be implemented at an early stage. Initiatives to shorten the production cycles have also been implemented.

As a fashion company that is active internationally, HUGO BOSS is also exposed to country risks. In order to minimize these risks, HUGO BOSS products are mainly sold in countries with stable economic and political environments.

As it is the case for all companies, terrorist acts and environmental disasters constitute a possible risk to the Company's net assets, financial position and earnings. Environmental disasters have to be taken into account, e.g. earthquake risk at the production site in Turkey. Potential losses and relocation options have been identified and the risks of financial loss have been covered to the fullest extent possible with insurance policies.

INTERNAL RISKS

Strategic risks

Financial success at HUGO BOSS rests on its brand image and its long-term positioning of the BOSS core brand and the HUGO trend-setting brand in the premium and luxury goods market. Protecting and maintaining the brand image is therefore a correspondingly high priority at HUGO BOSS. This is implemented partly in the form of strategic measures such as clearly defined brand positioning supported by targeted brand communication involving marketing, events and sponsoring. The brand's trademark protection and the prosecution of counterfeiters are a key part of securing the brand image. HUGO BOSS counteracts this risk with a worldwide uniform brand image as well as ongoing monitoring and analyses of the markets. Product quality also plays a key role in brand image. Products are subject to uniform Group quality control checks at all stages of production. Traveling quality consultants regularly visit production sites and review compliance with the strict design and production specifications of HUGO BOSS. The headquarters in Metzingen coordinates worldwide shipping. This centralized management system ensures that HUGO BOSS' high quality standards are consistently adhered to and customers receive their deliveries in good shape and on schedule.

One of HUGO BOSS' main strategic objectives, as in previous fiscal years, is the continued expansion of the Group's own retail business. Retail activities are associated with investment and cost risks due to the capital expenditures involved in business development, long-term leases and increased fixed costs. In order to minimize the risk of failed investments and unprofitable Group retail activities, decisions regarding new store openings and store closures are made centrally in Metzingen in consultation with the responsible regional directors. Subsidiaries are required to submit monthly reports on the performance of their retail activities. This ensures that the onset of any negative trends at individual stores can be recognized early and countermeasures taken, such as restructuring. Similarly, the opening of any new store is always preceded by extensive examinations of the location and by intensive sales and development planning in order to minimize risks.

The investment risk is also minimized by implementing a globally uniform store concept at the points of sale, so that in the event of a store closure the furniture can partly be used at other locations.

Financial risks

As a global corporation, HUGO BOSS is confronted with risks related to changes in interest rate, liquidity, currency exchange rates and counterparty default in the course of its normal business operations. These risks may influence the Group's earnings, net assets and financial position. Derivative financial instruments are used to limit the risks incurred by business operations and the resulting financing requirements.

After HUGO BOSS International B.V. granted the syndicated loan at the beginning of fiscal year 2008, HUGO BOSS AG's financial liabilities to affiliated companies have increased significantly. Interest payments to HUGO BOSS International B.V. on the loan have interest rate exposure as long as there are no agreements on fixed interest rates.

The liquidity risk for HUGO BOSS AG is its inability to meet existing or future payment obligations due to insufficient available funds. To guarantee its solvency and financial flexibility at all times, the liquidity requirements are calculated by means of a three-year financial plan together with monthly rolling liquidity planning.

As an international company, HUGO BOSS AG does business in a variety of currency zones and is therefore subject to currency risks. Cash flows in foreign currencies result from international business activities. Expected total net cash flows in foreign currencies are hedged between 50 % and 100 % for at least 12 months and the company only uses standard forward exchange contracts and currency options with banks which have impeccable credit ratings. Underlying transactions and currency hedges are recorded in a treasury management system and can be assessed at any time.

Share price risk

The HUGO BOSS Group employs derivatives to hedge against future expenditure associated with the share-based payment program "Stock Appreciation Rights Program". However, the costs incurred for hedging the stock appreciation rights may exceed the benefits of hedging the program. Furthermore, the decision not to engage in any hedging might turn out to be disadvantageous. In this context, the management of HUGO BOSS AG has resolved to revise the general conditions applying to the "Stock Appreciation Rights Program" in 2009. Therefore, the risk of a negative impact on earnings, net assets and the financial position is regarded as low by the HUGO BOSS AG.

Operational risks

The high quality requirements for HUGO BOSS products and thus the purchasing and production processes require close partnerships with suppliers. This close cooperation with partners can entail purchasing, production and logistical risks. In order to ensure reliable availability of production materials and capacities of a suitable quality and at prices in line with the market, orders to suppliers, utilization of manufacturers' capacity and deliveries of raw materials to them are coordinated centrally. The implementation of a "preferred supplier" policy in the last fiscal year resulted in even closer cooperation with selected suppliers. The associated potential risk of an excessive concentration on individual suppliers and purchasing markets is countered by an appropriate amount of in-house production. In addition, suppliers must not only meet high demands with regard to quality and stock availability; they must also adhere to the required social standards.

Raw materials and finished goods are stored at a small number of selected locations. This consolidation trend will increase due to the establishment of a central distribution center for hanging goods at the Group headquarters at Metzingen. To counteract the risk of loss of raw materials or finished goods, which equals a loss of sales by disability to supply, comprehensive technical and organizational measures are taken for fire protection and security. Adherence to these measures is monitored on an ongoing basis. In addition, HUGO BOSS uses insurance policies to cover the direct financial risk of loss of goods in warehouses as well as a loss of its production sites.

Bad debt loss risk

The risk of losses due to bad debts has increased compared to last year due to general economic developments and a simultaneously reduced ability to transfer risk to insurers. The Group-wide debtor management system successfully implemented in the past, which operates in accordance with uniform rules, was further intensified by centrally-coordinated measures. These measures focus on credit screening and granting and adhering to customer credit limits, monitoring the receivables aging, and managing doubtful accounts. In some cases this resulted in trading being discontinued with customers regarded as not creditworthy. The Internal Audit department regularly reviews adherence to these Group guidelines. There was no concentration of default risks due to essential receivables against single customers as of the reporting date. Receivables are also secured across the Group with credit insurance. The default risk of insured receivables is limited to the deductible. Higher bad debt risk combined with lower insurance cover must be expected in the light of the current macroeconomic situation.

Inventory risk

Inventory management, which became much more significant as part of net working capital management, will continue to occupy a central position. The challenge is to be able to respond to orders from customers at short notice while still optimizing inventories. Inventory management is coordinated by a central department to reduce inventory risk and to optimize the inventory in general.

Selling risks

The Company strives to maintain a balanced customer structure to avoid sales risks. The expansion of group-owned retail operations reduced the reliance on the retail trade. Key figures such as order levels, sales revenues, and delivery rates are monitored on an ongoing basis in real time by the selling monitoring system.

Organizational risks

To reduce communication and information technology risks, such as system interruptions, data loss, and unauthorized access, a number of measures are implemented in the form of multi-level security and virus plans, issuing access rights, access control systems and independent energy supplies.

As part of global business operations, legal risks may arise. To avert litigation to the greatest extent possible, all significant legal transactions of the HUGO BOSS Group are reviewed and approved by the central legal department in Metzingen. The legal department works closely with local attorneys and the Group's subsidiaries in this process.

Liability risks are reduced by insurance policies in effect throughout the organization. Adequate provisions were created in the past fiscal year for court costs and costs for legal counsel.

Personnel risks arise mainly from recruiting, poor training and fluctuation. These risks are limited due to comprehensive professional development measures, performance-oriented compensation and succession planning at an early stage. Employee development is also furthered by comprehensive talent and performance management.

HUGO BOSS enjoys a corporate culture that is based on trust and utilizes flat hierarchies. Independent thinking and individual initiative are promoted at all levels. Despite extensive and multilevel auditing and controlling mechanisms, access to confidential information and the high level of entrepreneurial responsibility harbors the risk of abuse. HUGO BOSS has therefore included appropriate regulations in its employment contracts with all employees in line with good corporate governance. Individuals who are considered insiders as defined by securities legislation are listed in an insider register and are required to comply with the pertinent regulations. The chains of authority are also reviewed and updated on a regular basis.

EVALUATION OF THE OVERALL RISK POSITION

Risk naturally exists when forecasting net sales, estimating inventory valuations, in the defaulting on receivables and to a limited extent in currency fluctuations. Planning insecurity is relevant to net sales, and earnings positions as well as the balance sheet structure. Both the parent company and its subsidiaries work with the same type of risk analysis and risk management tools. Risks are uniformly quantified in the same way, namely by calculating their influence on EBIT and/or cash flow.

No individual or combined risks can be found that could jeopardize the Company's continued existence based on current information.

REPORT ON THE ACCOUNTING-RELATED INTERNAL CONTROL SYSTEM (ICS) AND THE RISK MANAGEMENT SYSTEM (RMS)

Under Section 289, Paragraph 5 and Section 315, Paragraph 2, Numer 5 introduced into the German Commercial Code (HGB) by the German Accounting Law Modernization Act (BilMoG), capital market oriented companies are required to describe the Internal Control and Risk Management Systems in place for the accounting processes in their report. The annual report should make clear the main features of the Control and Risk Management System in relation to the accounting process.

Since HUGO BOSS deems the Internal Control System as an integral part of the risk management system, the two systems are summarized below.

Concept outline

The risk management system (RMS) has to ensure that there is a sufficient probability of the company achieving the objectives it has set itself, and risks that might adversely affect this are kept within accepted limits. In establishing what RMS and Internal Control System (ICS) mean, HUGO BOSS has drawn on internationally acknowledged definitions and procedures.

The components of the RMS such as the internal environment, setting of objectives, risk identification, assessment and measures, control activities, information, communication and monitoring must be assessed here at both the strategic and the operational level. In addition, they must be supported by an appropriate reporting system and be based on adherence to legal and internal rules. This must be done by HUGO BOSS AG and all the companies and business units within the Group.

Strategy and business activities

HUGO BOSS has clearly defined its strategic objectives for the next year and communicated them throughout the Group. These include in particular sustainable and profitable growth, greater emphasis on growth regions such as Asia, America and Eastern Europe, expansion of the Group's own retail business, clear distinctiveness of brands and concentration on core competences.

In order to achieve these objectives, in 2009 a substantial organizational restructuring of the Group was undertaken, the incentive systems were amended and numerous initiatives were started and then implemented at operational level.

These initiatives affect all HUGO BOSS business divisions and companies. Individual departments and regional business units are responsible for achieving these objectives, with the centrally-managed finance division of HUGO BOSS AG assuming all control and coordination functions to provide active support to all business areas and Group companies.

Furthermore, all companies and business divisions are required to identify any risks within their areas of responsibility are not yet covered or are inadequately covered by existing planning. These risks are to be quantified in terms of their probability of occurrence and the extent of losses. Countermeasures are to be defined in the event of these risks occurring. All the affected divisions and companies must submit regular reports on these activities to the Risk and Insurance Management Department, which gathers and prepares data for the Managing and Supervisory Boards.

Accounting-related Internal Control System at HUGO BOSS

Corporate culture

The HUGO BOSS corporate culture is characterized by an atmosphere of trust. Employees and managers do not simply assume responsibilities, but are given freedom and flexibility within the existing controls and guidelines.

As part of the strategic realignment and associated initiatives, however, the approval processes were tightened up. Decisions to stop deliveries to customers, and terms and conditions of payment, now require approval by the Managing Board. Cost control also is now subject to direct Managing Board participation.

The need for binding rules and guidelines arose in areas such as IT security, Treasury, Purchasing, capital expenditures, Accounting and travel costs. Events are held to disseminate this information to specific target groups. All guidelines affecting employees are published in the Intranet. The e-mail system is used to give notice of any changes.

Accounting-related IT systems

Management controls in all business divisions require the availability of correct and up-to-date information. This means that business information and reporting systems are extremely important. The quality of control operations has been greatly improved by the introduction of SAP AFS, SAP Retail and the Business Intelligence System (BIS). BIS contains numerous reports and KPIs that can be called up daily for both the finance division and all operations divisions.

In the finance division, the comprehensive monthly reporting package is one of the most important reporting instruments. As part of group-wide reporting, all HUGO BOSS companies provide detailed information on the most important balance sheet and income statement items, as well as key figures and additional statements. These documents are called up by the central finance division, analyzed, consolidated and passed on to the Managing and Supervisory Boards of HUGO BOSS AG in the form of management reporting. The Chief Financial Officer also receives a monthly status report from the Treasury Department to enable continous monitoring and control of the liquidity situation as well as currency hedging. In addition, a large number of reports can be generated directly from the SAP system at any time or drawn up by Controlling.

The SAP Security Policy (part of the IT Security Guideline) contains stipulations and controls to ensure the confidentiality, integrity, availability and authenticity of the data. In addition, these Guidelines include requirements associated with compliance in the finance division.

The IT authorization required by employees are defined by their roles, which reflect jobs or positions within the company. This can prevent old rights from continuing to be available to employees who change positions. The Group-wide authorization management and role definition is also located in the central IT department of HUGO BOSS AG at Metzingen.

In order to ensure a proper separation of functions in the SAP systems, HUGO BOSS began using special detection software in 2009. This compares the rights profile of a user with a pre-installed SoD (Segregation of Duties) schedule. The software allows critical rights to be identified and appropriate countermeasures to be initiated.

Organization of accounting and accounting-related guidelines

All subsidiaries of the HUGO BOSS Group are independent legal entities. Each market is run by a Managing Director who is responsible for business operations and a Finance Manager for all accounting-related matters. The areas of responsibility of the Finance Manager in each market include continuous monitoring of key performance indicators, monthly reporting of key financial indicators to the central finance division and preparation of the three-year plan. In addition, new investment projects, particularly in the area of the Group's own retail business, must be analyzed with reference to their feasibility and profitability and then agreed with the HUGO BOSS AG finance division.

The Finance Managers are directly subordinate and subject to the directions of the Chief Financial Officer of HUGO BOSS AG, who is responsible for world-wide financial management.

Furthermore, the Finance Managers and Managing Directors of HUGO BOSS companies issue what is known as a CFO Certificate every quarter confirming adherence to certain defined principles and the exercising of management controls. These controls are partially integrated in the SAP Schedule Manager system. Reports are also submitted on the appropriateness of the control over data integrity security and data access protection, and on cases of fraud or major violations of the ICS.

In addition to providing active support for all business divisions and Group companies, the central finance division in Metzingen is also responsible for preparing as well as updating uniform guidelines and establish and monitor instructions for accounting-related processes. This covers mainly master data maintenance for the uniform Group accounts structure in SAP AFS, preparation and updating of a guideline on allowances for doubtful accounts, investment guidelines, the IAS/IFRS accounting manual and clear requirements for intercompany reconciliation. Questions on specific accounting valuation matters relevant to the HUGO BOSS Group are also dealt with centrally, where they are analyzed and documented before being communicated to the "HUGO BOSS Financial Community". Professional development events are also organized, and updates on accounting-related topics are disseminated in the "Accounting Newsletter" and listed on the Group Intranet in the "Finance Forum". Training is given in financial colleges for junior employees in the finance division. The responsible Finance Managers meet once a year at the Finance Managers' Meeting.

The rules referred to above are in many cases implemented by means of system-supported controls and workflow-based processes that demand the four-eyes-principle and appropriate separation of functions and approval processes. These include for example invoice auditing and authorization, purchasing processes and SAP rights management. Issuing rights is a multi-stage process incorporating appropriate authorizations and random checks (for example by comparison with the user application).

