HUGO BOSS

MANAGEMENT REPORT AND FINANCIAL STATEMENTS
OF HUGO BOSS AG
FOR FISCAL YEAR 2008

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FINANCIAL STATEMENTS HUGO BOSS AG 2008

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REPORT OF THE SUPERVISORY BOARD

Ladies and Gentlemen,

Throughout fiscal year 2008, the Supervisory Board continued to take great care in fulfilling its duties as established under the law, the Company's Articles of Association, and its Bylaws.

COOPERATION OF MANAGING BOARD AND SUPERVISORY BOARD

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 to the Supervisory Board, both verbally and in writing, on all relevant aspects of corporate planning and strategic development as well as on business processes and changes in key financial figures in a prompt and comprehensive fashion, including via monthly reports and on such topics as 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 coordinated the strategic orientation of the Company with the Supervisory Board and submitted all business requiring authorization to the Supervisory Board for resolution 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 discussing the matter with the members of the Managing Board. In urgent cases, the Supervisory Board also created written resolutions. Moreover, the Chair of the Managing Board and the Chair 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

Due to the withdrawal of shareholder representative Katrin Wehr-Seiter as of June 13, 2008, Mr. Olaf Koch was judicially appointed to the Supervisory Board on May 30, 2008 for the remainder of the current term as shareholder representative starting June 13, 2008. Due to the withdrawal of shareholder representative and Chairman of the Supervisory Board Dr. Giuseppe Vita effective June 30, 2008, Dr. Hellmut Albrecht was judicially appointed on June 27, 2008 as shareholder representative as of July 1, 2008 until the next annual general meeting in 2009. Dr. Albrecht was elected Chairman of the Supervisory Board at the July 16, 2008 meeting of the Supervisory Board. Due to the withdrawal of employee representative Peter Haupt in November 2008, Mr. Sinan Piskin took his place until the end of his current term as the alternate already chosen. In addition, due to the withdrawal of employee representative Roland Klett in January 2009, Ms. Susanne Gregor took his place until the end of his current term as the alternate already chosen. 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 the former Supervisory Board members for their consistently constructive and knowledgeable input and for their contributions to the excellent working atmosphere. At this point the Supervisory Board would like to express its deep regret over the death of the long-serving and highly respected member of the Supervisory Board Roland Kett.

TOPICS DEALT WITH BY THE SUPERVISORY BOARD AND THE COMMITTEES IN 2008

In fiscal year 2008, four regular and five special Supervisory Board meetings were held in the months of February, March, May, June, July, October, 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. Due to health reasons, Mr. Roland Klett participated in fewer than half of the Supervisory Board Meetings in fiscal year 2008.

Items of regular discussion by the Supervisory Board included the 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 and the personnel matters in the Managing Board.

The Supervisory Board created a total of five committees 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 if legally permitted. Each of the various committees addressed the topics assigned to them by the management. During fiscal year 2008, the Audit Committee met five 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, compliance, and the budgets for future fiscal years. The Personnel Committee met nine 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 twice 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 authored a resolution for written consent in lieu of a meeting; it did not meet. 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 2008, the Supervisory Board and the Managing Board resolved on the declaration of compliance pursuant to Section 161 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 3, 2008. 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 2008 along with the consolidated financial statements and the Group management report for fiscal year 2008 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' Meeting on May 8, 2008. 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 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's proposal for the appropriation of profits as well as the two auditors reports from the external auditors, including the report on relations with affiliated companies pursuant to Section 312 of the German Stock Corporation Act (AktG) and the audit report from the external auditors on the report on relations which affiliated companies. These documents were 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 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 17, 2009, the Supervisory Board therefore approved the annual financial statements, the consolidated financial statements, and the corresponding management reports for fiscal year 2008 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.

The report on relations with affiliated companies reviewed by the Supervisory Board, the Working Committee, and the Audit Committee 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 his meeting on March 17, 2009 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 2008 and the beginning of 2009. The Supervisory Board already reported on the withdrawal of former Managing Board members Dr. Bruno Sälzer (Chairman of the Managing Board) and Dr. Werner Lackas in its report to the Annual Shareholders' Meeting on March 2008. The appointment of Mr. Hans Fluri to the Managing Board was also announced.

On August 1, 2008, Mr. Claus-Dietrich Lahrs was appointed as a member of the Managing Board and Director for Labor Relations and at the same time named Chairman of the Managing Board. He was at first responsible for Communication, Licenses, the BOSS and HUGO brands, Human Resources, Legal Affairs, and Shoes & Accessories. Currently he is also responsible for global Sales and Retail. Mr. Lahrs was previously Managing Director at Christian Dior Couture, Paris/France. Mr. Joachim Reinhardt left the Managing Board effective July 31, 2008. He had been Chief Financial Officer since April 1, 2006. His successor Mr. Norbert Unterharnscheidt was appointed to the Managing Board effective December 3, 2008. He is responsible for Controlling and Finance. Mr. Unterharnscheidt was previously Chief Financial Officer and Director for Labor Relations at Paul Hartmann AG, Heidenheim, Germany. In addition, Mr. Hans Fluri has withdrawn from the Managing Board on February 28, 2009 at the latest so he may assume duties at Chairman at Red & Black Lux S.à r.l., parent company of Valentino Fashion Group S.p.A. and indirect majority shareholder in HUGO BOSS AG. The Supervisory Board appointed Mr. Klaus-Gerhard Bierbrauer as his successor on the Managing Board. This appointment was withdrawn on February 5, 2009. The responsibilities of the Mr. Fluri's office will be assumed by the Chairman of the Managing Board Claus-Dietrich Lahrs and Chief Financial Officer Norbert Unterharnscheidt. Finally, Mr. André Maeder withdrew from the Managing Board effective January 31, 2009. He had held the position of Sales Director since January 1, 2004. His areas of responsibility Sales, Retail and Licenses will be assumed initially by Chairman of the Managing Board Mr. Claus-Dietrich Lahrs.

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 2008.

Metzingen, March 17, 2009

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:

Given that HUGO BOSS AG is a joint stock corporation (Aktiengesellschaft) with registered offices in Germany, the principles of corporate governance are based in German law, particularly corporation law, the law of co-determination, and the law pertaining to capital markets as well as the Company's Articles of Association and the German Corporate Governance Code.

In 2008, 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 – a standard that we extend 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 6, 2008. You will find detail 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 capital backers as well as the interested public by remaining open and transparent. For this reason, we report regularly and promptly on the situation of the Company and any major changes in the business. We also meet 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.group.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 of following 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 Shareholders' Meeting, 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. Shareholders and potential investors can keep up-to-date on current Group developments via the website. All press **releases and ad-hoc announcements** of HUGO BOSS AG 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 "WpHG-Releases".

During the reporting period from January 1 to December 31, 2008, one securities transaction was reported to the Company pursuant to Section 15a of the Securities Trading Act. On October 16, 2008 Chairman of the Supervisory Board Dr. Hellmut Albrecht acquired 4,350 preferred shares (ISIN number DE0005245534) in HUGO BOSS AG, Dieselstrasse 12, 72555 Metzingen, Germany, in Frankfurt am Main for EUR 11.50 per share (total price: EUR 50,025.00).

In addition, as of December 31, 2008 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 such date, there were no shareholdings subject to the reporting requirements of Section 6.6 of the German Corporate Governance Code.

CLOSE COOPERATION OF MANAGING BOARD AND SUPERVISORY BOARD

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 and who are independent within the meaning of 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 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 and Managing Board".

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 state and risk exposure is optimized. Details on this topic may be found in the "Risk Report" on page 34 et seq.