The Internal Audit department is part of the ICS and reviews the specified controls for observance and effectiveness as part of its monitoring function. The annual audit plan and the areas it will focus on are agreed with the Managing Board. Ad-hoc audits may be carried out at any time. All audit reports are discussed directly with the Chief Financial Officer and with other Managing Board members as appropriate. In addition, the Internal Audit department submits regular reports to the Audit Committee.

The Company Bylaws passed in 2009 increased the importance of this monitoring function by strengthening its control and compliance activities.

Overall statement

The goal of the Internal Control and Risk Management System as it applies to the accounting process and the preparation of the balance sheet of the HUGO BOSS Group, the main characteristics of which have been described above, is to record, present and value all business events correctly on the balance sheet. The clear definition of areas of responsibility in the finance division of HUGO BOSS AG and the proper continued professional education of employees, together with the use of the suitable software and uniform prescriptive guidelines, constitutes the basis for an duly, efficient and consistent accounting process. This ensures that the assets and liabilities in the Group financial statements are recognized, valued and shown correctly so that they represent a reliable statement about the Group's earnings, net assets, financial position and cash flow.

SUBSEQUENT EVENTS, OPPORTUNITIES AND OUTLOOK

HUGO BOSS' medium-term prospects are a result of the Group's stated strategic positioning intended to create significant growth as well as of the overall economic conditions and the development of the luxury goods sector. Leading economic research institutes predict that, following the major economic downturn of 2009, there could be a slight recovery in the overall economic situation during the course of 2010. However, the exceptional circumstances of the economic crisis make it difficult to deliver reliable forecasts. Therefore it is also difficult to reliably forecast the development of luxury goods sector. For this reason, it is essential to strengthen HUGO BOSS' excellent market position and to complement it with new growth areas in order to allow the Company to participate significantly in the resumption of market growth.

EVENTS AFTER THE BALANCE SHEET DATE

As of March 8, 2010, no material operational changes, structural modifications, or business events had occurred at HUGO BOSS AG that might significantly alter its net assets, financial position and earnings from operations since December 31, 2009.

REPORT ON OPPORTUNITIES

HUGO BOSS has been one of the most successful international fashion companies in the high-end fashion market for many years. This positioning also opens up new potential for sales and profits in the future. Reliable opportunity management is important in order to exploit this potential. The Group's divisions are all set up to identify relevant opportunities and exploit them systematically with perfectly coordinated strategies. In addition, continued systematic monitoring of business policies supports risk management efforts. The Company headquarters in Metzingen not only coordinates the tools for identifying opportunities, but its central financing also secures the necessary liquidity for the entire Group to realize opportunities.

Further information on the Internal Control System and Risk Management at HUGO BOSS can be found on page 34 et seq.

The focus is on the constant monitoring and analysis of the markets to recognize trends at an early stage and implement the corresponding strategies. The Company strives to use clear brand communication and a corresponding exclusive sales network to protect the brand's positioning in the premium market and uphold the brand's image. This will help HUGO BOSS to maintain and expand its market position in the future.

There appears to be great potential for the continued improvement of HUGO BOSS' brand positioning in the strategic growth fields of womenswear and sportswear, shoes and leather accessories as well as the Group's own retail business. For example, retail expansion not only leads to a potentially higher gross profit margin due to increased vertical diversification, but closer contact with end customers also permits a targeted and proactive presentation of the Company's fashion collections and the flexibility to respond to changes in the markets. The continuous development of online retailing also promises above-average growth rates.

The strength of the BOSS and HUGO brands allows to expect a positive development, especially since the clear differentiation of the individual lines reveals which customer groups should be targeted even more precisely. The alignment of the high-quality BOSS Selection line towards the luxury segment, and the successful relaunch of the BOSS Orange line in particular, create the base for further profitable growth. Transferring the successful BOSS Green concept to women's fashions, which will be available for the first time for the 2010/2011 winter season, will add new customer groups and provide further growth potentials.

From a regional point of view, there will be opportunities throughout the Asian region in particular, as further growth can be expected there in the coming years. The expansion of distribution on the American continent also offers additional sales and earning potential, as do expanding activities in the Asia/Pacific region. This is why HUGO BOSS is aiming to increase its share of sales outside Europe in the coming years. The Group's Managing Board has appointed regional directors for the European, American, and Asia/Pacific regions for its operating business in order to better address the differences of the regional markets and support them more intensively. The Managing Board also expects better integration of the national companies, and thus better monitoring of sales and profits from this stronger regionalization of the sales structures.

The optimization of business processes and of the Group's fixed cost structure, which was introduced at an early stage in anticipation of the general economic disruptions, showed significant successes in the past year. The improved cost structure is having a positive effect on the Company's results and its cash flow. For this reason, HUGO BOSS believes that it has secured the necessary financial leeway to bridge this difficult period and benefit from existing growth potentials.

Besides this, further optimization of Company internal processes along the entire value chain is an opportunity to increase efficiency. The development, purchasing and production processes are also optimized on an ongoing basis, which will have a positive impact on the gross margin.

FORECAST FOR 2010 AND 2011

The massive economic downturn following the international financial crisis significantly impacted the global economic outlook. The economic downturn began to significantly pick up speed beginning in mid-2008. Despite the best efforts of governments and central banks to stabilize banks and stimulate the economy, economic performance was down at the beginning of 2009, and only returned to growth in the second half of the year. The International Monetary Fund (IMF) predicted a 0.8% downturn in global economic output for 2009, although it will vary significantly between regions. There may well be moderate growth in 2010, although modest development is expected in private consumption, and the risk of an economic downturn remains.

Economic research institutes are expecting recovery in industrial countries to be particularly slow. Consumers in the USA have dramatically reduced their spending levels and the industrial sector has cut capital expenditure and jobs. US GDP is expected to grow by 2.7% in 2010. Predicted growth for the European Union in 2010 is very modest at just 1.0%. The IMF expects moderate growth of 2.0% for Central and Eastern Europe, where economies turned in particularly poor performances in 2009 (–4.3%).

The emerging Asian markets are also suffering from the effects of the financial crisis. According to the IMF, the increase in the gross domestic product of the developing Asia region will fall to 6.5% in 2009, whereas growth in 2008 was still at 7.9%. However, the growth rate is expected to make a strong recovery in 2010 to 8.4%.

Economic experts predict that the effects of the banking and financial crisis will wane in 2010 thanks to the agreed economic stimulus packages, and believe that the global economy could grow again in 2010. Significant market growth is expected only in the emerging economies of Asia. However, due to the extremely difficult economic environment, future forecasts are far from certain. The assumptions regarding overall economic development on which the forecast report is based were taken from the World Economic Outlook for October 2009 by the International Monetary Fund, and have not been verified by HUGO BOSS.

It is difficult to estimate what the effect of economic developments on the luxury goods sector in the next two years and on global consumer spending in this market will be. As a result, it is difficult to predict growth on the luxury goods markets in 2010 and 2011. Forecasts for the luxury goods market are based on a moderate sales recovery of 1% in 2010. A return to 2008 sales levels is not expected until 2011/2012. In view of the general economic situation, 2010 will remain challenging.

Despite the extremely weak economic situation on its core markets, HUGO BOSS is expecting annual sales in the fiscal year 2010 to be slightly higher than those of 2009. The continued backlog of demand for luxury items in Asian countries and other emerging countries could help. This is likely to hold true in particular in view of the fact that HUGO BOSS has not yet reached noticeable market saturation in the growth regions and further economic growth is expected in these countries. The management expects positive business development with sales increases in fiscal year 2011 when the economic situation improves.

HUGO BOSS' strategy of international growth, and above all of increasing sales outside Europe, is not only the right one in the short term, but also promising in the long term. New consumption potential should arise in a large number of growth markets in the medium term. The steady expansion of the middle and upper classes in emerging markets will increase disposable income, which people will spend on high-quality fashion. After all, global democratization processes create more stable systems, and thus additional lucrative sales markets.

Overall, the Group's strategy is based on organic growth that is driven by the Company's own innovative strength. Thus over the coming years, the focus will be on fully utilizing all sales and income potential from current business.

Against the background of a moderate sales and growth forecast, the improvement in earnings and cost management is extremely important. Strict monitoring of the cost structure is the only way to identify potential savings at an early stage and improve the profit margin by realizing them. Some key elements improving future earnings include:

- implementing optimization processes along the Company's entire value chain, from margin-based collection planning to the use of a global purchasing network to continuous improvement in the use of materials,
- central management of the stock business to optimize inventory,
- optimization and improved integration of work processes,
- the key figure based management of sales and close support for key accounts.

The gross profit margin is also expected to improve further in the coming years due to the expansion of the Group's own retail business. In this connection, the portfolio of the Group's own retail business is constantly reviewed and unprofitable locations are optimized or closed down. Volume growth, especially in womenswear, shoes and leather accessories, ultimately achieves economies of scale that allows HUGO BOSS to expect a significant contribution to earnings.

The successful implementation of these measures had a positive effect on the Group's cost structure and results already in fiscal year 2009. HUGO BOSS is therefore expecting an increase in the adjusted operating income (EBITDA) before special items with a slight increase in sales in 2010. HUGO BOSS expects profitable growth in 2011.

Capital expenditure in the past fiscal year was significantly lower than in the previous year as the result of the general economic environment and high capital expenditure in logistics capacities in 2008, but planned capital expenditure will increase again in the fiscal year 2010. The focus will remain on optimizing Group-wide processes and developing the Group's own retail business.

In order to manage international growth more efficiently in the future, the management has implemented a reorganization of the corporate structure with the aim of accelerating decision-making processes, optimizing work flow, and making better use of existing structures and synergies. This reorganization also ensures an efficient organization in the future and the further development of the Group's market position.

OVERALL STATEMENT ON FUTURE BUSINESS DEVELOPMENT IN 2010 AND 2011

HUGO BOSS is in a good strategic position for further profit-oriented growth. Yet, the actual results may differ significantly from the expectations of future developments, should the assumptions about the overall economy on which the above forecasts are made prove to be incorrect. Should the actual economic development differ greatly from the above assumptions, negative effects have to be expected on sales and EBITDA before special items. A marked increase in unemployment in particular could dampen buyer confidence. Despite extensive hedging to protect against exchange rate volatility, strong currency fluctuations can still have a noticeable impact. As before, we will continue to observe the risk of insolvency affecting some HUGO BOSS wholesale partners over the coming years. It is also referred to the "Risk Report" section in this Management Report.

COMPENSATION FOR THE MANAGING AND SUPERVISORY BOARD

COMPENSATION FOR THE MANAGING BOARD

The fixed salary components paid to members of the Managing Board comprise, besides a salary, benefits such as company cars and benefits in kind as well as other equipment and services necessary for Managing Board members to fulfill their duties.

The variable components consist partly of bonuses paid on the basis of the achievement of personal targets as agreed with the Supervisory Board for each Managing Board member and on the achievement of predefined corporate earnings targets.

Since the fiscal year 2001, HUGO BOSS AG has offered a "Stock Appreciation Rights Program" to Managing Board members and executives. As part of this program, managers are accorded a defined number of participation rights. These rights enable them to benefit from any increase in the value of the Company's shares. The participation rights solely confer a claim to payment in cash, not a claim to HUGO BOSS AG shares. Managing Board members who are holding office as of the reporting date are not eligible for the "Stock Appreciation Rights Program".

Owing to additional expenditures for hedging instruments and the possibility of external influences on share prices, the HUGO BOSS AG management has resolved to revise the general conditions applying to the "Stock Appreciation Rights Program". Effective December 14, 2009, all executives entitled to the program were therefore offered an amended program. More details may be found in the annual financial statements on page 73 et seq. under "Additional information".

Tranches 5 to 8 of the "Stock Appreciation Rights Program" have six year terms. After the initial lock up period of two years, the four-year exercise period shall commence. However, tranche 9, which was issued in the past fiscal year 2009, has a five year term. After expiry of the three-year lock-up period (two years prior to the program amendment) the two-year exercise period begins (three-year exercise period prior to program amendments).

If growth in HUGO BOSS AG market capitalization exceeds MDAX growth by 5 percentage points (exercise hurdle) at the expiry of the lock-up period or during the subsequent exercise period, participation rights in tranches 5 to 8 may be exercised. The exercise hurdle shall not apply when exercising participation rights in tranche 9.

The payoff is calculated as the difference between the strike price and the average price of HUGO BOSS AG preferred shares during the five trading days preceding the date of exercise. The strike price corresponds to the average price of HUGO BOSS AG preferred shares during the 20 trading days preceding the date of issue.

In addition, the company also provides pension benefits to some Managing Board members. The amount of future pension benefits is based on each member's base salary and years of service.

COMPENSATION FOR THE SUPERVISORY BOARD

According to the German Corporate Governance Code, the remuneration of Supervisory Board members is divided into a fixed and a variable component. The variable component is determined on the basis of group earnings per share. The level of compensation is decided at the Annual Shareholder's Meeting. The position of the chairman of the Supervisory Board and his deputy are taken into account when determining the level of compensation.

SPECIAL LEGAL DISCLOSURES

REPORT ON RELATIONS WITH AFFILIATED COMPANIES

The Managing Board of HUGO BOSS AG is required to prepare a report on relations with affiliated companies in accordance with Section 312 of the German Stock Corporation Act (AktG). This report covers the relations between Permira Holdings LLP, London, Great Britain, Permira Holdings Limited, Guernsey and the companies belonging to the HUGO BOSS Group. In terms of its relations with affiliated companies, the Managing Board issued a report and summarized in a declaration "that the Company received appropriate compensation for all transactions in accordance with the conditions known at the time of the respective transaction. The Company did not take nor neglect to take measures at the instigation of or in the interests of Permira Holdings LLP, London, Great Britain and Permira Holdings Limited, Guernsey or its affiliated companies."

DISCLOSURES PURSUANT TO SECTION 289 PARAGRAPH 4 AND SECTION 315 PARAGRAPH 4 OF THE GERMAN COMMERCIAL CODE (HGB)

The requirements pursuant to Section 289, Paragraph 4 and Section 315, Paragraph 4 of the HGB are listed and explained in the following. The Managing Board sees no need for further explanation as set forth in Section 175, Paragraph 2, Sentence 1 and Section 176, Paragraph 1, Sentence 1 of the German Stock Corporation Act (AktG).

The share capital of HUGO BOSS AG continues to consist of 35,860,000 common shares (50.9%) and 34,540,000 non-voting preferred shares (49.1%), equivalent to a share in the issued share capital of EUR 1.00 per common or preferred share. Holders of preferred shares are entitled to a preferred dividend of EUR 0.01 per share upon distribution of the retained earnings. This means that the dividends paid to bearers of preferred shares from net retained earnings are EUR 0.01 higher per preferred share than the dividends paid to bearers of common shares. The dividend for preferred shares amounts to no less than EUR 0.01 per share.

Unlike the common shares, the preferred shares are non-voting shares. There are no legal or statutory restrictions on voting rights or share transfers; the Managing Board is unaware of any such agreements between shareholders.

Equity shares exceeding 10% of the voting rights exist. In fiscal year 2009 HUGO BOSS AG was notified of two voting rights announcements pursuant to Section 21 Paragraph 1 and Section 22 of the German Securities Trading Act (WpHG). These are listed in the notes "Information Concerning the Majority Shareholder" on page 79 et seq.

Apart from that, no other shareholders have reported holdings equivalent to more than 10% of the voting rights. Moreover, the Company received no other new reports of shareholdings of 3% or more of the voting rights in HUGO BOSS AG.

HUGO BOSS AG issues no shares vested with special rights granting powers of control. No special provisions exist with regard to the exercise of shareholder rights by shareholders who are employees of HUGO BOSS AG.

The appointment and revocation of Managing Board members of HUGO BOSS AG arise from Sections 84 and 85 of the German Stock Corporation Act (AktG) and Section 31 of the German Co-Determination Act (MitbestG) in connection with Section 6 of the Articles of Association. Under Section 6, Paragraph 1 of the Articles of Association, the Managing Board must consist of at least two members. The number of Managing Board members is determined by the Supervisory Board pursuant to Section 6, Paragraph 2 of the Articles of Association. The Supervisory Board may appoint a chairman of the Managing Board as well as a deputy chairman. The Supervisory Board can revoke the appointment of a Managing Board member and the appointment of the chairman of the Managing Board for good cause. Under Section 6, Paragraph 3 of the Articles of Association, Managing Board members should generally not be older than 60 years of age at the time of their appointment. The Supervisory Board appoints Managing Board members for a maximum of five years.

Any changes to the Articles of Association must be approved by the Annual Shareholder's Meeting. Unless otherwise mandated by the German Stock Corporation Act, resolutions are adopted pursuant to Section 17, Sentences 2 and 3 of the Articles of Association by a simple majority of the votes cast and, if a majority of the capital represented upon adoption of the resolution is required, by a simple majority of the share capital represented upon adoption on the resolution.

According to Section 20 of the Articles of Association, the Supervisory Board is authorized to adopt modifications to the Articles of Association that affect the wording only.

By resolution of the Annual Shareholder's Meeting on May 14, 2009, the Managing Board is authorized, with the consent of the Supervisory Board, to increase the Company's share capital by a total of no more than EUR 35,200,000 through the issuance of new bearer common shares and/or non-voting bearer preferred shares, which correspond to the non-voting bearer preferred shares already issued, in return for cash and/or deposits in kind. Increases in capital can be made in return for cash while maintaining the relationship of the two categories of shares to one another. If authorized capital is used, the shareholders have a subscription right. However, the Managing Board is authorized to prevent shareholders from transferring their subscription rights from one class of shares to the other, to exempt fractional amounts of the shareholders' subscription rights, and to participate in the shareholders' subscription rights with the consent of the Supervisory Board, if a capital increase against deposits in kind is issued for the purpose of acquiring a company or an equity interest in a company.

The Managing Board's authorization to repurchase shares was renewed at the Annual Shareholder's Meeting on May 14, 2009. In accordance with this, the Managing Board is authorized until November 13, 2010 to purchase bearer common and/or non-voting bearer preferred shares of HUGO BOSS AG up to an overall maximum of 10% of its current capital outstanding on May 14, 2009. HUGO BOSS AG may avail itself in whole or in part of its authorization to purchase treasury shares but only for bearer common or bearer preferred shares, thereby partially excluding any put options relating to those classes of shares, and do so once or several times in pursuance of one or more objectives. The shares may be purchased via the stock market or by means of a public purchase offer to holders of the respective category of shares. Any Company shares repurchased in accordance with this authorization may be resold via the stock market or by means of an offer to all shareholders. They may also be used as counter-performance for a possible acquisition of enterprises or shareholdings in enterprises, or may be sold at a price that is not substantially lower than the current stock market price, or for listing of the stock on foreign stock markets.

Due to a legal challenge, the resolutions by the Annual Shareholder's Meeting held on May 14, 2009 have not yet been entered in the HUGO BOSS AG commercial register.

HUGO BOSS International B.V.'s syndicated loan guaranteed by HUGO BOSS AG and the bilateral lines of credit contain standard agreements that give additional rights of termination to both parties to the contract if a change of control occurs due to a takeover bid (change of control clauses).

Compensation agreements made by the Company with members of the Managing Board or employees for the event of a takeover bid do not exist.

Metzingen, 8 March, 2010

HUGO BOSS AG
The Managing Board

Claus-Dietrich Lahrs
Christoph Auhagen
Mark Langer
Dr. Andreas Stockert

03

FINANCIAL STATEMENTS

ANNUAL FINANCIAL STATEMENTS OF HUGO BOSS AG BALANCE SHEET AS OF DECEMBER 31, 2009

Assets

in EUR		Notes no.	12.31.2009	12.31.2008
A.	**Fixed assets**	(1)		
I.	**Intangible assets**			
1.	Industrial property rights and similar rights and licenses		41,604,862.00	46,049,027.82
2.	Goodwill		988,091.00	0.00
3.	Prepayments		1,331,603.98	861,555.64
			43,924,556.98	**46,910,583.46**
II.	**Tangible assets**			
1.	Land and buildings incl. buildings on third party land		14,718,017.84	15,331,785.84
2.	Technical equipment and machinery		2,424,592.00	2,633,011.00
3.	Other equipment, factory and office equipment		60,858,340.58	36,422,724.07
4.	Prepayments and construction in progress		20,170.13	24,785,326.14
			78,021,120.55	**79,172,847.05**
III.	**Financial assets**	(2)		
1.	Shares in affiliated companies		544,336,131.51	544,336,131.51
2.	Other shares		35,000.00	52,830.72
			544,371,131.51	**544,388,962.23**
			666,316,809.04	**670,472,392.74**
B.	**Current assets**			
I.	**Inventories**			
1.	Raw materials and supplies		34,333,469.57	50,043,130.63
2.	Work in progress		932,692.73	699,526.85
3.	Finished goods and merchandise		94,978,517.85	117,292,008.91
4.	Payments on account		1,211,573.14	1,949,338.32
			131,456,253.29	**169,984,004.71**
II.	**Receivables and other assets**	(3)		
1.	Trade receivables		9,986,330.65	20,280,179.32
2.	Receivables from affiliated companies		33,675,616.34	13,682,366.59
3.	Receivables from companies in which participating interests are held		1,536,270.44	1,512,187.50
4.	Other assets		57,735,233.29	57,519,324.49
			102,933,450.72	**92,994,057.90**
III.	**Securities**	(4)		
1.	Treasury shares		31,684,457.00	21,460,004.70
IV.	**Liquid assets**		3,991,235.30	4,384,540.61
			270,065,396.31	**288,822,607.92**
C.	**Prepaid expenses**	(5)	744,955.74	833,080.29
			937,127,161.09	**960,128,080.95**

Liabilities

in EUR		Notes no.	12.31.2009	12.31.2008
A.	**Shareholders' equity**			
I.	**Subscribed capital**	(6)		
1.	Common stock		35,860,000.00	35,860,000.00
2.	Non-voting preferred stock		34,540,000.00	34,540,000.00
			70,400,000.00	**70,400,000.00**
II.	**Capital reserves**	(7)	**399,198.30**	**399,198.30**
III.	**Retained earnings**	(8)		
1.	Legal reserves		6,640,801.70	6,640,801.70
2.	Reserves for treasury shares		31,684,457.00	21,460,004.70
3.	Other retained earnings		329,817,634.36	241,984,764.75
			368,142,838.06	**270,085,571.15**
IV.	**Unappropriated income**	(9)	67,929,400.00	189,516,000.00
			506,871,491.36	**530,400,769.45**
B.	**Accruals**			
1.	Accruals for pensions and similar obligations		28,936,401.00	24,152,373.00
2.	Tax accruals		2,498,646.00	3,584,405.05
3.	Other accruals	(10)	65,910,865.41	71,458,224.23
			97,345,912.41	**99,195,002.28**
C.	**Liabilities**	(11)		
1.	Trade payables		48,151,596.83	40,478,701.87
2.	Liabilities owed to affiliated companies		276,770,810.68	270,557,684.41
3.	Liabilities owed to companies in which participating interests are held		0.00	65,130.24
4.	Other liabilities		7,987,349.81	19,430,792.70
			332,909,757.32	**330,532,309.22**
			937,127,161.09	**960,128,080.95**

ANNUAL FINANCIAL STATEMENTS OF HUGO BOSS AG INCOME STATEMENT FOR THE PERIOD FROM JANUARY 1 TO DECEMBER 31, 2009

in EUR		Notes no.	2009	2008
1.	Net sales	(13)	705,449,937.74	809,214,216.79
2.	Change in finished goods and work in progress		(31,386,948.50)	23,236,892.15
3.	Other capitalized services		251,605.80	0.00
4.	Other operating income	(14)	114,190,353.08	162,745,805.20
			788,504,948.12	**995,196,914.14**
5.	Cost of materials			
a)	Cost of raw materials and supplies and of purchased merchandise		333,184,793.14	414,741,988.16
b)	Cost of services purchased		72,670,076.98	97,348,851.40
			405,854,870.12	**512,090,839.56**
6.	Personnel expenses	(15)		
a)	Wages and salaries		118,485,333.84	140,266,759.79
b)	Social security and other pension costs		23,215,482.08	23,848,393.20
			141,700,815.92	**164,115,152.99**
7.	Depreciation of intangible fixed assets and tangible assets	(16)	24,710,161.96	20,902,759.07
8.	Other operating expenses	(17)	207,945,601.45	280,948,103.71
			8,293,498.67	**17,140,058.81**
9.	Income from investments	(18)	72,902,637.60	77,776,484.95
10.	Other interest and similar income	(19)	4,761,580.22	3,626,834.07
11.	Amortization of financial assets and current asset securities	(20)	0.00	20,902,345.97
12.	Income from profit transfer agreements	(21)	34,365.51	300,021,410.99
13.	Expenses from loss transfer agreements	(22)	115,077.74	2,164,055.87
14.	Interest and similar expenses	(23)	13,636,460.80	38,835,443.63
15.	**Income from ordinary activities**		**72,240,543.46**	**336,662,943.35**
16.	Extraordinary income		10,714,828.84	0.00
17.	**Extraordinary profit**	(24)	**10,714,828.84**	**0.00**
18.	Taxes on income	(25)	11,458,396.59	17,195,513.04
19.	Other taxes		137,257.79	109,801.95
20.	**Net income**		**71,359,717.92**	**319,357,628.36**
21.	Transfer from/to other revenue reserves		4,889,730.39	(159,678,249.96)
22.	Transfer to/from reserves for treasury shares		(10,224,452.30)	20,902,345.97
23.	Accumulated income for previous year		1,904,403.99	8,934,275.63
24.	**Unappropriated income**		**67,929,400.00**	**189,516,000.00**

ANNUAL FINANCIAL STATEMENTS OF HUGO BOSS AG
NOTES TO THE FINANCIAL STATEMENTS 2009

BASIS OF PRESENTATION

The 2009 HUGO BOSS AG financial statements were prepared in accordance with the rules and regulations of the German Commercial Code (Handelsgesetzbuch/HGB) and Stock Corporation Act (AktG).

To ensure a clear overview of the balance sheet and the statement of income, comments on and explanations of the individual items have only been included in the notes.

HUGO BOSS AG, Metzingen, Germany, and Red & Black Holding GmbH, Frankfurt/Main, Germany, are affiliated with Permira Holdings Limited, Guernsey (overall parent company) and are the latter's indirect and direct subsidiaries. Until September 21, 2009 the top parent company was Permira Holdings LLP, London, Great Britain.

The Company is included in the consolidated financial statements of HUGO BOSS AG, Metzingen, Germany (smallest consolidation) and Red & Black Holding GmbH, Frankfurt/Main, Germany (largest consolidation).

The Group financial statements are available at the registered offices of the respective companies. The annual report of HUGO BOSS AG will be also published in the electronic German Federal Gazette ("Bundesanzeiger").

HUGO BOSS Germany Retail GmbH, Metzingen, Germany, was merged with HUGO BOSS AG, Metzingen, Germany, effective January 1, 2009. For this reason, only a limited comparison is possible with the figures for the previous year.

ACCOUNTING AND VALUATION PRINCIPLES, CURRENCY CONVERSION

The accounting and valuation methods applied in the previous year have been maintained in principle.

FIXED ASSETS

Intangible assets acquired for consideration are valued at the acquisition cost and amortized according to the straight-line method over three to ten years. Goodwill is regarded as having a useful life of eight or fifteen years.

Property, plant and equipment are valued at the cost of acquisition or production and reduced by regular depreciation rates.

Building depreciation is calculated assuming useful lives of 25 to 50 years. For technical equipment and machinery, useful lives are five to 15 years, for other equipment, factory and office equipment, two to 15 years.

In accordance with tax directives, additions made to property, plant and equipment by December 31, 2007 are depreciated using the declining balance method. The maximum depreciation rates allowed for tax purposes have been used. Additions acquired after December 31, 2007 are depreciated using the straight-line method only.

Low-value assets, in other words items with acquisition or production costs of up to EUR 150, are fully depreciated in the year of acquisition. Additions for acquisitions or production costs greater than EUR 150 but less than EUR 1,000 are aggregated into a single collective item. The individual collective items are depreciated at an annualized rate of 20% in the year of formation and over the following four fiscal years.

Financial assets are valued at the lower acquisition cost or market value.

CURRENT ASSETS

Raw materials and consumables are valued at the rolling average cost of acquisition.

Unfinished and finished goods are valued at the rolling average cost of production, merchandise is valued at the rolling average cost of acquisition.

Production costs include direct and indirect material costs, manufacturing costs and special production costs. Perceivable risks arising from low inventory turnover and reduced utilization are covered by appropriate write-downs.

Receivables and other assets are valued at acquisition cost or market value when lower. Specific credit risk is taken into account using adequate allowances. A general bad debt allowance also appropriately covers general credit risks.

Treasury shares are valued at the acquisition cost or market value (XETRA share price) when lower at the end of the reporting period.

Liquid assets are valued at their nominal value or their lower attributed amount.

ACCRUALS AND LIABILITIES

Accruals for pension obligations at HUGO BOSS AG are valued according to the "mortality table 2005G" by Prof. Dr. Heubeck assuming an interest rate of 4%.

The other accruals cover all ascertainable risks and contingent liabilities, which are valued using a reasonable commercial evaluation. Maintenance and repair costs not effected are accrued according to Section 249 (1) clause 3 of the German Commercial Code (Handelsgesetzbuch/HGB).

Liabilities are valued at their repayment amounts.

HEDGING CONTRACTS

The Company mitigates currency volatility risk by using forward exchange contracts and by using options. The transactions are usually undertaken either to secure specific customer contracts, or at least on the basis of group-wide currency-differentiated liquidity planning.

Hedging contracts are valued at the market value on the closing date, but in the event of positive market value at no more than their acquisition cost.

Hedging contracts are established to cover liabilities to employees arising from the "Stock Appreciation Rights Program" (SAR). It covers both, the liability towards HUGO BOSS AG employees and liabilities towards employees at its subsidiaries. Owing to additional issues for hedging instruments and the possibility of the external influences on the share price, the management at HUGO BOSS AG has resolved to revise the general conditions applying to the "Stock Appreciation Rights Program". The acquisition costs for hedging options are capitalized and valued at the lower of cost or fair value at the end of the period. The obligations arising from the "Stock Appreciation Rights Program" are valued at the fair value the issuing banks provide using a standardized procedure.