ACCOUNTING AND THE FINANCIAL STATEMENTS

Since fiscal year 2001, HUGO BOSS has been reporting in accordance with the International Financial Reporting Standards (IFRS). 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.

COMPENSATION OF THE MANAGEMENT BOARD

The remuneration of the Management Board (including exercised stock appreciation rights) was TEUR 5,479 in 2008 (2007: TEUR 6,623). It is divided into fixed salaries of TEUR 2,919 (2007: TEUR 1,668) and variable compensation of TEUR 2,560 (2007: TEUR 4,955). Long-term incentive compensation is not included in the above (2007: TEUR 2,951)
The fixed salary components paid to members of the Managing Board comprise benefits such as company cars and benefits in kind as well as other equipment and services necessary for Management 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 fiscal year 2001, HUGO BOSS AG has been offering a "stock appreciation rights program" for Managing Board members and executives. As part of this program, manager 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. New Management Boad members who joined in 2008 are not eligible to receive any stock appreciation rights.

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. Participation rights 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.

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 order to participate from the company's long term success, Management Board members are granted stock appreciation rights. In 2008, the number of new grants for the Management Board members decreased to 385,000 subscription rights (2007: 420,000 subscription rights).

	Tranche 4	Tranche 5	Tranche 6	Tranche 7	Tranche 8	Total
Date of Issue	February 2004	February 2005	February 2006	January 2007	January 2008	–
Number of SARs outstanding on December 31, 2008 [1]	–	68.760	74.490	68.760	68.760	280.770
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	–
Value of SARs held by Managing Board in office						
31 December, 2007 (EUR thous.)	–	3.962	3.232	2.629	–	9.823
31 December, 2008 (EUR thous.)	–	33	107	88	44	272

[1] Due to the payout of a special dividend in May 2008 the contract size has been adjusted according to the EUREX conditions with the corresponding R-factor.

[2] Due to the payout of a special dividend in May 2008 the strike price has been adjusted according to the EUREX conditions with the corresponding R-factor.

In addition, the company also provides pension benefits to some Management Board members. The amount of future pension benefits is based on each members base salary and years of service. In 2008, pension provisions for Management Board members (excluding sacrificed compensation) were TEUR 821 (2007: TEUR 939).

COMPENSATION OF THE SUPERVISORY BOARD

According to the German Stock Corporation Law, the remuneration of Supervisory Board members is divided into a fixed salary component and variable compensation. The variable compensation part is determined on the basis of group earnings per share. In determining the level of compensation, the position of chairman of the Supervisory Board and deputy chairman of the Supervisory are specifically considered. The annual shareholder meeting finally decides about the level of compensation. In 2008, the Supervisory Board received remunerations of TEUR 1,154 (2007: TEUR 1,342) including variable compensation of TEUR 389 (2007: TEUR 587) calculated on the basis of group earnings per share.

DECLARATION OF COMPLIANCE

Pursuant to Section 161 of the Stock Corporation Act, the Managing Board and Supervisory Board of the 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 does not comply with. The latest amendments to the German Corporate Governance Code in the version dated June 6, 2008 were published in the electronic Federal Gazette on August 8, 2008.

Back 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 Corporate Governance Code to a great extent. With regard to the period between January 2008 when the last Declaration of Compliance was submitted and December 2008/March 2009, the Managing Board and Supervisory Board have amended their Declaration of Compliance of December 2008 given below, declaring in March 2009 that **the recommendations and suggestions of the Government Commission on the German Corporate Governance Code were generally complied** with and that they intended to comply with them in the future. The following recommendations were not and are not complied with:

- "In principle, each share carries one vote." (Section 2.1.2 Sentence 1 of the Code)
  As of December 31, 2008, the share capital of HUGO BOSS AG was divided into 35,860,000 voting common shares and 34,540,000 non-voting preferred shares. This division exists for historical reasons.

- "If the company takes out a D & O (directors and officers' liability insurance) policy for the Management Board and Supervisory Board, a suitable deductible shall be agreed." (Section 3.8 Paragraph 2 of the Code)

  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 Company's Managing and Supervisory Boards perform their duties responsibly and in the interest of the Company. HUGO BOSS 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.

- "For extraordinary, unforeseen developments a possibility of limitation (cap) shall be agreed by the Supervisory Board". (Section 4.2.3 Sentence 8 of the Code)
  We do not intend to apply a cap to compensation of the Managing Board within the long-term incentive system ("stock appreciation rights program") in the event of extraordinary, unforeseen developments. HUGO BOSS AG's long-term incentive system provides a number of participation rights for managers, enabling them to benefit from price increases in HUGO BOSS shares. The program was established prior to the effective date of the relevant recommendation, which could therefore not be incorporated.

- "The severance payment cap should be calculated on the basis of the total compensation for the past full financial year and if appropriate also the expected total compensation for the current fiscal year. "(Section 4.2.3 Sentence 10 of the Code)

  For the purposes of severance in terms of total compensation based on the last full fiscal year – after the member of the Managing Board has already been in office for two full fiscal years – some contracts of Managing Board members provide for the calculation of the amount of remuneration based on the average of the last two full fiscal years.

- "Disclosure shall be made in a compensation report which as part of the Corporate Governance Report describes the compensation system for Management Board members in a generally understandable way.

  The presentation of the concrete form of a stock option plan or comparable schemes for components with a long-term incentive effect and risk character shall include the value thereof. In the case of pension plans, the allocation to accrued pension liabilities or pension funds shall be stated each year.

  The substantive content of severance awards for Management Board members shall be disclosed if in legal terms the awards differ not insignificantly from the awards granted to employees. The compensation report shall also include information on the nature of the fringe benefits provided by the company." (Section 4.2.5 of the Code)

  In 2006, the Annual Shareholders' Meeting of HUGO BOSS resolved to dispense with a detailed breakdown of Managing Board remuneration with individual specification of the Managing Board members. As a result of this resolution of the Annual Shareholders' Meeting, no details are provided on the total remuneration paid or on the other information required by additional statutory provisions.

- "An application for the judicial appointment of a Supervisory Board member shall be limited in time up to the next annual general meeting."(Section 5.4.3 Sentence 2 of the Code)

  Following the takeover of the majority shareholder, Valentino Fashion Group S. p. A., by Red & Black Lux S. à r. l. and the resulting indirect change in the majority shareholder of HUGO BOSS AG, five new shareholder representatives were judicially appointed to the Supervisory Board on October 4, 2007. In the interest of providing an appropriate familiarization phase and ensuring the subsequent continuity in the Supervisory Board, the new members were appointed for the remaining term of the Supervisory Board and thus at variance with Section 5.4.3 Sentence 2 of the Code. The same applies to the judicial appointment of Supervisory Board member Olaf Koch via a resolution on May 30, 2008.

- "The compensation of the members of the Supervisory Board shall be reported individually in the Corporate Governance Report, subdivided according to components. Payments made by the enterprise to the members of the Supervisory Board or advantages extended for services provided individually, in particular, advisory or agency services shall also be listed separately in the Corporate Governance Report." (Section 5.4.6 Paragraph 3 of the Code)

Total payments made to members of the Supervisory Board pursuant to IAS 24 are disclosed in the Notes to the Consolidated Financial Statements. A detailed disclosure of the individual amounts in the Corporate Governance Report would not provide any additional information of relevance to capital markets.

In 2006, the Annual Shareholders' Meeting resolved on an extensive, detailed amendment to the provision regarding Supervisory Board compensation in the Articles of Association of HUGO BOSS AG.