CURRENCY CONVERSION

Foreign currency receivables and payables were converted using the exchange rates in effect at the transaction date. Losses on exchange rates were shown at the balance sheet date using the lower of cost or market principle with an impact on net income.

NOTES TO THE BALANCE SHEET

1 // FIXED ASSETS

The development of the fixed assets under Section 268(2) of the German Commercial Code (Handelsgesetzbuch/HGB) is shown in the schedule of assets as an appendix to the notes.

The intangible assets mainly include capitalized IT software. The EUR 6.1 million (2008: EUR 14.4 million) increase is due primarily to investments in software that brought further improvements to and better structuring of the company's business processes.

The EUR 8.7 million (2008: EUR 30.5 million) additions to property, plant and equipment result mainly from the opening of the new distribution centre in Metzingen, Germany, the expansion in IT and investments in machinery, factory and office equipment.

The reductions are mainly the result of running down inventories.

2 // FINANCIAL ASSETS

The investment holdings of HUGO BOSS AG are shown on the following pages.

HUGO BOSS AG directly or indirectly holds 100% of the equity shares in the companies listed in the following information on investment holdings. The only exceptions are holdings in BIL Leasing Verwaltungs-GmbH & Co. 869 KG, ROSATA Grundstücks-Vermietungsgesellschaft mbh & Co. Objekt Dieselstraße KG, and ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Metzingen KG.

The equity shareholding of HUGO BOSS AG in each of these companies is 94.0%.

INVESTMENT HOLDINGS OF HUGO BOSS AG

in EUR thousand

Company
HUGO BOSS Holding Netherlands B.V.
HUGO BOSS Internationale Beteiligungs-GmbH[1]
HUGO BOSS International B.V.[2]
HUGO BOSS Ticino S.A.
HUGO BOSS USA, Inc.[3]
HUGO BOSS Benelux B.V.
HUGO BOSS S.p.A.
HUGO BOSS Trade Mark Management GmbH & Co. KG[1]
HUGO BOSS Hong Kong Ltd.
HUGO BOSS International Markets AG
HUGO BOSS Textile Industry Ltd.
HUGO BOSS UK Limited
HUGO BOSS Canada, Inc.
HUGO BOSS France SAS
HUGO BOSS Holdings Pty. Ltd.
HUGO BOSS Australia Pty. Ltd.
HUGO BOSS Italia S.p.A.
HUGO BOSS Shoes & Accessories Italia S.p.A.
HUGO BOSS (Schweiz) AG
HUGO BOSS do Brasil Ltda.
HUGO BOSS Belgium BVBA
HUGO BOSS Mexico S.A. de C.V.
HUGO BOSS Belgium Retail BVBA
HUGO BOSS Benelux Retail B.V.
HUGO BOSS Guangdong Trading Co. Ltd.
HUGO BOSS Switzerland Retail AG
HUGO BOSS Dienstleistungs GmbH
HUGO BOSS China Retail Co. Ltd.
MSC Poland Sp.z.o.o.
HUGO BOSS Holding Sourcing S.A.
HUGO BOSS Nordic ApS
HUGO BOSS Scandinavia AB
HUGO BOSS Mexico Management Services S.A. de C.V.
HUGO BOSS Magazacilik Ltd. Sti. (formerly: HUGO BOSS Outlet Magazacilik Limited Sirketi)

1 Companies with a profit transfer agreement with HUGO BOSS AG.
2 Earnings include dividend receipts amounting to EUR 91,093 thousand (previous year: EUR 191,149 thousand).
3 Subgroup financial statements.

	Earnings (in EUR thousand)		Equity (in EUR thousand)	
Registered Office	**2009**	**2008**	**2009**	**2008**
Amsterdam, Netherlands	50	305,420	651,709	651,659
Metzingen, Germany	0	0	524,800	524,800
Amsterdam, Netherlands	75,261	176,926	174,622	105,225
Coldrerio, Switzerland	33,791	38,897	60,894	66,364
Wilmington, DE, USA	(5,365)	762	39,504	45,666
Amsterdam, Netherlands	16,452	15,902	38,463	37,911
Como, Italy	8,691	989	27,124	18,433
Metzingen, Germany	74,162	79,196	24,120	22,842
Hong Kong	7,676	12,525	21,852	17,787
Zug, Switzerland	12,760	17,405	17,586	20,977
Izmir, Turkey	(453)	5,711	12,997	13,450
London, Great Britain	8,998	11,123	12,751	6,986
Toronto, Canada	(2,277)	(2,369)	12,459	7,190
Paris, France	(120)	1,940	12,435	14,055
Preston, Australia	0	0	12,363	12,363
Preston, Australia	1,385	1,736	10,022	7,871
Milan, Italy	(5,488)	(1,447)	8,144	13,633
Morrovalle, Italy	(3,252)	1,076	4,965	8,217
Zug, Switzerland	4,118	4,078	4,328	4,959
São Paulo, Brazil	102	113	3,340	2,466
Diegem, Belgium	870	908	2,292	2,422
Mexico City, Mexico	427	966	2,053	2,387
Diegem, Belgium	732	(536)	1,962	1,230
Amsterdam, Netherlands	790	(309)	1,674	884
Guangzhou, China	268	240	1,650	1,424
Zürich, Switzerland	129	263	1,466	1,324
Metzingen, Germany	(44)	(31)	1,382	1,415
Shanghai, China	(212)	(1,139)	1,261	(925)
Radom, Poland	(192)	(58)	1,231	1,418
Coldrerio, Switzerland	(10)	(3)	1,219	1,228
Copenhagen, Denmark	1,648	(1,710)	1,016	(632)
Stockholm, Sweden	305	4,595	2,896	5,046
Mexico City, Mexico	123	88	357	231
Izmir, Turkey	(176)	(67)	345	521

INVESTMENT HOLDINGS OF HUGO BOSS AG

in EUR thousand

Company
HUGO BOSS Trade Mark Management Verwaltungs-GmbH
HUGO BOSS Merchandise Management GmbH[1]
HUGO BOSS Vermögensverwaltungs GmbH & Co. KG
HUGO BOSS Beteiligungsgesellschaft mbH[1]
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dieselstraße KG
GRAMOLERA Grundstücks-Vermietungsgesellschaft Objekt Ticino mbH
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Metzingen KG
HUGO BOSS Portugal & Companhia (previously: HUGO BOSS Portugal, Unipessoal, Lda)
BIL Leasing Verwaltungs-GmbH & Co. 869 KG
HUGO BOSS Japan K.K.
HUGO BOSS Benelux B.V. CIA, S.C (vormals: HUGO BOSS España S.A.)

1 Companies with a profit transfer agreement with HUGO BOSS AG.

2 Earnings include dividend receipts amounting to EUR 91,093 thousand (previous year: EUR 191,149 thousand).

3 Subgroup financial statements.

	Earnings (in EUR thousand)		Equity (in EUR thousand)	
Registered office	**2009**	**2008**	**2009**	**2008**
Metzingen, Germany	1	10	31	30
Metzingen, Germany	0	(1)	24	24
Metzingen, Germany	(2)	(2)	4	6
Metzingen, Germany	0	0	(116)	(116)
Gruenwald, Germany	33	21	(238)	(271)
Gruenwald, Germany	(769)	0	(744)	0
Gruenwald, Germany	24	(54)	(2,823)	(2,847)
Lisbon, Portugal	(5,619)	(1,368)	(4,833)	(4,213)
Pullach, Germany	(276)	(1,182)	(5,479)	(5,203)
Tokyo, Japan	(11,671)	(4,035)	(22,021)	(11,090)
Madrid, Spain	(12,705)	(22,294)	(33,177)	(20,472)

3 // RECEIVABLES AND OTHER ASSETS

Categorized according to remaining life	**with a remaining life of**			
in EUR (prior year figures in brackets)	**up to 1 year**	**1 to 5 years**	**more than 5 years**	**Total**
Trade receivables	9,986,330.65 (20,280,179.32)	-,– (-,–)	-,– (-,–)	9,986,330.65 (20,280,179.32)
Receivables from affiliated companies	33,675,616.34 (13,682,366.59)	-,– (-,–)	-,– (-,–)	33,675,616.34 (13,682,366.59)
Receivables from companies in which participating interests are held	1,536,270.44 (1,512,187.50)	-,– (-,–)	-,– (-,–)	1,536,270.44 (1,512,187.50)
Other assets	27,987,660.52 (34,397,338.08)	13,126,465.56 (10,107,817.21)	16,621,107.21 (13,014,169.20)	57,735,233.29 (57,519,324.49)
	73,185,877.95 (69,872,071.49)	**13,126,465.56** (10,107,817.21)	**16,621,107.21** (13,014,169.20)	**102,933,450.72** (92,994,057.90)

Receivables from affiliated companies include loans amounting to EUR 32.8 million (2008: EUR 12.8 million) and trade receivables. The increase is due mainly to a loan granted to a subsidiary to acquire real estate.

Other assets include mainly receivables from the reinsurance of employees' pension plans by a total of EUR 27.4 million (2008: EUR 21.5 million) and tax receivables of EUR 9.9 million (2008: EUR 20.1 million).

4 // Securities

Securities consist entirely of treasury shares.

As of December 31, 2009, 528,555 common shares and 855,278 preferred shares were held. The related portion of share capital is EUR 1,383,833.00 (1.97%).

The treasury shares were purchased from 2004 to 2007:

Purchase date	Number of common shares in units	Number of preferred shares in units
03/2004	35,966	0
05/2004	36,280	0
06/2004	11,513	0
07/2004	40,506	0
02/2005	12,992	0
03/2005	34,794	1,000
04/2005	84,000	82,467
10/2005	21,700	153,700
05/2006	0	210,200
06/2006	79,700	0
07/2006	158,628	0
08/2006	0	20,021
09/2006	9,976	110,084
01/2007	0	94,411
02/2007	2,500	183,395
12.31.2009	**528,555**	**855,278**

The historic acquisition costs of treasury shares amounted to EUR 42,362,350.67.

A resolution was passed at the Annual Shareholders' Meeting on May 14, 2009 to extend the authority to purchase treasury shares until November 13, 2011. The resolution has not yet been added to the HUGO BOSS AG Commercial Register entry as it is the subject of litigation.

In 2009 no further treasury shares were acquired or sold. The treasury shares should facilitate

- widening the circle of shareholders through offerings to both domestic and foreign institutional investors;
- allowing consideration in the form of treasury stock in the event of corporate mergers or when a company or participation is acquired;
- placing shares on foreign stock exchanges.

There are no specific plans to make use of such an authorization at present.

The treasury shares were revalued upwards by EUR 10,224,452.30 due to rising share prices (2008: devaluation by EUR 20,902,345.97).

5 // PREPAID EXPENSES

The prepaid expenses refer mainly to prepaid IT costs.

6 // SUBSCRIBED CAPITAL

As of December 31, 2009, the subscribed capital of HUGO BOSS AG amounted to EUR 70,400,000.00.

in EUR	**12.31.2009**	**12.31.2008**
35,860,000 bearer common shares	35,860,000	35,860,000
34,540,000 non-voting bearer preferred shares	34,540,000	34,540,000
	70,400,000	**70,400,000**

On May 14, 2009 the Annual Shareholders' Meeting resolved that the HUGO BOSS AG Managing Board shall have authorized capital at its disposal totaling EUR 35,200,000 until May 13, 2014, subject to Supervisory Board approval. Authorized capital allows the Company to increase its share capital on one or more occasions by issuing new common or preferred shares.

Such a resolution has not yet been added to the HUGO BOSS AG Commercial Register entry as it is currently the subject of litigation.

7 // CAPITAL SURPLUS

The capital reserve contains the premiums from the issue of shares and is shown in accordance with Section 272(2)(1) of the German Commercial Code (Handelsgesetzbuch/HGB).

8 // RETAINED EARNINGS

Treasury share reserves increased by EUR 10,224,452.30 as a result of an appropriation due to treasury share appreciation resulting from higher share prices (2008: decrease of EUR 20,902,345.97 due to depreciation). This amount is included in transfers from other revenue reserves.

The retained earnings balance developed as follows:

in EUR	
Position as at 1.1.2009	241,984,764.75
Addition to other revenue reserves in accordance with the Annual Shareholders' Meeting resolution of May 14, 2009	92,722,600.00
Transfers from other revenue reserves in accordance with the Managing and Supervisory board resolution	(4,889,730.39)
Position as at 12.31.09	**329.817.634,36**

9 // UNAPPROPRIATED INCOME

The unappropriated income developed as follows:

in EUR	
Distributable profit as at December 31, 2008	189,516,000.00
Profit distribution for 2008	94,888,996.01
Allocated to retained earnings	92,722,600.00
Accumulated income	1,904,403.99
Net income 2009	71,359,717.92
Allocation to reserve for treasury shares	(10,224,452.30)
Transfers from other revenue reserves	4,889,730.39
Distributable profit as at December 31, 2009	**67,929,400.00**

10 // OTHER RESERVES

in EUR	**12.31.2009**	**12.31.2008**
Personnel expenses	30,768,602.32	35,470,673.75
Incoming invoices outstanding	24,893,972.13	24,034,790.84
Other reserves	10,248,290.96	11,952,759.64
	65,910,865.41	**71,458,224.23**

Provisions for personnel expenses relate mainly to stock appreciation rights, profit sharing and bonuses, severance payments and outstanding vacation entitlements.

Other accrued liabilities mainly originate from liabilities for returned merchandise, Supervisory Board compensation and pending litigation. Sufficient provisions were set aside for ongoing litigation.

11 // LIABILITIES

Categorized according to remaining duration	**with a remaining term of**			
in EUR (prior year figures in brackets)	**up to 1 year**	**from 1 to 5 years**	**more than 5 years**	**Total**
Trade payables	48,151,596.83 (40,478,701.87)	-,– (-,–)	-,– (-,–)	48,151,596.83 (40,478,701.87)
Liabilities to affiliated companies	276,770,810.68 (270,557,684.41)	-,– (-,–)	-,– (-,–)	276,770,810.68 (270,557,684.41)
Liabilities to companies in which participating interests are held	-,– (65,130.24)	-,– (-,–)	-,– (-,–)	-,– (65,130.24)
Other liabilities	5,417,292.14 (17,051,118.16)	77,336.03 (-,–)	2,492,721.64 (2,379,674.54)	7,987,349.81 (19,430,792.70)
	330,339,699.65 (328,152,634.68)	**77,336.03** (-,–)	**2,492,721.64** (2,379,674.54)	**332,909,757.32** (330,532,309.22)

The trade payables are subject to usual reservation of ownership as far as they result from the purchase of raw materials, consumables and merchandise.

The liabilities due to affiliated companies include loans of EUR 276.4 million (2008: EUR 269.9 million) and trade payables.

As of December 31, 2009 there is no collateral for liabilities shown on the balance sheet.

Breakdown of other liabilities

in EUR	12.31.2009	12.31.2008
Taxes	4,211,143.37	15,766,025.16
Social security	2,691,646.33	2,508,462.32
Other	1,084,560.11	1,156,305.22
	7,987,349.81	**19,430,792.70**

12 // CONTINGENT LIABILITIES

in EUR	12.31.2009	12.31.2008
Contingent liabilities from guarantees	466,573,163.61	573,362,170.31
thereof associated companies	[466,573,163.61]	[573,362,170.31]
Contingent liabilities from the provision of collateral for third-party liabilities	8,546,798.85	12,085,847.67
thereof associated companies	[8,546,798.85]	[12,085,847.67]
	475,119,962.46	**585,448,017.98**

NOTES TO THE INCOME STATEMENT

13 // SALES

Categorized by brands and geographical markets

in EUR (prior year figures in brackets)	BOSS	HUGO	Total
Europe[1]	493,034,483.74 (570,843,614.32)	64,429,000.00 (70,587,115.99)	557,463,483.74 (641,430,730.31)
Americas	81,858,667.00 (92,911,263.47)	7,664,950.00 (9,196,369.01)	89,523,617.00 (102,107,632.48)
Asia/Pacific	57,198,682.00 (63,958,946.00)	1,264,155.00 (1,716,908.00)	58,462,837.00 (65,675,854.00)
	632,091,832.74 (727,713,823.79)	**73,358,105.00** (81,500,393.00)	**705,449,937.74** (809,214,216.79)

1 Including Middle East and Africa.

14 // OTHER OPERATING INCOME

in EUR	2009	2008
Other operating income	114,190,353.08	162,745,805.20
thereof aperiodic income	[17,134,868.51]	[24,059,237.91]

Other income mainly comprises costs and services charged to affiliated companies.

HUGO BOSS AG reduced its marketing expenses in the past fiscal year resulting in fewer costs being passed on.

The aperiodic income is predominantly attributable to appreciation in treasury shares amounting to EUR 10.2 million (2008: EUR 0.0 million), and the release of reserves totaling EUR 6.7 million (2008: EUR 24.1 million).

15 // PERSONNEL EXPENSES

in EUR	2009	2008
Wages and salaries	118,485,333.84	140,266,759.79
Social security and other pension costs	23,215,482.08	23,848,393.20
thereof for pensions	[5,058,218.42]	[4,742,129.87]

Average number of employees:

	2009	2008
Industrial employees	885	948
Commercial and administrative employees	1,633	1,665
	2,518	**2,613**

Part-time staff have been proportionately taken into account.

16 // DEPRECIATION

Depreciation includes non-recurring depreciation on investments amounting to EUR 42,830.72 (2008: EUR 0.00).

17 // OTHER OPERATING EXPENSES

in EUR	2009	2008
Other operating expenses	207,945,601.45	280,948,103.71
thereof aperiodic expenses	[1,596,712.70]	[145,075.59]

Other operating expenses are mainly operating, administration and sales expenses. The decrease is mainly due to various cost-cutting initiatives. The greatest savings were achieved in marketing. Expenditures on licenses fell due to reduced sales. Changes in the prices of stock options in the "Stock Appreciation Rights Program" also had a positive effect on earnings. Travel costs were also reduced in all divisions.

The aperiodic expenses are due to losses from procuring and scrapping fixed assets.

18 // INCOME FROM INVESTMENTS

in EUR	2009	2008
Total	72,902,637.60	77,776,484.95
Thereof from affiliated companies	[72,902,637.60]	[77,776,484.95]

Income from investments amounted to EUR 72,884 thousand (2008: EUR 77,702 thousand) and came from HUGO BOSS Trade Mark Management GmbH & Co KG, Metzingen, Germany.

19 // OTHER INTEREST AND SIMILAR INCOME

in EUR	2009	2008
Total	4,761,580.22	3,626,834.07
Thereof from affiliated companies	[905,037.43]	[3,232,476.51]

20 // AMORTIZATION OF CURRENT ASSET SECURITIES

in EUR	2009	2008
Total	-,–	20,902,345.97
Thereof from affiliated companies	[-,–]	[-,–]

The depreciation in 2008 related to treasury shares.

21 // INCOME FROM PROFIT TRANSFER AGREEMENTS

in EUR	2009	2008
Total	34,365.51	300,021,410.99
Thereof from affiliated companies	[34,365.51]	[300,021,410.99]

The income from profit transfer agreements is from the subsidiary HUGO BOSS Beteiligungsgesellschaft mbH, Metzingen, Germany, and that of the previous year from the subsidiary HUGO BOSS Internationale Beteiligungs-gmbH, Metzingen, Germany.

22 // LOSSES FROM INVESTMENTS

in EUR	2009	2008
Total	115,077.74	2,164,055.87
Thereof from affiliated companies	[115,077.74]	[2,164,055.87]

Transferred losses are from the subsidiary HUGO BOSS Internationale Beteiligungs-gmbH, Metzingen, Germany, and that of the previous year from the subsidiary HUGO BOSS Beteiligungsgesellschaft mbH, Metzingen, Germany.

23 // INTEREST AND SIMILAR EXPENSES

in EUR	2009	2008
Total	13,636,460.80	38,835,443.63
Thereof associated companies	[13,193,229.93]	[26,231,826.16]

24 // NON-RECURRING PROFIT

The non-recurring profit is due entirely to the profit generated from the merger of HUGO BOSS Germany Retail GmbH, Metzingen, Germany, with HUGO BOSS AG, Metzingen, Germany.

25 // TAXES ON INCOME

in EUR	2009	2008
Total	11,458,396.59	17,195,513.04
Thereof out of period expenses	[317,084.04]	[9,949,734.58]

Taxes on income only impact income from ordinary activities.

ADDITIONAL INFORMATION

Foreign currency hedging

In order to hedge anticipated payments from subsidiaries for deliveries invoiced in local currency in part or in whole against exchange rate risks, HUGO BOSS AG uses derivative financial instruments. The above includes forward exchange contracts and currency options.

In particular the derivatives cover anticipated payments from those countries in which HUGO BOSS AG has its operations. They cover Australian and Canadian dollars, pound sterling, Japanese yen and US dollar.

Derivative financial instruments outstanding on December 31, 2009 are detailed below:

	2009		2008	
in EUR thousand	Nominal value	Market value	Nominal value	Market value
Forward exchange contracts	23,220	(556)	16,264	1,885
Currency options	–	–	4,425	830

Current market values for financial instruments are calculated as follows:

- Forward exchange contracts:
  Forward exchange contracts are valued at the forward transaction rate applicable on December 31, 2009.
- Currency options:
  There were no currency options as of December 31, 2009 (2008: market value of EUR 830,474.18).

Profits from forward exchange contracts are only recorded on the balance sheet when they are taken. Anticipated losses related to these transactions as of December 31, 2009 amounting to EUR 784,313.84 (2008: EUR 681,384.79) are contained in other provisions.

Hedging contracts for the "Stock Appreciation Rights Program" (SAR)

In order to limit the risk arising from share price fluctuations in connection with the "Stock Appreciation Rights Program" (SAR), and hence the potential impact on the cash flow and earnings of HUGO BOSS AG, a corresponding hedging program was resolved in late 2007 to come into force from fiscal year 2008.

The hedge covers both liability towards HUGO BOSS AG employees and those of its subsidiaries' employees.

Hedges outstanding on December 31, 2009 are detailed below:

	2009		2008	
in EUR thousand	Nominal value	Market value	Nominal value	Market value
Call option (SAR-hedge)	26,611	4,908	29,987	3,499

The acquisition cost for hedging options are capitalized and valued at the lower of cost or fair value at the end of the period. Profits are only recorded on the balance sheet when they are taken.

Owing to additional issues of hedging instruments and the possibility of external influences on the share price, the management of HUGO BOSS AG has resolved to revise the general conditions applying to the "Stock Appreciation Rights Program". Effective December 14, 2009, all executives entitled to the program were therefore offered the following amendments:

1. Waiver of participation rights and all rights arising from the tranches issued from 2005 to 2008, in return for payment of compensation.
2. Adjustment to conditions under which the tranche issued in 2009 can be exercised.

Compensation payment for waiving the rights to tranches 5 to 8 is the value of the option for the tranche in question, multiplied by the number of participation rights. On December 14, external banks calculated the option values adopted using a standardized valuation model on behalf of HUGO BOSS AG .The share price taken as the basis for the calculation is the unweighted average closing prices for HUGO BOSS AG preferred shares in Xetra trading on the Frankfurt Stock Exchange for the five trading days immediately preceding December 14, 2009.

To limit the upward and downward effects of non-recurring and unforeseen developments in the share price, both a minimum and maximum profit on exercising the option were defined for participation rights in tranche 9. The minimum remuneration paid here is the difference between market capitalization as reflected in the average price of a HUGO BOSS AG preferred share over the previous five trading days immediately preceding December 14, 2009 and the preferred share strike price when issued, but subject to maximum limit of EUR 33.20. Before the end of the vesting period the entitled parties may each exercise up to one third of their participation rights in tranche 9 early with effective December 14 of each fiscal year after agreeing to the amendment to the program. Exercising the rights was possible for the first time on December 14, 2009. The profit from exercising the right in this case is the minimum remuneration defined above.

Agreement to program amendments lengthens the holding period to three years, ending December 31, 2011. The exercise period is shortened accordingly to two years and ends at the end December 14, 2013.

Any participation rights in tranches 5 to 8 and in still existent rights to the previous version of tranche 9 can still be exercised after the amendments to the program under the original option conditions. Tranches 5 to 8 of the "Stock Appreciation Rights Program" have six years terms. After the initial lock up period of two years, the four-year exercise period commences.

However, tranche 9, which was issued in the past fiscal year 2009, has a term of five years. After expiry of the three-year vesting period (two years prior to the program amendment) the two-year exercise period begins (three-year exercise period prior to amending the program).

If growth in HUGO BOSS AG market capitalization exceeds MDAX growth by 5 percentage points (exercise hurdle) at the expiry of the vesting period or during the following exercise period, participation rights in tranches 5 to 8 may be exercised. The exercise hurdle shall not apply when exercising participation rights in tranche 9.

The remuneration to be paid corresponds to the difference between the market capitalization as reflected in the average price of a HUGO BOSS AG preferred share during the five trading days preceding the date of exercise and the strike price of the preferred share in line with the condition. The strike price corresponds to the average price of HUGO BOSS AG preferred shares during the 20 trading days preceding the date of issue.

In order to limit the risk arising from share price fluctuations in connection with the "Stock Appreciation Rights Program", and hence the potential impact on the cash flow and earnings of HUGO BOSS AG, a corresponding hedging program was resolved in late 2007 to come into force from fiscal year 2008.

Under the terms of this program, HUGO BOSS AG acquired term-equivalent American call options for HUGO BOSS preferred shares from independent banks in the first quarter of fiscal year 2008. The subscription right is 1:1, i.e. each option corresponds to one preferred share. The total investment volume was just under EUR 33 million.

When SARs are exercised by employees, the corresponding call options are sold back to the issuing bank. This balances the outflow of funds from the exercise of SARs with the inflow of funds from the sale of call options, and thus offsets the effects on cash flow. SAR expiry or waiver also result in the sale of the corresponding call options.

The obligations arising from the SARs for HUGO BOSS AG, which are recognized in the form of corresponding provisions, and the call options used for hedging are regularly recognized as income at their fair value at the respective reporting date.

Changes arising from fair market valuation adjustments are recorded under other operating expenses or other operating income if they apply to HUGO BOSS AG employees. Expenses and income attributable to employees of subsidiaries are shown in the financial report.

Other financial liabilities under paragraph 285(2) German Commercial Code

in EUR	Total	Tenancy and leasing contracts: Buildings/ real estate	Tenancy and leasing contracts: Hardware/ software	Other contracts	thereof affiliated companies: Buildings Leasing	thereof affiliated companies: Other contracts
Due 2010	28,497,200.70	21,328,098.57	5,894,253.64	1,274,848.49	3,671,925.00	-,–
Due 2011 – 2014	73,711,284.69	67,618,677.25	5,336,169.14	756,438.30	13,615,138.56	-,–
Due after 2014	82,673,460.97	82,667,638.97	-,–	5,822.00	23,930,552.76	-,–
	184,881,946.36	**171,614,414.79**	**11,230,422.78**	**2,037,108.79**	**41,217,616.32**	**-,–**
Obligations from investments initiated during the year under review, due in 2010	**1,011,000.00**					

All values are nominal values, i.e. they have not been discounted.

Supervisory Board and Managing Board

No information is given regarding individual remuneration, pursuant to a resolution by the Annual General Assembly on May 4, 2006.

The Supervisory Board received total remuneration of EUR 1,427 thousand for its services (2008: EUR 1,154 thousand), including a variable component of EUR 695 thousand (2008: EUR 389 thousand) calculated on the basis of group earnings per share.

Total remuneration for members of the Managing Board in fiscal year 2009 came to EUR 4,927 thousand (2008: EUR 5,479 thousand). EUR 2,642 thousand (2008: EUR 2,919 thousand) of which is fixed salaries and EUR 2,285 thousand (2008: EUR 2,560 thousand) is variable compensation. Long-term incentive compensation is not included, as in the previous year. Fixed salary components paid to members of the Managing Board include benefits such as company cars and benefits in kind as well as other equipment and services necessary for Managing Board members to fulfill their duties. The variable components consist of bonuses paid for the attainment of personal targets as agreed with the Supervisory Board for each Managing Board member, and predefined corporate earnings objectives.

The current members of the Managing Board have no right to participate in the "Stock Appreciation Rights Program".

In addition, the Company has provided pension benefits for most Managing Board members. The amount of future pension benefits is based on each member's basic salary and years of service. In 2009, pension provisions for Management Board members (excluding salary conversion) were EUR 1,631 thousand (2008: EUR 821 thousand). Payments of EUR 66 thousand (2008: EUR 13,362 thousand) were made to past members of the Managing Board as severance payments.

Pension liabilities for former Managing Board members and their surviving dependents amounted to EUR 15,669 thousand (2008: EUR 14,183 thousand). Payments totaling EUR 191 thousand (2008: EUR 158 thousand) were made to such persons in 2009.

In total, members of the Managing Board and the Supervisory Board hold less than 1% (2008: less than 1%) of the shares issued by HUGO BOSS AG.

Management Participation Program

In the context of the "Management Participation Program" (MPP for short), which was introduced in 2008, members of the Managing Board and second-tier executives can invest indirectly in Red & Black TopCo S.à r.l. by making a payment. Because Red & Black TopCo S.à r.l. has held 100% of the shares in Valentino Fashion Group S.p.A. directly .In addition to the indirect investment in HUGO BOSS, the management at HUGO BOSS AG is investing not only in the HUGO BOSS Group, but also in other companies in the Valentino Fashion Group not controlled or influenced by HUGO BOSS.

The indirect investment in Red & Black TopCo S.à r.l. is carried out via a German limited partnership with Red & Black Management Beteiligungs GmbH & Co. KG ("MPP KG" for short). The company agreement was signed for an indefinite period of time, but at least until the end of 2024. MPP KG has a 1.516% stake in the proceeds from Red & Black TopCo S.à r.l. In the event of an initial public offering or the sale of Valentino Fashion Group S.p.A. including the HUGO BOSS Group (hereinafter "exit"), MPP KG can participate disproportionately in the exit profits if certain conditions are met ("ratchet"). The participation right in these profits is a result of a pro-rated 5-year vesting period.

The legal status of MPP KG managers is regulated in the company agreement. The maximum investment in MPP KG is determined individually. The managers are registered in MPP KG's commercial register as limited partners.