DECLARATION OF THE MANAGING BOARD AND THE SUPERVISORY BOARD OF HUGO BOSS AG PURSUANT TO SECTION 161 OF THE GERMAN STOCK CORPORATION ACT (DECEMBER 2008 AND MARCH 2009)

In December 2008, the Managing Board and Supervisory Board of HUGO BOSS AG submitted the following Declaration of Compliance pursuant to Section 161 of the Stock Corporation Act (AktG). Their declaration was modified in March 2009 in that the reference to Section 4.2.3 Sentences 7 to 11 was replaced by a reference to Section 4.2.3 Sentences 8 and 10:

"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 of the German Stock Corporation Act (AktG) that since the Declaration of Compliance made in January 2008, the recommendations of the Government Commission on the German Corporate Governance Code – initially as amended on June 14, 2007 and published in the electronic Federal Gazette on July 20, 2007 and subsequently as amended on June 6, 2008 and published in the electronic Federal Gazette on August 8, 2008 – have been and are being adhered to with the following exceptions:

The recommendations based on Section 2.1.2 Sentence 1, Section 3.8 Paragraph 2, Section 4.2.3 Sentences 8 and 10, Section 4.2.5, Section 5.4.3 Sentence 2, Section 5.4.7 Paragraph 3 (old version), and Section 5.4.6 Paragraph 3 (new version) have not been and are not being complied with".

Metzingen, March 2009

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 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 collections of the **core brand BOSS** and the **trendy HUGO brand**.

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 Group also offers stylish clothing for women under BOSS Black, progressive-eye-catching fashion under BOSS Orange, and accentuated strict avantgarde style under HUGO.

Intensive marketing activities, such as our involvement in the sponsorship of athletic and cultural events, or the uniform design of the own retail stores, enhance the worldwide recognition and image of the HUGO BOSS brands and our Company. The Company also sets a course with high-profile fashion events in the world's fashion capitals, further highlighting the appeal and acceptance of the Group's brands for key target groups and charges the HUGO BOSS brand world with emotion.

The Company reacted to high demand for luxury goods especially in Asia and Eastern Europe at an early stage with a global growth strategy. This is why **HUGO BOSS products can now be purchased in 110 countries and at some 6,100 points of sale**. Rounding off global expansion and strengthening sales and distribution of HUGO BOSS products also further drives forward retail activities. The worldwide presence of our own retail stores was expanded in the past year to bring the number of stores from 287 to 330. Taking into account the more than 1,000 franchise stores and shops, the HUGO BOSS Group therefore currently has a total of 1,300 monobrand stores in 80 countries.

ORGANIZATIONAL STRUCTURE

HUGO BOSS AG headquartered in Metzingen, Germany is the parent company of the HUGO BOSS Group. At HUGO BOSS AG, all of the central management functions are bundled. One of HUGO BOSS AG's most important tasks is establishing a corporate strategy, especially the brand and sales strategy, risk management, and financing. Key decisions for putting together collections, purchasing, production, quality management, warehousing, logistics and the sales network are also managed here. HUGO BOSS AG is also responsible for internal and external communication including contact with the capital markets and especially the shareholders.

In addition to HUGO BOSS AG, the Group consists of subsidiaries, which run local business operations HUGO BOSS AG has a direct interest in 11 companies. A detailed overview of the direct and indirect interests of HUGO BOSS AG can be found on page 56.

The **management structure of HUGO BOSS** is primarily based on the framework of corporate law. As a German 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 on page 41 et seq. of the notes to the management report.

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. As of December 31, 2008, the areas of responsibility for the central functions were divided up among the members of the Managing Board as follows:

Claus-Dietrich Lahrs	Chairman of the Managing Board and Director for Labor Relations Responsible for the BOSS and HUGO brand as well as Licenses, Communications, Legal Affairs and Human Resources
André Maeder	Responsible for Retail, Sales and Marketing
Hans Fluri	Responsible for Purchasing, Production, Logistics and IT
Norbert Unterharnscheidt	Responsible for Controlling and Finance

The directors of the regions Europe, Americas, Asia and the directors of central functions belong to an in fiscal 2008 newly established extended executive committee that supports the Managing Board's activities. In this way, the Managing Board can access the knowledge and skills of the directors in a targeted manner when it makes strategic decision, while at the same time ensuring a coordinated approach to all central Group areas.

FINANCIAL REPORTING, CONTROLLING AND PLANNING

The **internal control system** consists of the Group-wide reporting system, Group planning, and investment controlling.

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

The **most important key performance indicators** on a consolidated basis which are subject to continuous monitoring and provide the basis of the variable component of compensation for members of top management are:

- Net Sales,
- EBITDA before special items,
- Net Working Capital.

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

In **investment controlling**, investment projects are analyzed and managed in terms of their contribution to the Company's business objectives, and then the respective target achievement is examined after the project is implemented. This means that only projects that make a positive contribution to increasing enterprise value are initiated. Accordingly, projects are only realized if they are supposed to generate a rate of return above the cost of capital after.

INNOVATION, RESEARCH AND DEVELOPMENT

The further development of HUGO BOSS' high quality products is based on the experience and knowledge of all employees, particularly the specialists who work at the Company's numerous Competence Centers. In addition to the creative department as the actual innovator and birthplace of new collections and trends, innovations on all aspects of HUGO BOSS' products are made in technical development, operation technical development (OTD), and at the Technology & Service Center (TSC).

Research and development expenses amounted to EUR 28 million in fiscal year 2008 (2007: EUR 22 million). This amount is due to expenses for creating the collections in the creative departments.

OVERALL ECONOMIC CONDITIONS

The Group's strategic positioning and leadership are the foundations for continued profitable growth. However, a decisive factor for HUGO BOSS as an international fashion company is also the overall economic situation and the sector-specific outlook.

DEVELOPMENT OF THE OVERALL ECONOMY

The growth prospects for the global economy have deteriorated significantly as a result of the uncertainty on the financial markets triggered by the US real estate crisis. Sharp price increases in the international markets for energy, raw materials, and agricultural products have also had a negative influence on the global economy, especially in the first half of the year. Therefore, the International Monetary Fund (IMF) forecasted global economic growth of 3.4 % for 2008 as a whole in its latest World Economic Outlook of January 2009.

There is a significant economic slowdown particularly in **industrialized countries**. Slow growth in private consumption, falling capital expenditure, and the strained situation in the real estate sector weakened **US economic growth** significantly. In line with this, the US economy only grew 1.1 % in 2008. The IMF has also drastically scaled back its growth **forecast for Western Europe**. While the eurozone and Germany still generated comparatively good economic figures until the middle of the year, they also deteriorated tangibly over the second half of the year. For example, eurozone growth was only 1.0 %, while German GDP of 1.3 % in the year under review was somewhat better.

By contrast, **the emerging economies of Southeast Asia and Eastern Europe** remained robust in the past fiscal year. Although the growing economies of East Asia, Southeast Asia, and Eastern Europe – and Russia in particular – did not escape unscathed from the global financial crisis in 2008, these countries faced dynamic investment development as well as declining growth in domestic demand. For example, according to data from the Organization for Economic Cooperation and Development (OECD), China and India recorded solid growth of 9.0 % and 7.3 %, respectively. Central and Eastern European countries remained on the growth path with an increase of 3.2%, also representing a decline in the growth rate.

SECTOR PERFORMANCE

The sales trend in the global market for fashion, accessories and luxury goods is decisive factor for HUGO BOSS' operating business. However, it is difficult to estimate reliably the effects of the worsening credit crunch on the real economy for luxury goods in what is expected to be a turbulent year 2009.

The premium and luxury goods industry developed quite differently in the various regions. According to consultants, the global market for luxury goods still grew 3.0% over the course of the year 2008, although it lost significant momentum from the second quarter onwards. The sharp rise in disposable income and the large backlog of consumer demand in **the emerging markets of Asia, Eastern Europe, and the Middle East** were also driving positive development.

In contrast, no uniform trend could be observed in **Europe** last year. The European fashion market as a whole moved at a stable level compared with the previous year and grew approximately 5.0%, although significant regional differences were recorded. The fashion industry in the traditional European economic regions was impacted significantly in the first half of the year by a considerable drop in tourism from the US and Japan due to the sharp appreciation of the Euro. Private consumption also fell noticeably. For example, German consumers were hesitant in 2008 despite positive growth on the German labor market and an increase in disposable income, instead increasing the savings ratio in the first half of 2008 according to the German Statistisches Bundesamt to 11.3% (2007. 10.9%) of disposable income. The development of the German fashion market in December was down 6.0% compared to December of last year according to the magazine "Textilwirtschaft". Demand in Europe was dynamic only in Eastern Europe, especially Russia.

According to estimates, growth on the **US** luxury goods market was flat for 2008 as a whole. The sale of luxury goods in the US in the first half of the year was positively influenced by increasing tourism mainly from Eastern Europe and Asia, but also from the eurozone to some extent. However, this positive effect decreased with the worsening international financial crisis and its impact on the real economy. American consumer behavior also deteriorated noticeably over the course of the year.

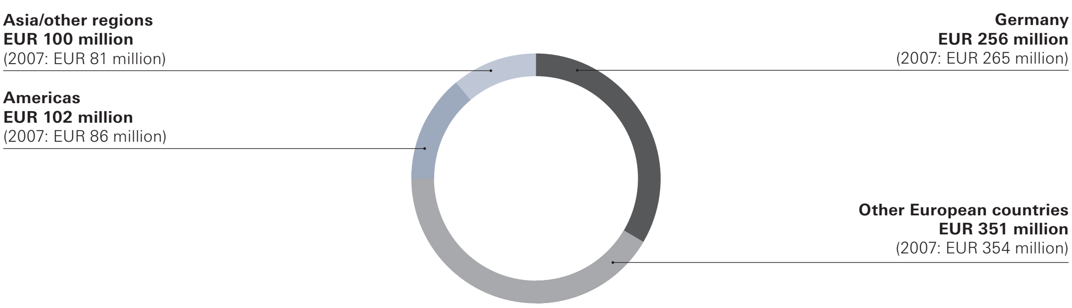
Japanese private consumption fell into a deep crisis over the course of 2008, while its market for luxury goods fell by 7.0% according to estimates.

EARNINGS POSITION

Overall global economic growth and unsatisfactory sector performance had a negative impact on HUGO BOSS AG's business. Despite the fact that the market environment has become more difficult, HUGO BOSS successfully held its ground in the past fiscal year. HUGO BOSS' high-quality brands and the exclusive sales environment were the basis for a successful fiscal year.

SALES PERFORMANCE

In fiscal year 2008, HUGO BOSS AG increased its sales by 3% to EUR 809 million (2007: EUR 786 million). **Regional sales development** with subsidiaries and external retail partners was as follows:



In Germany, sales decreased by 3% to EUR 256 million mainly due to the overall economic development.

In Europe excluding Germany, HUGO BOSS AG's sales in fiscal year 2008 declined by a total of 1% to EUR 351 million (2007: EUR 354 million).

HUGO BOSS AG increased its sales on the American continents by a very encouraging 19% to EUR 102 million (2007: EUR 86 million), which is primarily due to a jump in US sales.

In the growth regions of Asia/Other regions, HUGO BOSS AG achieved sales growth of 23% to EUR 100 million (2007: EUR 81 million), especially due to positive development in China.

Sales development of the brands was positive in the past fiscal year. Sales of the core brand BOSS rose by 2% in the reporting currency to EUR 728 million (2007: EUR 714 million). Sales in both menswear and womenswear increased. The BOSS Menswear collections recorded sales of EUR 618 million and rose mainly on the American continent and Asia. Among the individual lines, BOSS Selection continued its highly dynamic performance. In addition, BOSS Green was perceived very well on the market following a realignment of the collection statement and thus recorded encouraging growth rates. The fashion brand HUGO, for which the Belgian designer Bruno Pieters has been responsible as art director since 2007, recorded sales growth of roughly 13% in fiscal year 2008 to EUR 82 million (2007: EUR 72 million). Consequently, this collection under the responsibility of the new design team has also found favor with customers.

INCOME DEVELOPMENT

Gross profit rose by 15% to EUR 320 million (2007: EUR 280 million), thus increasing more strongly than sales. The gross profit margin improved by 4 percentage points to 40% (2007: 36%) due to further optimization of global production and sourcing. Part of the improvement was the development of a refined and more accurate methodology to determine inventory obsolescence for the outlet stock. 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 -118 million, **other net operating income and expenses** in the past fiscal year were around 6% above the figure for the prior-year period (2007: EUR -125 million). Expenses rose by 8% year-on-year to EUR 281 million (2007: EUR 260 million). The increase in other operating expenses is mainly attributable to write-downs on hedging transactions for the "stock appreciation rights program" in the amount of EUR 17 million, which is part of the management's variable compensation. In addition, particularly losses from exchange rate fluctuations rose.

The increase in other operating expenses contrasted with a significant increase in other operating income by 21% to EUR 163 million (2007: EUR 134 million). Other operating income mainly consists of passing on marketing and administrative expenses to affiliated companies. However, the increase of other operating income is mainly a result of the release of provisions recognized as income and positive income contributions due to exchange rate fluctuations.

Marketing expenses and collection cost were at 2% and 3% of sales, respectively. As a percentage of sales, the cost remained virtually unchanged year-on year.

Personnel expenses rose by 20% in the past fiscal year to EUR 164 million (2007: EUR 137 million). This position includes extraordinary expenses arising from the change in the Managing Board and expenses for reorganizing the corporate structure started in the past fiscal year amounting to approximately EUR 24 million. Further expenses arose from the increase in the number of employees as well as tariff adjustments at HUGO BOSS AG.

Depreciation, amortization and write-downs in fiscal year 2008 were EUR 21 million (2007: EUR 20 million), virtually unchanged from the previous year. The depreciation, amortization and writedowns reflect investments made in the IT infrastructure and in operating and office equipment in previous reporting periods.

Income from long-term equity investments mainly relate to withdrawals at HUGO BOSS Trademark Management GmbH & Co. KG, which amounted to EUR 78 million in the past fiscal year (2007: EUR 82 million).

The **net financial result** amounted to EUR -56 million in fiscal year 2008 (2007: EUR -7 million). The reason for the increased interest expenses is higher net financial debt after the payment of the special dividend and the take-up of a syndicated loan by HUGO BOSS International B.V. in May 2008. In addition, the general rise in interest rates partially led to higher financial expenses. Finally, the financial result was impacted by EUR 10 million due to expenses in connection with the „stock appreciation rights program" arising from hedging transactions and by EUR 21 million due to write-downs on treasury shares.

Income from profits received under profit and loss transfer agreements relate to income from profit and loss transfer agreements with HUGO BOSS AG subsidiaries, which amounted to EUR 300 million in the fiscal year 2008 (2007: EUR 1 million). The increase is a result of transferred profits from HUGO BOSS Internationale Beteiligungs-GmbH. This company received via HUGO BOSS Holding Netherlands B.V. dividend payments stemming partially from released revenue reserves from subsidiaries.