All participating managers acquire shares in the MPP KG limited partnership at fair value. This fair value is calculated based on disposal scenarios that are considered probable from the current point of view. The calculation of fair value factors in the expected dividend payments used in corporate planning as the basis for valuation.

The fair value of the equity instruments granted was calculated at the time of issuance and will be calculated at later valuation dates as the sum of the intrinsic value of the shares on one hand and the value of the ratchet on the other. The shares' intrinsic value is calculated using the discounted cash flow method, while the value of the ratchet is calculated using the option pricing model.

If MPP shares attributable to a manager are sold as part of an exit, he is entitled to the sales proceeds generated. The manager's entitlement to the payout of his portion of the sales proceeds is linked to the manager in question not having left the HUGO BOSS Group at the time of the exit. Limits on the entitlement to payouts of the pro-rated portion of sales proceeds only exist for managers who leave the Company before an exit. If a manager leaves the Company before the exit, Red & Black TopCo S.à r.l. has the right to acquire the shares held by the manager in question. The manager leaving is qualified as a so-called "good leaver" or "bad leaver" during the determination of the acquisition price.

As shareholders of the Red&Black TopCo S.à r.l., the members of the Managing Board and second-tier executives are entitled to receive future sales proceeds from exit events as well as profit distributions. Under the circumstances described before, no personnel expenses will affect HUGO BOSS' profit or loss.

The MPP did not influence the profit or loss for the period of the HUGO BOSS AG in fiscal year 2009, as no transactions that would have needed to be measured at fair value have been carried out since MPP was established. As a result of the MPP, no financial assets or liabilities were recognized as of the reporting date of December 31, 2009.

German Corporate Governance Code

The Managing and Supervisory Boards of HUGO BOSS AG issued the declaration required under Paragraph 161 of the German Stock Corporation Act (Akt G) in December 2009. It is constantly available to shareholders on the company website.

Auditors fees

Application has been made for exemption under Section 285(17) of the German Commercial Code (Handelsgesetzbuch/HGB) for stating the fees in individual accounts when included in the Group accounts.

Connections to related parties

As in 2008, no transactions were effected in 2009 with related companies not included in the HUGO BOSS AG group report and accounts, or in which the direct or indirect investment holding was less than 100%. Consequently, in 2009 as in 2008, no receivables due from such related parties were entered in the balance sheet as of December 31 reporting date.

Dividend payout and appropriation of profits

HUGO BOSS AG closed the fiscal year 2009 with net income of EUR 71.4 million (2008: EUR 319.4 million). The distributable profit after allocation to reserves for own shares, accumulated income from the previous year and drawing from retained earnings amounted to EUR 67.9 million. In view of a profit-oriented distribution policy, the Managing and Supervisory Board will recommend to the Annual Shareholders' Meeting that a dividend of EUR 0.96 will be paid per common share, and EUR 0.97 per preferred share for the fiscal year 2009. This corresponds to an amount of EUR 66.6 million (2008: EUR 94.9 million). A recommendation will also be made to the Annual Shareholders' Meeting for the dividend amount attributable to own shares of EUR 1.3 million to be carried forward.

INFORMATION CONCERNING THE MAJORITY SHAREHOLDER

- On October 17, 2005, HUGO BOSS AG received the following notification from V.F.G. International N.V., Amsterdam, Netherlands, pursuant to Section 21 of the German Securities Trading Act (WpHG) of March 12, 2003:
  "Referring to our notification of March 12, 2003, we hereby inform you that on September 28, 2005 the Company changed its name from Marzotto International N.V. to V.F.G. International N.V.
  We continue to hold 78.76% of the voting share capital."

  Metzingen, October 2005
  The Managing Board

- On August 8, 2007, HUGO BOSS AG received from the following companies and individuals the following correction of the notifications on voting rights dated August 3, 2007 pursuant to Section 21 Paragraph 1 and Section 22 of the German Securities Trading Act (WpHG).

  7. Red & Black HoldCo S.à r.l.
  Red & Black HoldCo S.à r.l. notified us of the following:
  The share of voting rights in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, held by Red & Black HoldCo S.à r.l., Luxembourg (address: 282, route de Longwy, L -1940 Luxembourg), exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75% on August 2, 2007. The share of voting rights now amounts to 80.23% (28,770,683 voting rights), of which a share of 78.76% (28,242,128 voting rights) is attributable to Red & Black HoldCo S.à r.l. as a result of the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act. V.F.G. International N.V. is controlled by Red & Black HoldCo S.à r.l. indirectly via Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., and Valentino Fashion Group S. p. A., Milan, Italy. A further share of voting rights amounting to 1.47% (528,555 voting rights) is attributable to Red & Black HoldCo S.à r.l. as a result of the own shares held by HUGO BOSS AG indirectly via Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., Valentino Fashion Group S. p. A., and V.F.G. International N.V. pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act.

  8. Red & Black HoldCo 2 S.à r.l.
  Red & Black HoldCo 2 S.à r.l. notified us of the following:
  The share of voting rights in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, held by Red & Black HoldCo 2 S.à r.l., Luxembourg (address: 282, route de Longwy, L -1940 Luxembourg), exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75% on August 2, 2007. The share of voting rights now amounts to 80.23% (28,770,683 voting rights), of which a share of 78.76% (28,242,128 voting rights) is attributable to Red & Black HoldCo 2 S.à r.l. as a result of the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act. V.F.G. International N.V. is controlled by Red & Black HoldCo 2 S.à r.l. indirectly via Red & Black Topco 2 S.à r.l., Red & Black Lux 2 S.à r.l., Red & Black 2 S.r.l., and Valentino Fashion Group S. p. A., Milan, Italy. A further share of voting rights amounting to 1.47% (528,555 voting rights)

is attributable to Red & Black HoldCo 2 S.à r.l. as a result of the own shares held by HUGO BOSS AG indirectly via Red & Black Topco 2 S.à r.l., Red & Black Lux 2 S.à r.l., Red & Black 2 S.r.l., Valentino Fashion Group S. p. A., and V.F.G. International N.V. pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act.

9. P4 Sub L.P.1

P4 Sub L.P.1 notified us of the following:

The share of voting rights in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, held by P4 Sub L.P.1, Guernsey (address: Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands), exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75% on August 2, 2007. The share of voting rights now amounts to 80.23% (28,770,683 voting rights), of which a share of 78.76% (28,242,128 voting rights) is attributable to P4 Sub L.P.1 as a result of the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act. V.F.G. International N.V. is controlled by P4 Sub L.P.1 indirectly via Red & Black HoldCo 2 S.à r.l., Red & Black Topco 2 S.à r.l., Red & Black Lux 2 S.à r.l., Red & Black 2 S.r.l., and Valentino Fashion Group S. p. A., Milan, Italy. A further share of voting rights amounting to 1.47% (528,555 voting rights) is attributable to P4 Sub L.P.1 as a result of the own shares held by HUGO BOSS AG indirectly via Red & Black HoldCo 2 S.à r.l., Red & Black Topco 2 S.à r.l., Red & Black Lux 2 S.à r.l., Red & Black 2 S.r.l., Valentino Fashion Group S. p. A., and V.F.G. International N.V., pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act.

10. Permira IV L.P.1

Permira IV L.P.1 notified us of the following:

The share of voting rights in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, held by Permira IV L.P.1, Guernsey (address: Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands), exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75% on August 2, 2007. The share of voting rights now amounts to 80.23% (28,770,683 voting rights), of which a share of 78.76% (28,242,128 voting rights) is attributable to Permira IV L.P.1 as a result of the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act. V.F.G. International N.V. is controlled by Permira IV L.P.1 indirectly via P4 Sub L.P.1, Red & Black HoldCo 2 S.à r.l., Red & Black Topco 2 S.à r.l., Red & Black Lux 2 S.à r.l., Red & Black 2 S.r.l., and Valentino Fashion Group S. p. A., Milan, Italy. A further share of voting rights amounting to 1.47% (528,555 voting rights) is attributable to Permira IV L.P.1 as a result of the own shares held by HUGO BOSS AG indirectly via P4 Sub L.P.1, Red & Black HoldCo 2 S.à r.l., Red & Black Topco 2 S.à r.l., Red & Black Lux 2 S.à r.l., Red & Black 2 S.r.l., Valentino Fashion Group S. p. A., and V.F.G. International N.V. pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act.

11. Permira IV Managers L.P.

Permira IV Managers L.P. notified us of the following:

The share of voting rights in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, held by Permira IV Managers L.P., Guernsey (address: Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands), exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75% on August 2, 2007. The share of voting rights now amounts to 80.23% (28,770,683 voting rights), of which a share of 78.76% (28,242,128 voting rights) is attributable to Permira IV Managers L.P. as a result of the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act. V.F.G. International N.V. is controlled by Permira IV Managers L.P. indirectly via Permira IV L.P.1, P4 Sub L.P.1, Red & Black HoldCo 2 S.à r.l., Red & Black Topco 2 S.à r.l., Red & Black Lux 2 S.à r.l., Red & Black 2 S.r.l., Permira IV L.P.2, Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l, Red & Black S.r.l., and Valentino Fashion Group S. p. A., Milan, Italy. A further share of voting rights amounting to 1.47% (528,555 voting rights) is attributable to Permira Managers IV L.P. as a result of the own shares held by HUGO BOSS AG indirectly via Permira IV L.P.1, P4 Sub L.P.1, Red & Black HoldCo 2 S.à r.l., Red & Black Topco 2 S.à r.l., Red & Black Lux 2 S.à r.l., Red & Black 2 S.r.l., Permira IV L.P.2, Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., Valentino Fashion Group S. p. A., and V.F.G. International N.V. pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act.

12. Permira IV Managers Limited

Permira IV Managers Limited notified us of the following:

The share of voting rights in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, held by Permira IV Managers Limited, Guernsey (address: Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands), exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75% on August 2, 2007. The share of voting rights now amounts to 80.23% (28,770,683 voting rights), of which a share of 78.76% (28,242,128 voting rights) is attributable to Permira IV Managers Limited as a result of the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act. V.F.G. International N.V. is controlled by Permira IV Managers Limited indirectly via Permira IV Managers L.P., Permira IV L.P.1, P4 Sub L.P.1, Red & Black HoldCo 2 S.à r.l., Red & Black Topco 2 S.à r.l., Red & Black Lux 2 S.à r.l., Red & Black 2 S.r.l., Permira IV L.P.2, Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., and Valentino Fashion Group S. p. A., Milan, Italy. A further share of voting rights amounting to 1.47% (528,555 voting rights) is attributable to Permira Managers IV Limited as a result of the own shares held by HUGO BOSS AG indirectly via Permira Managers IV L.P., Permira IV L.P.1, P4 Sub L.P.1, Red & Black HoldCo 2 S.à r.l., Red & Black Topco 2 S.à r.l., Red & Black Lux 2 S.à r.l., Red & Black 2 S.r.l., Permira IV L.P.2, Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., Valentino Fashion Group S. p. A., and V.F.G. International N.V. pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act.

13. Permira IV L.P.2

Permira IV L.P.2 notified us of the following:

The share of voting rights in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, held by Permira IV L.P.2, Guernsey (address: Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands), exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75% on August 2, 2007. The share of voting rights now amounts to 80.23% (28,770,683 voting rights), of which a share of 78.76% (28,242,128 voting rights) is attributable to Permira IV L.P.2 as a result of the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act. V.F.G. International N.V. is controlled by Permira IV L.P. 2 indirectly via Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., and Valentino Fashion Group S. p. A., Milan, Italy. A further share of voting rights amounting to 1.47% (528,555 voting rights) is attributable to Permira IV L.P.2 as a result of the own shares held by HUGO BOSS AG indirectly via Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., Valentino Fashion Group S. p. A., and V.F.G. International N.V. pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act.

14. P4 Co-Investments L.P.

P4 Co-Investments L.P. notified us of the following:

The share of voting rights in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, held by P4 Co-Investments L.P., Guernsey (address: Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands), exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75% on August 2, 2007. The share of voting rights now amounts to 80.23% (28,770,683 voting rights), of which a share of 78.76% (28,242,128 voting rights) is attributable to P4 Co-Investments L.P. as a result of the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act. V.F.G. International N.V. is controlled by P4 Co-Investments L.P. indirectly via Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., and Valentino Fashion Group S. p. A., Milan, Italy. A further share of voting rights amounting to 1.47% (528,555 voting rights) is attributable to P4 Co-Investments L.P. as a result of the own shares held by HUGO BOSS AG indirectly via Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., Valentino Fashion Group S. p. A., and V.F.G. International N.V. pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act.

15. Permira Investments Limited

Permira Investments Limited notified us of the following:

The share of voting rights in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, held by Permira Investments Limited, Guernsey (address: Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands), exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75% on August 2, 2007. The share of voting rights now amounts to 80.23% (28,770,683 voting rights), of which a share of 78.76% (28,242,128 voting rights) is attributable to Permira Investments Limited as a result of the shares held by V.F.G. International N.V., Amsterdam, Netherlands, Pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act. V.F.G. International N.V. is controlled by Permira Investments Limited indirectly via Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., and Valentino Fashion Group S. p. A., Milan, Italy. A further share of voting rights amounting to 1.47% (528,555 voting rights) is attributable to Permira Investments Limited as a result of the own shares held by HUGO BOSS AG indirectly via Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., Valentino Fashion Group S. p. A., and V.F.G. International N.V. pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act.

16. Permira IV GP L.P.

Permira IV GP L.P. notified us of the following:

The share of voting rights in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, held by Permira IV GP L.P., Guernsey (address: Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands), exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75% on August 2, 2007. The share of voting rights now amounts to 80.23% (28,770,683 voting rights), of which a share of 78.76% (28,242,128 voting rights) is attributable to Permira IV GP L.P. as a result of the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act. V.F.G. International N.V. is controlled by Permira IV GP L.P. indirectly via Permira IV L.P.1, P4 Sub L.P.1, Red & Black HoldCo 2 S.à r.l., Red & Black Topco 2 S.à r.l., Red & Black Lux 2 S.à r.l., Red & Black 2 S.r.l., Permira IV L.P.2, P4 Co-Investments L.P., Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., and Valentino Fashion Group S. p. A., Milan, Italy. A further share of voting rights amounting to 1.47% (528,555 voting rights) is attributable to Permira IV GP L.P. as a result of the own shares held by HUGO BOSS AG indirectly via Permira IV L.P. 1, P4 Sub L.P.1, Red & Black HoldCo 2 S.à r.l., Red & Black Topco 2 S.à r.l., Red & Black Lux 2 S.à r.l., Red & Black 2 S.r.l., Permira IV L.P.2, P4 Co-Investments L.P., Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., Valentino Fashion Group S. p. A., and V.F.G. International N.V. pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act.

17. Permira IV GP Limited

Permira IV GP Limited notified us of the following:

The share of voting rights in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, held by Permira IV GP Limited, Guernsey (address: Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands), exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75% on August 2, 2007. The share of voting rights now amounts to 80.23% (28,770,683 voting rights), of which a share of 78.76% (28,242,128 voting rights) is attributable to Permira IV GP Limited as a result of the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act. V.F.G. International N.V. is controlled by Permira IV GP Limited indirectly via Permira IV GP L.P., Permira IV L.P.1, P4 Sub L.P.1, Red & Black HoldCo 2 S.à r.l., Red & Black Topco 2 S.à r.l., Red & Black Lux 2 S.à r.l., Red & Black 2 S.r.l., Permira IV L.P.2, P4 Co-Investments L.P., Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., and Valentino Fashion Group S. p. A., Milan, Italy. A further share of voting rights amounting to 1.47% (528,555 voting rights) is attributable to Permira IV GP Limited as a result of the own shares held by HUGO BOSS AG indirectly via Permira IV GP L.P., Permira IV L.P.1, P4 Sub L.P.1, Red & Black HoldCo 2 S.à r.l., Red & Black Topco 2 S.à r.l., Red & Black Lux 2 S.à r.l., Red & Black 2 S.r.l., Permira IV L.P.2, P4 Co-Investments L.P., Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., Valentino Fashion Group S. p. A., and V.F.G. International N.V. pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act.

18. Permira Nominees Limited

Permira Nominees Limited notified us of the following:

The share of voting rights in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, held by Permira Nominees Limited, Guernsey (address: Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands), exceeded the thresholds of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50%, and 75% on August 2, 2007. The share of voting rights now amounts to 80.23% (28,770,683 voting rights), of which a share of 78.76% (28,242,128 voting rights) is attributable to Permira Nominees Limited as a result of the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act. V.F.G. International N.V. is controlled by Permira Nominees Limited indirectly via Permira Investments Limited, Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., and Valentino Fashion Group S. p. A., Milan, Italy. A further share of voting rights amounting to 1.47% (528,555 voting rights) is attributable to Permira Nominees Limited as a result of the own shares held by HUGO BOSS AG indirectly via Permira Investments Limited, Red & Black HoldCo S.à r.l., Red & Black Topco S.à r.l., Red & Black Lux S.à r.l., Red & Black S.r.l., Valentino Fashion Group S. p. A., and V.F.G. International N.V. pursuant to Section 22 Paragraph 1 sentence 1 No. 1 in conjunction with sentence 3 of the Securities Trading Act.

- On March 14, 2008, HUGO BOSS was notified of the following voting rights announcement pursuant to section 21 paragraph 1 and section 22 WpHG (German Securities Trading Act) of the entities mentioned in the following:

  "On March 11, 2008 Red & Black 2 S.r.l., Milan (Address: via San Paolo 10, 20121 Milan, Italy) was merged into Red & Black S.r.l., Milan (Address: via San Paolo 10, 20121 Milan, Italy). Thereby Red & Black 2 S.r.l. has lapsed. Legal successor is Red & Black S.r.l.
  Against the background of the above mentioned merger we inform you in the name and by order of Red & Black S.r.l., Milan (Address: via San Paolo 10, 20121 Milan, Italy) pursuant to 21 paragraph 1, 22 WpHG (German Securities Trading Act) about the following:

  As legal successor of Red & Black S.r.l. 2, Milan (address: via San Paolo 10, 20121 Milan, Italy): The proportion of voting rights of Red & Black S.r.l. 2, Milan (address: via San Paolo 10, 20121 Milan, Italy), held in HUGO BOSS AG, Dieselstraße 12, 72555 Metzingen, Germany, fell below the limits of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on March 11, 2008 and has stood at 0.00% since this day (no voting rights).
  For the company itself: The proportion of voting rights of Red & Black S.r.l., Milan (address: via San Paolo 10, 20121 Milan, Italy), held in HUGO BOSS AG, Dieselstraße 12, 72555 Metzingen, Germany, continues to amount to more than 75% of the voting rights as of March 11, 2008, namely 89.49% of voting rights (32,092,026 voting rights). A proportion of voting rights of 88.02% (31,563,471 voting rights) shall be attributable to Red & Black S.r.l. from the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to section 22 paragraph 1 sentence 1 no. 1 in conjunction with sentence 3 WpHG (German Securities Trading Act). V.F.G. International N.V. is a company controlled indirectly by Red & Black S.r.l. via Valentino Fashion Group S.p.A., Milan, Italy. A further proportion of voting rights of 1.47% (528,555 voting rights) shall be attributable to Red & Black S.r.l. from the own shares held by HUGO BOSS AG pursuant to section 22 paragraph 1 sentence 1 no. 1 in conjunction with sentence 3 WpHG (German Securities Trading Act)."

  Metzingen, March 14, 2008
  The Managing Board

- On March 25, 2008, HUGO BOSS was notified of the following voting rights announcements pursuant to section 21 paragraph 1 and section 22 WpHG (German Securities Trading Act) of Red & Black S.p.A.:
  Red & Black S.r.l, Milan, Italy has been converted in Red & Black S.p.A. Milan, Italy. Also after the effectiveness of the conversion of form on March 19, 2008 the company Red&Black S.p.A. held in HUGO BOSS AG, Metzingen, Germany voting rights of more than 75%. With effect of the conversion of form on March 19, 2008 the proportion of the voting rights of Red & Black S.p.A. Milan, Italy, held in HUGO BOSS AG, Metzingen, Germany is 89.49% (32,092,026 voting rights). Thereof the proportion of voting rights of 88.02% (31,563,471 voting rights) shall be attributable to Red & Black S.p.A. from shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to section 22 paragraph 1 sentence 1 no. 1 in conjunction with sentence 3 WpHG (German Securities Trading Act). V.F.G. International N.V. is a company controlled indirectly by Red & Black S.p.A. via Valentino Fashion Group S.p.A., Milan, Italy. A further proportion of voting rights of 1.47% (528,555 voting rights) shall be attributable to Red & Black S.r.l. from the own shares held by HUGO BOSS AG pursuant to section 22 paragraph 1 sentence 1 no. 1 in conjunction with sentence 3 WpHG (German Securities Trading Act).

  Metzingen, March 26, 2008
  The Managing Board

- On April 23, 2008, HUGO BOSS was notified of the following voting rights announcements pursuant to section 21 paragraph 1 and section 22 WpHG (German Securities Trading Act) of Red & Black TopCo S.à r.l., Luxembourg as of Red & Black Lux S.à r.l., Luxembourg.
  On April 21, 2008 Red & Black TopCo 2 S.à r.l., Luxembourg was merged into Red & Black TopCo S.à r.l., Luxembourg. Also on April 21, 2008, in a second step, Red & Black Lux 2 S.à r.l., Luxembourg was merged into Red & Black Lux S.à r.l., Luxembourg. Thereby Red & Black TopCo 2 S.à r.l. and Red & Black Lux 2 S.à r.l. have lapsed. Legal successor of Red & Black TopCo 2 S.à r.l. is Red & Black TopCo S.à r.l.; Legal successor of Red & Black Lux 2 S.à r.l. is Red & Black Lux S.à r.l. Against the background of the above mentioned merger Red & Black TopCo S.à r.l. as well as Red & Black Lux S.à r.l. inform pursuant to section 21 paragraph 1, 22 WpHG (German Securities Trading Act) about the following:

  1. Red & Black TopCo S.à r.l. As legal successor of Red & Black TopCo 2 S.à r.l., Luxembourg: The proportion of voting rights of Red & Black TopCo 2 S.à r.l., Luxembourg held in HUGO BOSS AG, Dieselstraße 12, 72555 Metzingen, Germany, fell below the limits of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on April 21, 2008 and has stood at to 0.00% since this day (no voting rights).

  For the company itself: The proportion of voting rights of Red & Black TopCo S.à r.l., Luxembourg held in HUGO BOSS AG, Metzingen, Germany, continues to amount to more than 75% of the voting rights as of April 21, 2008, namely 89.49% of voting rights (32,092,026 voting rights). A proportion of voting rights of 88.02% (31,563,471 voting rights) shall be attributable to Red & Black TopCo S.à r.l. from the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to section 22 paragraph 1 sentence 1 no. 1 in conjunction with sentence 3 WpHG (German Securities Trading Act). V.F.G. International N.V. is controlled by Red & Black TopCo S.à r.l. indirectly via Red & Black Lux S.à r.l., Luxembourg, Red & Black S.p.A., Milan, Italy, and Valentino Fashion Group S.p.A., Milan, Italy. A further proportion of voting rights of 1.47% (528,555 voting rights) shall be attributable to Red & Black TopCo S.à r.l. from the own shares held by HUGO BOSS AG pursuant to section 22 paragraph 1 sentence 1 no. 1 in conjunction with sentence 3 WpHG (German Securities Trading Act).

  2. Red & Black Lux S.à r.l. As legal successor of Red & Black Lux 2 S.à r.l., Luxembourg: The proportion of voting rights of Red & Black Lux 2 S.à r.l., Luxembourg held in HUGO BOSS AG, Metzingen, Germany, fell below the limits of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on April 21, 2008 and has stood at 0.00% since this day (no voting rights).
  For the company itself: The proportion of voting rights of Red & Black Lux S.à r.l., Luxembourg held in HUGO BOSS AG, Metzingen, Germany, continues to amount to more than 75% of the voting rights as of April 21, 2008, namely 89.49% of voting rights (32,092,026 voting rights). A proportion of voting rights of 88.02% (31,563,471 voting rights) shall be attributable to Red & Black Lux S.à r.l. from the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to section 22 paragraph 1 sentence 1 no. 1 in conjunction with sentence 3 WpHG (German Securities Trading Act). V.F.G. International N.V. is controlled by Red & Black Lux S.à r.l. indirectly via Red & Black S.p.A., Milan, Italy, and Valentino Fashion Group S.p.A., Milan, Italy. A further proportion of voting rights of 1.47% (528,555 voting rights) shall be attributable to Red & Black Lux S.à r.l. from the own shares held by HUGO BOSS AG pursuant to section 22 paragraph 1 sentence 1 no. 1 in conjunction with sentence 3 WpHG (German Securities Trading Act).

  Metzingen, April 24, 2008
  The Managing Board

- On May 2, 2008, HUGO BOSS was notified of the following voting rights announcements pursuant to section 21 paragraph 1 and section 22 WpHG (German Securities Trading Act) of Valentino Fashion Group S.p.A., Milan, Italy (until May 1, 2008 trading under the name of Red & Black S.p.A., Milan, Italy), registered in the company register Milan on June 26, 2007 under the number 05786030964:

  1. On May 1, 2008 Valentino Fashion Group S.p.A., Milan, Italy registered in the company register on February 15, 2005 under the number 047403870962 (hereinafter referred to as "Valentino Old") was merged into Red & Black S.p.A., Milan, Italy. Thereby Valentino Old has lapsed. Legal successor is Red & Black S.p.A., Milan, Italy.

  2. In the course of the above mentioned merger the company Red & Black S.p.A. was renamed Valentino Fashion Group S.p.A. (hereinafter referred to as "Valentino New") on May 1, 2008.

  3. Against the background of the above mentioned merger and renaming, Valentino New pursuant to section 21 paragraph 1 and section 22 WpHG makes the following notification:

  As the legal successor of Valentino Old: The proportion of voting rights of Valentino Old held in HUGO BOSS AG, Dieselstraße 12, 72555 Metzingen, Germany, fell below the limits of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on May 1, 2008 and has stood at 0.00% since this day (no voting rights).

  For the company itself: The proportion of voting rights of Valentino New held in HUGO BOSS AG, Dieselstraße 12, 72555 Metzingen, Germany, continues to amount to more than 75% of the voting rights as of May 1, 2008, namely 89.49% of voting rights (32,092,026 voting rights). A proportion of voting rights of 88.02% (31,563,471 voting rights) shall be attributable to Valentino New from the shares held by V.F.G. International N.V., Amsterdam, Netherlands, pursuant to section 22 paragraph 1 sentence 1 no. 1 in conjunction with sentence 3 WpHG (German Securities Trading Act). V.F.G. International N.V. is a company controlled by Valentino New. A further proportion of voting rights of 1.47% (528,555 voting rights) shall be attributable to Valentino New from the own shares held by HUGO BOSS AG pursuant to section 22 paragraph 1 sentence 1 no. 1 in conjunction with sentence 3 WpHG (German Securities Trading Act).

  Metzingen, May 2, 2008
  The Managing Board

- On August 6, 2008, HUGO BOSS AG received from the following companies the following notifications on voting rights pursuant to Section 21, Paragraph 1 and Section 22 of the German Securities Trading Act (WpHG):

  The proportion of voting rights of Permira Holdings LLP, London, UK, held in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, exceeded the limits of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on August 4, 2008 and has stood at 89.49% of the voting rights since this day (32,092,026 shares). A proportion of voting rights of 88.02% (31,563,471 voting rights) of the shares held by V.F.G. International N.V. is attributable to Permira Holdings LLP, pursuant to section 22 paragraph 1 sentence 1 no. 1 in conjunction with sentence 3 WpHG (German Securities Trading Act). V.F.G. International N.V. is a company controlled by Permira Holdings LLP indirectly via Permira Holdings Limited, Permira IV Managers Limited, Permira IV Managers L.P., Permira IV GP Limited, Permira IV GP L.P., Permira IV L.P.1, P4 Sub L.P.1, Red & Black HoldCo 2 S.à r.l., Permira IV L.P.2, P4 Co-Investments L.P., Permira Investments Limited, Permira Nominees Limited, Red & Black HoldCo S.à r.l., Red & Black TopCo S.à r.l., Red & Black Lux S.à r.l. and Valentino Fashion Group SpA. A further proportion of voting rights of 1.47% (528,555 shares) is attributable to Permira Holdings LLP of the own shares held by HUGO BOSS AG via Permira Holdings Limited, Permira IV Managers Limited, Permira IV Managers L.P., Permira IV GP Limited, Permira IV GP L.P., Permira IV L.P.1, P4 Sub L.P.1, Red & Black HoldCo 2 S.à r.l., Permira IV L.P.2, P4 Co-Investments L.P., Permira Investments Limited, Permira Nominees Limited, Red & Black HoldCo S.à r.l., Red & Black TopCo S.à r.l., Red & Black Lux S.à r.l., Valentino Fashion Group S.p.A and V.F.G. International N.V. pursuant to section 22 paragraph 1 sentence 1 no. 1 in conjunction with sentence 3 WpHG (German Securities Trading Act).

  Metzingen, August 7, 2008
  The Managing Board

- On September 24, 2009, HUGO BOSS AG received from the following companies the following notifications on voting rights pursuant to Section 21, Paragraph 1 and Section 22 of the German Securities Trading Act (WpHG):

  The proportion of voting rights of Permira Holdings LLP, London, UK, held in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, fell below the limits of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% and 3% on September 21, 2009 and now stands at 0.00% (no voting rights).

  For clarification, please note that the proportion of voting rights of all other companies for which their current proportion of voting rights subject to reporting requirements that have up to now been attributable to HUGO BOSS AG remain unaffected by the fact that the party obligated to report has gone below the limits as reported above. Permira Holdings Limited, and not Permira Holdings LLP, is now the controlling company in the existing structure.