Expenses from compensating losses for HUGO BOSS Beteiligungsgesellschaft mbH in fiscal year 2008 were unchanged at EUR 2 million (2007: EUR 2 million).

Earnings before taxes increased mainly due to income from income from profits received under profit and loss transfer agreements to EUR 337 million (2007: EUR 71 million). At 5%, the tax rate was significantly below the previous year's rate (2007: 37%). The adjusted tax rate is 40% excluding the dividend income contained in the income from profits received under profit and loss transfer agreements. The reduction in the corporate income tax rate to 15% had a positive impact on the adjusted tax rate. The increase in the expenses not deductible for tax expenses in 2008 and prior-period income taxes had the opposite effect.

Net income was EUR 319 million, especially due to income from profits received under profit and loss transfer agreements (2007: EUR 44 million).

DIVIDEND PAYOUT AND APPROPRIATION OF PROFITS

HUGO BOSS AG closed the fiscal year with net income of EUR 319 million (2007: EUR 44 million). The distributable profit after allocation to retained earnings amounted to EUR 190 million. Against the backdrop of a results-oriented distribution policy, the Managing and Supervisory Boards have recommended to the Annual Shareholders' Meeting that a dividend of EUR 1.37 per common share and EUR 1.38 per preferred share be paid for fiscal 2008. This corresponds to an amount of EUR 95 million (2007: EUR 445 million). A proposal will also be made to the Annual Shareholders' Meeting for a booking of EUR 93 million in the net retained earnings and for a carry-forward of the remaining amount of EUR 2 million.

NET ASSETS AND FINANCIAL POSITION

BALANCE SHEET STRUCTURE AND KEY BALANCE SHEET RATIOS

At the end of the 2008, **total assets** were up 4% to EUR 960 million (2007: EUR 922 million), with the structure of financial liabilities changing considerably compared with the previous year after payment of the special dividend and take-up of the credit line in May this year.

On the **assets side, the portion of long-term assets remained unchanged** at 70% (2007: 70%). Intangible fixed assets primarily include software for the "Columbus" IT project that further improves the structure of business processes. The main change in tangible fixed assets is investments in expanding the logistics infrastructure. The financial assets include HUGO BOSS AG's direct investments in HUGO BOSS Internationale Beteiligungs-GmbH, which held via HUGO BOSS Holding Netherlands B.V. shares of foreign subsidiaries, and HUGO BOSS Trade Mark Management GmbH & Co. KG as the owner of the Group's trademarks. The shareholdings did not change during 2008. The direct and indirect investments held by HUGO BOSS AG are listed in the notes to the financial statements on page 56 et seq.

The **percentage of short-term assets** as of December 31, 2008 remained at the previous year's level of 30%. Inventories rose by 17% to EUR 170 million (2007: EUR 145 million). The focus on improving the ready availability of goods that began in the second quarter and the accompanying high degree of delivery availability increased this line item temporarily. What is more, sales did not fully meet expectations, especially in the stock business, and the adjusted for valuation of estimation routine for outlet stock, led to additional inventory increases.

The increase in sales receivables to EUR 20 million (2007: EUR 9 million) is mainly due to an increased delivery volume in December 2008. In addition, slightly strained payment behavior was observed at some individual customers at the end of the year. Receivables from the group of companies decreased from EUR 28 million to EUR 14 million. Other assets were EUR 58 million (2007: EUR 41 million) and mainly relate to tax receivables and assets held in insurance policies dedicated to cover pension liabilities.

The **liabilities side of the balance sheet reflects the change of the capital structure**. After HUGO BOSS AG distributed a special dividend in 2008, a syndicated loan amounting to EUR 750 million was taken up via HUGO BOSS International B.V., as part of financing. It consists of a fixed and a revolving credit line. The financing agreement has a term of 5 years. HUGO BOSS AG has a large share of this amount via an inter-company loan.

Liabilities increased to EUR 331 million (2007: EUR 161 million), primarily impacted by the higher financial liabilities to affiliated companies. Provisions fell slightly to EUR 99 million (2007: EUR 105 million), especially due to the decrease in the risk provisions. HUGO BOSS AG's equity amounted to EUR 530 million (2007: EUR 657 million), making its ratio of equity to total assets 55.2% (2007: 71.2%).

FINANCIAL SITUATION

Cash flow from operations generated a cash inflow, while investing activities naturally led to cash outflows.

With EUR 341 million, the **operating cash flow** was significantly above the value of the previous year (2007: EUR 40 million). Net income increased to EUR 319 million mainly due to income from profits received under profit and loss transfer agreements. At EUR 42 million, depreciation and amortization was above previous year (2007: EUR 31 million). Other changes in this position resulted from an increase in net working capital.. The increase of trade payables by EUR 32 million had a positive effect on the operating cash flow. On contrary, cash outflow was caused by the increase of inventories by EUR 25 million and of receivables and other assets by EUR 21 million.

Net payments for investments in property, plant and equipment, intangible assets and disposals resulted in **cash outflows from investing activities** of EUR 36 million Further details can be found in the chapter "Capital Expenditure".

The **cash outflow from financing activities** was marked by the dividend payment of EUR 445 million for fiscal 2007 and by the corresponding increase of financial liabilities. The cash outflow from financing activities amounted to EUR 307 million.

Cash and cash equivalents reduced by EUR 3 million to EUR 4 million.

FINANCIAL MANAGEMENT

HUGO BOSS AG has sufficient liquidity to finance investments and growth. Financing is ensured predominantly via the Group loan with HUGO BOSS International B.V.

HUGO BOSS AG has a total volume of up to EUR 750 million on the basis of the HUGO BOSS International B.V. syndicated loan, which can be taken by subsidiaries when needed. As of December 31, 2008, HUGO BOSS AG has borrowed EUR 150 Mio with HUGO BOSS International B.V. The interest on the loan is calculated as EURIBOR plus a fixed margin. Also, HUGO BOSS AG has another short term loan of EUR 110 Mio with HUGO BOSS International B.V.

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 the companies enter into direct external credit transactions, either HUGO BOSS AG or HUGO BOSS International B.V. 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 the management of financial risks as well as their hedging, please see the chapter entitled "Risk Report" and the notes to the consolidated statements under "contingent liabilities".

CAPITAL EXPENDITURE

Total investment volume in property, plant and equipment as well as intangible assets amounted to EUR 45 million in the past fiscal year (2007: EUR 30 million).

New investments in 2008 were focused on **expanding the logistics infrastructure**. HUGO BOSS' jump in international business activity requires a new warehouse and logistics system to handle increasingly complex goods management. The process optimization carried out as part of the "Columbus" project ensures the precise management of material procurement, producing goods, delivering goods after they have been ordered, and delivering them to major customers on time. A logistics system with central locations allows HUGO BOSS to carry out these processes. In addition, a central logistics location can perform other services such as attaching labels. Timely delivery of goods from the increasingly important stock business to the points of sale, supplying stores with current topic-oriented goods every month and presentations coordinated with the season can also be carried out more easily. Against this background, in fiscal year 2008 HUGO BOSS made investments in consolidating logistics locations for hanging goods and in expanding logistics capacities in particular, which amounted to 24 Mio. EUR.

The Columbus project, which began in 2004, was completed with the inclusion of BOSS Black Menswear. Approximately EUR 10 million (2007: EUR 19 million) was invested in various follow-up projects for the new software.

Various other investments like construction of administrative buildings, replacement of office and IT equipment as well as showrooms added up to approximately EUR 7 million (2007: EUR 11 million).

Existing obligations arising from investment projects that have already been started are listed in the notes to the consolidated financial statements under "Other financial obligations" and amounted to EUR 4 million as of December 31, 2008 (December 31, 2007: EUR 10 million). These should be financed from cash flow from operations.

OFF-BALANCE SHEET FINANCIAL INSTRUMENTS

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

ADDITIONAL FACTORS FOR SUCCESS

The sustained financial success of the HUGO BOSS Group is the result of more than first-class products, well-coordinated purchasing and operational concepts, and an efficiently managed organization. It can also be explained by other factors that cannot be measured solely with financial figures. The sustained and positive growth of the HUGO BOSS AG is driven by its highly qualified and motivated employees, its openness to innovative solutions throughout the entire value chain, a constructive dialogue with its customers, the constant observance of corporate responsibility, and its awareness of the importance of ecological as well as socially sustainable concepts.

EMPLOYEES

Through their identification with the Company, their commitment to its objectives, and their dedicated efforts, the Company's employees make a crucial contribution to the success of the HUGO BOSS AG. Employee qualifications and motivation are therefore a central element of human capital as non-financial performance indicators. Thanks to the highly **qualified staff**, most vacant management positions can be filled by company's employees, thus ensuring that our expertise is expanded while remaining within the Company. Employee potential is also fostered by a high degree of personal responsibility and extensive training.

HUGO BOSS also further increased its **number of trainees** in the past fiscal year so it can continue to recruit many of its skilled personnel and managers from its own ranks. HUGO BOSS AG employed 31 trainees and students from University of Corporate Education (2007: 24) as of the beginning of the new training year. Group offers young people a variety of interesting and varied trainee positions.

HUGO BOSS' trainee programs: industrial and retail clerk, inventory administration specialist, electronics engineer for operational technology, fashion seamstress/tailor and textile laboratory assistant.

HUGO BOSS also offers curriculums at the **University of Corporate Education.**

Course programs at the University of Corporate Education: international business, business IT as well as shipping, transport and logistics.

Employee motivation is supported by modern financial incentive models that reward individual performance. This also includes the introduction of working time accounts, which allows employees to determine their working hours individually within a working time corridor according to their personal and professional needs. This reduces overtime and the conflict between **family and profession**.

By the end of 2008, HUGO BOSS AG had 2,636 employees (31. December 2007: 2,525 employees).

VALUE CHAIN

The high standards of the HUGO BOSS Group guarantee the well-known quality of its products throughout the value chain, beginning with the development of new collections to innovations in the manufacturing process to logistics and purchasing. These efforts are supported by uniform software that was introduced into the Company as part of the "Columbus" project and links all workflows.

With the competion of the **Columbus project**, HUGO BOSS was able to establish clear organizational and procedural advantages as compared with the competition.
was completed in the past fiscal year, while follow-up projects in process organization and IT are continuing. In this way, The Columbus project involved the deployment of the standard software solution SAP Apparale Footwear Solution (AFS) to control the entire value chain across all brands as well as all of the administrative structure.

HUGO BOSS AG has a global **purchasing network** of over 600 suppliers. This allows to manage material procurement in a flexible way. The high quality of the merchandise can be ensured due to the close partnerships with the suppliers, which also include delivery of machines, developing manufacturing techniques together, and training employees. Reliable production structures are making an important contribution to the ongoing improvement of the gross profit margin.

As the Group continues its international growth, there are also increasing requirements for a seamlessly functioning **logistics**. Linked logistics processes ensure the precise management of material procurement, producing goods, delivering goods after they have been ordered, and delivering them to points of sale on time. By continuously optimizing processes throughout the entire value chain, especially by also implementing new software systems and expanding and modernizing its warehousing infrastructure, 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. In addition to the implementation of corporate governance guidelines, this also includes social and environmental responsibility.
HUGO BOSS fulfills its **social responsibility** by establishing strict social standards that involves the prohibition on child labor and guarantees of worker safety, Compliance with these standards at all suppliers is regularly monitored by HUGO BOSS. At HUGO BOSS, **protection of the environment** and the Earth's natural resources is regarded as part of the Company's corporate responsibility for example, "intelligent" architecture and building technology was used in the new administrative buildings, where alternative energies are applied. Another measure taken to protect the environment is the obligation of all suppliers to comply with the applicable environmental legislation.

INVESTORS AND RELATIONS WITH THE CAPITAL MARKETS

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

SUMMARY OF NET ASSETS, FINANCIAL POSITION AND RESULTS OF OPERATIONS

In summary, the net assets, financial position and results of operations indicate that the HUGO BOSS AG was in a sound economic position at the time the Financial Statement was prepared.

RISK REPORT

RISK MANAGEMENT

Risks are key elements of every business operation. **Risks are centrally** managed in HUGO BOSS AG's Risk and Insurance Management department to recognize risks and opportunities at an early stage and to analyze, manage, and monitor them, as well as counteracting them if needed with risk-minimizing measures. This ensures that risks and opportunities are regularly recorded company-wide using a uniform method. It also coordinates higher-level measures and regularly informs the Managing Board and Supervisory Board on the risk situation, development of the most important risks, and new significant risks. Risks are categorized into internal and external risks. In turn, internal risks are subdivided into strategic, financial, operational, and organizational risks.

However, all risks regardless of magnitude are reviewed by the responsible managers at least once annually to ensure that they reflect current reality. Individual risk entries are revised or supplemented as necessary. At the same time, the extent of damages and probability of occurrence are recalculated and quantified.

Through continous monitoring of indicators for prediction, irregularities can be discovered in an early stage. Should a risk materialize, reporting chains are also triggered and appropriate predefined countermeasures are initiated to guarantee a rapid response.

Risk management therefore meets legal requirements. The risk management system is also controlled at regular intervals by the Internal Audit department to ensure its proper functioning, and audited by the independent auditor as part of the year-end audit of financial statements. The independent auditors confirm its appropriateness and proper functioning.

EXTERNAL RISKS

The assessment of **macroeconomic risks** faced by HUGO BOSS depends largely on the global economic situation. In particular, the current financial crisis is having an increasing effect on the real economy and has significantly reduced worldwide economic growth prospects. This brings with it the risk of a noticeable drop in demand for consumer and textile goods, meaning that HUGO BOSS could also experience a decline in sales. Various initiatives have already been started as countermeasures to optimize processes and costs – to strengthen the market position for HUGO BOSS products on one hand and to minimize the financial effects of a fall in demand on the other.

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 two-fold – 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 using different design teams for each brand and line.

Political, legal, and social upheavals represent a fundamental risk for all companies. Furthermore, **terrorist acts and environmental catastrophes** also constitute a possible risk to the Company's net assets, financial position, and results of operations, as with all companies. Environmental disasters have to be taken into account, for example earthquake risk at the production site in Turkey. Potential losses and relocation possibilities were identified and the risks of financial loss were covered to the fullest extend possible with insurance policies.

INTERNAL RISKS

Strategic risks

Financial success at HUGO BOSS rests on its **brand image**. Protecting and main-taining the brand image is therefore a correspondingly high priority at HUGO BOSS. In addition to targeted brand communication, the brand's trademark protection and the prosecution of counterfeiters are a key part of securing the brand image. **Product quality** also plays a key role in brand image. Products are subject to uniform Group quality control checks at all stages of production.