  Metzingen, September 25, 2009
  The Managing Board

- On December 23, 2009, HUGO BOSS AG received from the following companies the following notifications on voting rights pursuant to Section 21, Paragraph 1 and Section 22 of the German Securities Trading Act (WpHG):

  1. Valentino Fashion Group S.p.A.

  Valentino Fashion Group S.p.A., Milan, Italy, notified us of the following: We, the Valentino Fashion Group S.p.A., hereby inform you pursuant to section 21 paragraph 1 WpHG (German Securities Trading Act) that on December 23, 2009 our proportion of voting rights held in HUGO BOSS AG went below the limits of 75%, 50%, 30%, 25%, 20%, 15%, ,10%, 5% and 3% and now amounts to 0.00% (0 voting rights). For clarification, please note that the proportion of voting rights of all other companies to which their current proportion of Valentino Fashion Group S.p.A. voting rights attributable to HUGO BOSS AG shares remain unaffected by the fact that the Valentino Fashion Group S.p.A. has gone below the limits as reported above. Permira Holdings Limited remains the controlling company in the existing structure.

  2. Blitz F09-vier-sechs GmbH

  Blitz F09-vier-sechs GmbH, Frankfurt/Main, Germany, notified us of the following:
  We, Blitz F09-vier-sechs GmbH, hereby inform you pursuant to section 21 paragraph 1 WpHG (German Securities Trading Act) that on December 23, 2009 our proportion of voting rights held in HUGO BOSS AG exceeded the limits of 3%, 5%, 10%, 15%, 20%, 25%, 30%, 50% and 75% and now stands at 89.49% (32,092,026 voting rights).
  A proportion of voting rights of 88.02% (31,563,471 voting rights) shall be attributable to Blitz F09-vier-sechs GmbH from the shares held by V.F.G. INTERNATIONAL N.V., Rotterdam, Netherlands, pursuant to section 22 paragraph 1 sentence 1 no. 1 WpHG (German Securities Trading Act).
  A further proportion of voting rights of 1.47% (528,555 voting rights) shall be attributable to Blitz F09-vier-sechs GmbH from the own shares held by HUGO BOSS AG pursuant to section 22 paragraph 1 sentence 1 no. 1 in WpHG (German Securities Trading Act). For clarification: The above voting rights limits were exceeded because of an internal Group restructuring. Permira Holdings Limited remains the controlling company in the existing structure.

  Metzingen, December 28, 2009
  The Managing Board

Apart from that, no other shareholders have reported holdings equivalent to more than 10% of the voting rights. Moreover, the Company received no other new reports of shareholdings of 3% or more of the voting rights in HUGO BOSS AG.

MANAGING BOARD

Claus-Dietrich Lahrs Stuttgart, Germany	Chairman of the Managing Board Responsible for Sales, Retail, Licenses and Communications
Christoph Auhagen Ratingen, Germany	Responsible for Brand and Creative Management Member of the Managing Board since December 1, 2009
Mark Langer Stuttgart, Germany	Responsible for Controlling, Finance, Legal Affairs, HR and IT Director for Labor Relations Member of the Managing Board since January 15, 2010
Dr. Andreas Stockert Stuttgart, Germany	Responsible for Purchasing, Production and Logistics Member of the Managing Board since June 1, 2009

André Maeder Stuttgart, Germany	Responsible for Retail, Sales and Marketing Member of the Managing Board until January 31, 2009
Hans Fluri Pfaeffikon, Switzerland	Responsible for Purchasing, Production, Logistics and IT Member of the Managing Board until February 28, 2009
Norbert Unterharnscheidt Ulm, Germany	Responsible for Controlling, Finance, Legal Affairs, HR and IT Director for Labor Relations Member of the Managing Board until January 15, 2010

SUPERVISORY BOARD

Dr. Hellmut Albrecht Munich, Germany	Management Consultant Chairman of the Supervisory Board
Antonio Simina Metzingen, Germany	Tailor/Chairman of the Works Council HUGO BOSS AG, Metzingen, Germany Deputy Chairman of the Supervisory Board Employee representative
Gianluca Andena Lodi, Italy	Managing Director Permira Associati S.p.A., Milan, Italy until February 20, 2010
Gert Bauer Reutlingen, Germany	First Authorized Representative of the German Metalworkers' Union (IG Metall), Reutlingen/Tübingen, Germany Employee representative
Helmut Brust Bad Urach, Germany	Director of Outlet Germany HUGO BOSS AG, Metzingen, Germany Employee representative
Fabrizio Carretti Milan, Italy	Principal Permira Associati S.p.A., Milan, Italy until February 20, 2010
Olaf Koch Ingersheim, Deutschland	Chief Financial Officer Metro AG, Düsseldorf, Germany until February 20, 2010
Ulrich Gasse Bad Soden, Germany	Attorney at law, Principal Permira Beteiligungsberatung GmbH, Frankfurt/Main, Germany until February 20, 2010
Susanne Gregor Reutlingen, Germany	Head of OPR Clothing Man HUGO BOSS AG, Metzingen, Germany Employee representative since January 20, 2009

Rainer Otto Langen, Germany	Secretary of the German Metalworkers' Union (IG Metall), Frankfurt/Main, Germany Employee representative until July 1, 2009
Sinan Piskin Metzingen, Germany	Administrative employee HUGO BOSS AG, Metzingen, Germany Employee representative
Dr. Martin Weckwerth Frankfurt/Main, Germany	Partner Permira Beteiligungsberatung GmbH, Frankfurt/Main, Germany
Monika Lersmacher Kornwestheim, Germany	Secretary of the German Metalworkers' Union IG Metall Area Headquarters, Baden-Württemberg, Stuttgart, Germany since July 24, 2009
Damon Buffini Surrey, England	Managing Director Permira Advisers LLP, London, England since February 21, 2010
Luca Marzotto Venice, Italy	Chief Executive Officer Zignago Holding S.p.A., Fossalta di Portogruaro, Italy since February 21, 2010
Gaetano Marzotto Milan, Italy	Chairman of the Supervisory Board Gruppo Santa Margherita S.p.A., Milan, Italy since February 21, 2010
Dr. Klaus Maier Stuttgart, Germany	Management Consultant since February 21, 2010

ADDITIONAL INFORMATION ON THE DUTIES OF SUPERVISORY BOARD AND MANAGING BOARD MEMBERS

The following members of HUGO BOSS' Supervisory Board also hold positions on bodies at the companies specified below: [1]

Dr. Hellmut Albrecht	MME Moviement AG [2]	Munich, Germany
	Pro-Beam AG & Co. KGaA [2]	Planegg, Germany
Gianluca Andena	Valentino Fashion Group S.p.A.	Milan, Italy
	Permira Asesores SL [2]	Madrid, Spain
	CMA S.à r.l.	Luxembourg, Luxembourg
	Dinosol Supermercados SL	Madrid, Spain
	Permira SGR S.p.A.	Milan, Italy
Gert Bauer	ElringKlinger AG	Dettingen/Erms, Germany
Fabrizio Carretti	Valentino Fashion Group S.p.A.	Milan, Italy
	Valentino S.p.A.	Milan, Italy
Olaf Koch	Metro Finance B.V.	Venlo, Netherlands
	Metro Reinsurance N.V.	Diemen, Netherlands
	Metro EURO Finance B.V.	Venlo, Netherlands
	Assevermag [2]	Baar, Switzerland
	MGP (Metro Group Account Processing AG) [2]	Baar, Switzerland
	MIAG (Metro International AG) [2]	Baar, Switzerland
Monika Lersmacher	Berthold Leibinger GmbH	Ditzingen, Germany
Dr. Klaus Maier	Diehl Stiftung & Co. KG	Nuremberg, Germany
Gaetano Marzotto	Zignago Holding S.p.A.	Fossalta di Portogruaro, Italy
	Santa Margherita S.p.A. [2]	Fossalta di Portogruaro, Italy
	Zignago Vetro S.p.A.	Fossalta di Portogruaro, Italy
	CFI (Comitato Fiere Industria)	Florence, Italy
	Valentino Fashion Group S.p.A.	Milan, Italy
Luca Marzotto	Zignago Holding S.p.A.	Fossalta di Portogruaro, Italy
	Santa Margherita S.p.A.	Fossalta di Portogruaro, Italy
	New High Glass Inc.	Miami, FL, USA
	Federvini - Sindacato A [2]	Rome, Italy
	Verti Speciali S.p.A.	Trent, Italy
	Zignago Vetro S.p.A.	Fossalta di Portogruaro, Italy
	Banca Populare Friuladria S.p.A.	Pordenone, Italy
Dr. Martin Weckwerth	Valentino Fashion Group S.p.A.	Milan, Italy

1 Members not mentioned have no seats on executive or advisory bodies at any other companies.

2 Holding the post of Chairman.

Disclosure
The Group annual report and accounts of HUGO BOSS AG are published in the German electronic Federal Gazette and on the HUGO BOSS website.

Metzingen, March 8, 2010

HUGO BOSS AG
The Managing Board

Claus-Dietrich Lahrs
Christoph Auhagen
Mark Langer
Dr. Andreas Stockert

DEVELOPMENT OF FIXED ASSETS

in EUR	Acquisition or manufacturing costs				
	January 1, 2009	**Additions from the merger on January 1, 2009**	**Additions**	**Disposals**	**Regrouped**
I. Intangible assets					
1. Industrial rights and similar rights and licences	71,649,872.54	33,603.03	4,743,396.98	571,555.64	2,135,803.31
2. Goodwill	0.00	1,340,158.00	0.00	0.00	0.00
3. Prepayments	861,555.64	0.00	1,331,603.98	(861,555.64)	0.00
	72,511,428.18	**1,373,761.03**	**6,075,000.96**	**(290,000.00)**	**2,135,803.31**
II. Tangible assets					
1. Land and buildings incl. buildings on third party land	29,076,592.36	9,210.00	17,262.90	17,622.38	57,395.55
2. Technical equipment and machinery	13,962,086.15	0.00	601,826.24	35,000.00	3,026,837.55
3. Other equipment, factory and office equipment	109,665,597.41	11,472,524.53	8,107,681.89	24,397,088.47	12,343,315.35
4. Prepayments and construction in progress	24,785,326.14	0.00	20,170.13	(24,159,710.85)	625,615.29
	177,489,602.06	**11,481,734.53**	**8,746,941.16**	**290,000.00**	**16,053,163.74**
III. Financial assets					
1. Shares in affiliated companies	544,832,995.35	0.00	35,000.00	0.00	35,000.00
2. Other shares	52,830.72	0.00	25,000.00	0.00	0.00
	544,885,826.07	**0.00**	**60,000.00**	**0.00**	**35,000.00**
	794,886,856.31	**12,855,495.56**	**14,881,942.12**	**0.00**	**18,223,967.05**

		Depreciation			Net values	
	December 31, 2009	Current business year	Additions from the merger on January 1, 2009	Accumulated	December 31, 2009	December 31, 2008
	74,862,624.88	9,671,684.62	31,944.03	33,257,762.88	41,604,862.00	46,049,027.82
	1,340,158.00	117,356.00	234,711.00	352,067.00	988,091.00	0.00
	1,331,603.98	0.00	0.00	0.00	1,331,603.98	861,555.64
	77,534,386.86	**9,789,040.62**	**266,655.03**	**33,609,829.88**	**43,924,556.98**	**46,910,583.46**
	29,063,292.09	656,556.28	1,307.00	14,345,274.25	14,718,017.84	15,331,785.84
	11,572,074.84	844,631.24	0.00	9,147,482.84	2,424,592.00	2,633,011.00
	141,299,576.95	13,377,103.10	4,465,147.02	80,441,236.37	60,858,340.58	36,422,724.07
	20,170.13	0.00	0.00	0.00	20,170.13	24,785,326.14
	181,955,114.01	**14,878,290.62**	**4,466,454.02**	**103,933,993.46**	**78,021,120.55**	**79,172,847.05**
	544,832,995.35	0.00	0.00	496,863.84	544,336,131.51	544,336,131.51
	77,830.72	42,830.72	0.00	42,830.72	35,000.00	52,830.72
	544,910,826.07	**42,830.72**	**0.00**	**539,694.56**	**544,371,131.51**	**544,388,962.23**
	804,400,326.94	**24,710,161.96**	**4,733,109.05**	**138,083,517.90**	**666,316,809.04**	**670,472,392.74**

04

ADDITIONAL INFORMATION

PROPOSAL FOR APPROPRIATION OF PROFIT

The financial statements of HUGO BOSS AG as of December 31, 2009 show an unappropriated income of EUR 67,929,400. In agreement with the Supervisory Board, the Managing Board proposes to the Shareholders' Meeting that the profits be appropriated as follows:

in EUR	
1. Distribution of a dividend of EUR 0.96 per common share with 35,331,445 common shares	33,918,187.20
2. Distribution of a dividend of EUR 0.97 per preferred share with 33,684,722 preferred shares	32,674,180.34
3. Amount carried forward to a new account	1,337,032.46
Unappropriated income	**67,929,400.00**

The proposal for the appropriated profit takes into consideration that 528,555 common shares and 855,278 preferred shares are held by HUGO BOSS AG as of December 31, 2009. These shares are not entitled to dividends.

In case HUGO BOSS AG holds own shares at the time of the resolution of the shareholders' meeting, these shares are not entitled to dividends. The amount allocated to shares not entitled to dividends will be carried forward to new account.

Metzingen, March 8, 2010

HUGO BOSS AG
The Managing Board

Claus-Dietrich Lahrs
Christoph Auhagen
Mark Langer
Dr. Andreas Stockert

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting principles, the financial statement gives a true and fair overview of the assets, liabilities, financial position and profit or loss HUGO BOSS AG, and the management report includes a fair review of the development and performance of the business and the position of HUGO BOSS AG, along with a description of the principal opportunities and risks associated with the expected development of HUGO BOSS AG.

Metzingen, March 8, 2010

HUGO BOSS AG
The Managing Board

Claus-Dietrich Lahrs
Christoph Auhagen
Mark Langer
Dr. Andreas Stockert

AUDITOR'S REPORT

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system, and the management report of the HUGO BOSS AG, Metzingen, for the business year from January 1 to December 31, 2009. The maintenance of the books and records and the preparation of the annual financial statements and management report in accordance with German commercial law are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system, and the management report based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 of the German Commercial Code (HGB) and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting and in the management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the annual financial statements and management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and give a true and fair view of the net assets, financial position and results of operations of the HUGO BOSS AG in accordance with German principles of proper accounting. The management report is consistent with the annual financial statements and as a whole provides a suitable view of the Company's position and suitably presents the opportunities and risks of future development.

Stuttgart, March 9, 2010

KPMG AG
Wirtschaftsprüfungsgesellschaft

Göttgens	**Gloß**
Wirtschaftsprüfer	Wirtschaftsprüferin

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that refl ect management's current views with respect to future events. The words "anticipate," "assume," "believe," "estimate," "expect," "intend," "may," "plan," "project," "should," and similar expressions identify forward-looking statements. Such statements are subject to risks and uncertainties. If any of these or other risks or uncertainties occur, or if the assumptions underlying any of these statements prove incorrect, then actual results may be materially different from those expressed or implied by such statements. We do not intend or assume any obligation to update any forward-looking statement, which speaks only as of the date on which it is made.

FINANCIAL CALENDAR AND CONTACTS

APRIL 12, 2010	ANNUAL PRESS AND ANALYST CONFERENCE IN METZINGEN
APRIL 29, 2010	REPORT ON THE FIRST QUARTER OF 2010
JUNE 21, 2010	ANNUAL SHAREHOLDERS' MEETING IN NÜRTINGEN
JULY 29, 2010	REPORT ON THE FIRST HALF OF 2010
NOVEMBER 2, 2010	REPORT ON THE FIRST NINE MONTHS OF 2010

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