One of HUGO BOSS' main strategic objectives is the continued expansion of its retail activities. **Investment and cost risks** related to retail activities due to investments in building stores, increased fixed costs, and long term leases. The possibility that stores could be less successful than expected entails the threat of special write-offs and even closures. To minimize these risks in advance, a comprehensive site selec-tion process, intensive sales and development planning, and a multi-stage approval process all precede the opening of new stores.

Financial risks

As a global company, HUGO BOSS is confronted by risks related to changes in interest rates, liquidity, and security as part of its normal business activity. These risks can have an influence on the Group's financial position and financial performance.

After HUGO BOSS International B.V. concluded the syndicated loan at the beginning of fiscal year 2008, HUGO BOSS AG's financial liabilities to affiliated companies increased significantly. Interest payments to HUGO BOSS International B.V. on this loan are exposed to the **risk of changing interest rates**.

As an internationally operating company, HUGO BOSS AG operates in a variety of currency zones and is therefore subject to exchange rate risks. Cash flows in foreign currencies are a result of international business activities.

Expected total net cash flows in foreign currencies are hedged between 50% and 100% for at least 12 months. Here only standard forward exchange contracts and currency options are entered into with banks that possess impeccable credit ratings. Underlying transactions and currency hedges are recorded in a treasury management system and can be assessed at any time.

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 at the end of 2007 to come into force from fiscal year 2008. Under the terms of this program, HUGO BOSS AG acquired term-equivalent US purchase options for HUGO BOSS preferred shares from independent banks in the

first quarter of fiscal year 2008. In doing so, HUGO BOSS AG is not only securing the stock appreciation rights of its own employees, but also the rights of employees at affiliated companies in the HUGO BOSS Group. The subscription right is 1:1, i.e. each option corresponds to one preferred share.
HUGO BOSS AG is the guarantor for the syndicated loan of HUGO BOSS International B.V. The credit facility amounts to EUR 750 mill. As of December 31, 2008, EUR 560 mill. of the credit line was utilized.

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**. Supplier deliveries, manufacturers' capacity utilization, and deliveries of raw materials are coordinated centrally to avoid possible risks. Care is also taken throughout the entire value chain to avoid dependence on specific suppliers. In this way, HUGO BOSS avoids excessive concentration on individual suppliers and purchasing markets, and secures an appropriate amount of in-house production. This reduces risks based on changes in customs duties, trade restrictions, increases in purchasing prices, or political instability. In addition, suppliers must not only meet high demands with regard to quality and stock availability; they must also adhere to HUGO BOSS' environmental and social standards.

The **debt risk** is group wide limited with bad debt insurance to the deductible. All subsidiaries have their own cash collection departments that follow a standardized credit control policies.

Inventory management is coordinated by a central department to reduce **inventory risk** and to optimize the inventory in general.

The Company strives to maintain a balanced customer structure to avoid **sales risks**. Risk is reduced further by expanding retail activities.

Organizational Risk

The uniform IT infrastructure across the Group facilitates smooth business operations. 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 concepts, issuing access rights, access control systems, and independent energy suppliers.

At a company with global business operations, **legal risks** may arise. To avert legal litigations to the furthest 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 together 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 are created for court costs and costs for legal counsel.

Personnel risks arise mainly from recruiting, training, and fluctuation. These risks are limited due to comprehensive professional development measures, performance-oriented compensation, and succession planning at an early stage.

HUGO BOSS enjoys a corporate culture that is based on trust and utilizes flat hierarchies. Independent thinking and individual initiative in action 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.

OVERALL RISK POSITION

Risk naturally exist in the forecast of net sales, estimation of inventory valuation, in the default of receivables and in currency fluctuations to a limited extent. Planning insecurities apply to the amount of net sales, and the earnings position as well as the balance structure. Both the parent company and all subsidiaries work with the same type of risk analysis and risk management. Risks are uniformly quantified in the same way, namely by calculating their influence on EBIT and/or cash flow.

There are no individual or combined risks that could jeopardize the Company's continued existence according to current information.

SUBSEQUENT EVENTS, OPPORTUNITIES, AND OUTLOOK

HUGO BOSS' medium-term prospects are a result of the strategic positioning intended to create significant growth on the one hand and overall economic conditions on the other. Leading economic research institutes forecast a significant economic downturn in 2009.

EVENTS AFTER THE BALANCE SHEET DATE

As of March 9, 2009, no material operational changes, structural modifications, or business events had occurred in the HUGO BOSS AG that might serve to significantly alter the net assets, financial position and results of operations as compared with December 31, 2008.

REPORT ON OPPORTUNITIES

HUGO BOSS has been one of the most successful international fashion companies in the high-end fashion segment for many years. This positioning also opens up new potential for sales and profits in the future. A reliable **opportunity management** is important to exploiting this potential. All divisions are geared 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 HUGO BOSS AG in Metzingen coordinates not only the tools for identifying opportunities, but the central Financing department also secures the necessary liquidity for the entire Group to realize opportunities.

Additional information on the internal control system and risk management can be found on pages 22 and 34 et seq.

FORECAST FOR 2009 AND 2010

The international financial crisis significantly impacted the global **economic outlook**. Despite all the efforts by governments and central banks to stabilize the banks and stimulate the economy, it is likely that the global economy will remain in a downslide for some time to come, probably all of next year, and will then recover, but only slowly. For example, the International Monetary Fund (IMF) forecasts global economic growth of 0.5%.

Economic research institutes forecast a negative economic outlook for **industrialized countries** in particular. The number of building permits in the **USA** continues to fall. Consumers have dramatically reduced their consumption levels and industry has slashed investments and tens of thousands of jobs. US GNP is expected to decline 1.6%. 2009 growth forecasts for the **European Community** are also expected to be negative (-2.0%). For Germany, a GNP reduction of 2,5% is predicted. Only in parts of Eastern Europe is a decline in economic growth forecast, with a moderate upturn in overall economic output expected.

The **emerging Asian markets** will also suffer from the effects of the financial market crisis. Growth in countries such as India and China will slow noticeably. For example, the IMF solely predicts 6.7% growth in China's GNP and 5.1% for India.

The outlook for 2010 is difficult to assess at the beginning of 2009. Economic experts foresee that the effects of the banking and financial crisis are expected to wane in 2010 due to the agreed economic stimulus packages, meaning global economic growth will increase again at a moderate pace in 2010.

The economic effects on the **luxury goods sector** in the next two years and on global spending in this industry are difficult to estimate. As a result, a growth forecast for the luxury goods markets in 2009 and 2010 remains difficult as well.

The income of HUGO BOSS AG is heavily influenced by income contributions from subsidiaries.

Results management and cost management have increased again significantly against this background of a difficult sales and growth forecast. Strict monitoring of the cost structure is the only way to identify potential savings at an early stage and improve overall financial results by realizing them. Some of the key elements of results management include:

- Implementing optimization processes along the Company's entire value chain, starting with margin-based collection planning using a global purchasing network down to improving the levels of materials on an ongoing basis.
- Optimizing work processes and intermeshing them more closely, as well as reducing existing superfluous structures and therefore streamlining staff structure
- Reducing the complexity of the collections and thus production and logistic costs
- Central management of the stock business to optimize inventory

Following investment volumes that reached a high level in the past fiscal year, **planned investments** for fiscal year 2009 will again be at the same level as previous years. In the medium term, more investments will be made in rationalization of logistics capacities for flat packed goods.

Weighted capital costs of debt and equity as part of financing the special dividend were reduced in the past fiscal year due to the take-up of a syndicated loan by HUGO BOSS International B.V. At the same time, the Company is keeping a constant eye on its liquidity and credit worthiness to maintain the flexibility necessary for the expansion of business.

Future international growth requires the company to gain efficiencies through accelerated decision making, optimized processes and the better use synergies. Therefore, management is reorganizing the company structure, which is designed to make the organization leaner. As a consequence, employment numbers will most likely be around the level of early 2008.

OVERALL STATEMENT ON FUTURE BUSINESS DEVELOPMENT IN 2009 AND 2010

Due to the overall weak global economic situation, HUGO BOSS AG expects for 2009 declining development of sales The successful implementation of numerous initiatives should have a positive effect on the Company's cost structure and HUGO BOSS therefore predicts its operating result margin to increase. The management expects positive sales and profit developments before income from long-term equity investments in fiscal year 2010 when the economic situation improves.

Nevertheless, actual results may differ materially from expectations of future developments should uncertainties materialize or should the assumptions underlying the statements above prove to be incorrect For example, future business developments are associated with general global economic growth. If recessionary scenarios become even worse, then negative effects must also be expected on Group sales and profit. In the coming years, we also intend to observe the risk of possible insolvency of some of HUGO BOSS' wholesale partners more closely. We also refer to the "Risk Report" section in this Management Report.

COMPENSATION FOR THE MANAGING AND SUPERVISORY BOARD

COMPENSATION OF THE MANAGING BOARD

The fixed salary components paid to members of the Managing Board comprise benefits such as company cars and benefits in kind as well as other equipment and services necessary for Management 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 fiscal year 2001, HUGO BOSS AG has been offering a „stock appreciation rights program“ for Managing Board members and executives. As part of this program, manager are awarded 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. New Management Board members who joined in 2008 are not eligible to receive any stock appreciation rights.

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. Participation rights 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.

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 Management Board members. The amount of future pension benefits is based on each members base salary and years of service.

COMPENSATION OF THE SUPERVISORY BOARD

According to the German Stock Corporation Law, the remuneration of Supervisory Board members is divided into a fixed salary component and variable compensation. The variable compensation part is determined on the basis of group earnings per share. In determining the level of compensation, the position of chairman of the Supervisory Board and deputy chairman of the Supervisory are specifically considered. The annual shareholder meeting finally decides about 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 Hold-ings LLP London, UK, 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 compensa-tion for all transactions listed in the report 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, UK or its affiliated companies.”

DISCLOSURES PURSUANT TO THE GERMAN TAKEOVER DIRECTIVE IMPLEMENTING ACT

The requirements pursuant to Section 289, Paragraph 4 and Section 315, Paragraph 4 of the German Commercial Code (HGB) are listed and explained in the following. The Managing Board sees no need for further explanation as set forth in Section 120, Paragraph 3, Sentence 2 of the German Stock Corporation Act (AktG).

The **share capital** of HUGO BOSS AG has not changed, and continues to consist of 35,860,000 common shares (50.9%) and 34,540,000 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 transfer of shares; the Managing Board is not aware of any such agreements between shareholders.

Equity share exceeding 10% of the voting rights exist. 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, has exceeded the limits of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% und 3% on August 04, 2008 and amounts to 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) is attributable to Permira Holdings LLP of the shares held by V.F.G. International N.V., pursuant to section 22 paragraph 1 sentence 1 no. 1 in connection 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 SpA and V.F.G. International N.V. pursuant to section 22 paragraph 1 sentence 1 no. 1 in connection with sentence 3 WpHG (German Securities Trading Act).

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. Pursuant to Section 6, Paragraph 1 of the Articles of Association, the Managing Board consists 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. According to Section 6, Paragraph 3 of the Articles of Association, Managing Board members generally should 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 Shareholders' 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 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.

Pursuant to Section 4 Paragraph 4 of the Articles of Association, the Managing Board was authorized by means of a resolution at the Annual Shareholders' Meeting on May 18, 2009. In accordance with this, the Managing Board of HUGO BOSS AG was authorized, subject to the consent of the Supervisory Board, to **increase the Company's share capital** by May 18, 2009 by a total of no more than EUR 35,200,000 through the issuance one or several times 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. The increase 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 peak 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 Shareholders' Meeting on May 8, 2008. In accordance with this, Managing Board is authorized until November 7, 2009 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. The authorization to purchase shares may be exercised by HUGO BOSS AG for the entire amount at once or in partial amounts on one or several occasions. The shares may be purchased via the stock market 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.

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, March 9, 2009
HUGO BOSS AG
The Managing Board

Claus-Dietrich Lahrs
Norbert Unterharnscheidt

FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS

in EUR	Notes No.		Dec. 31, 2008	Dec. 31, 2007
A. Fixed Assets	[1]			
I. Intangible Assets				
1. Capitalized software and licences		46.049.027,82		40.966.744,82
2. Prepayments		861.555,64		77.545,24
			46.910.583,46	**41.044.290,06**
II. Property, Plant and Equipment				
1. Land and buildings incl. buildings on third party land		15.331.785,84		15.406.988,84
2. Technical equipment and machinery		2.633.011,00		3.020.239,00
3. Other equipment, factory and office equipment		36.422.724,07		40.195.115,07
4. Prepayments and construction in progress		24.785.326,14		2.620.815,22
			79.172.847,05	**61.243.158,13**
III. Financial Assets	[2]			
1. Shares in affiliated companies		544.336.131,51		544.336.131,51
2. Other shares		52.830,72		52.830,72
			544.388.962,23	**544.388.962,23**
			670.472.392,74	**646.676.410,42**
B. Current Assets				
I. Inventories				
1. Raw materials and supplies		50.043.130,63		50.995.412,48
2. Work in progress		699.526,85		261.253,96
3. Finished goods and merchandise		117.292.008,91		91.382.129,89
4. Payments on account		1.949.338,32		2.405.270,19
			169.984.004,71	**145.044.066,52**
II. Receivables and other Assets	[3]			
1. Trade receivables		20.280.179,32		8.652.922,78
2. Receivables from affiliated companies		13.682.366,59		28.262.085,36
3. Receivables from companies in which participating interests are held		1.512.187,50		1.512.293,80
4. Other assets		57.519.324,49		41.265.942,01
			92.994.057,90	**79.693.243,95**
III. Securities	[4]			
1. Own shares			21.460.004,70	42.362.350,67
IV. Liquid Assets			4.384.540,61	7.210.140,71
			288.822.607,92	**274.309.801,85**
C. Prepaid Expenses	[5]		833.080,29	1.250.870,82
			960.128.080,95	**922.237.083,09**

EQUITY AND LIABILITIES

in EUR	Notes No.		Dec. 31, 2008	Dec. 31, 2007
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 Surplus	**[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 own shares		21.460.004,70		42.362.350,67
3. Other revenue reserves		241.984.764,75		82.306.514,79
			270.085.571,15	**131.309.667,16**
IV. Unappropriated Income	**[9]**		189.516.000,00	454.425.400,00
			530.400.769,45	**656.534.265,46**
B. Accruals				
1. Accruals for pensions and similar obligations		24.152.373,00		19.751.199,00
2. Tax accruals		3.584.405,05		1.597.395,72
3. Other accruals	**[10]**	71.458.224,23		83.682.019,21
			99.195.002,28	**105.030.613,93**
C. Liabilities	**[11]**			
1. Due to banks		0,00		25.094.519,00
2. Trade payables		40.478.701,87		25.174.290,12
3. Due to affiliated companies		270.557.684,41		104.671.029,24
4. Due to companies in which participating interests are held		65.130,24		2.265,17
5. Other liabilities		19.430.792,70		5.730.100,17
			330.532.309,22	**160.672.203,70**
			960.128.080,95	**922.237.083,09**
Contingent Liabilities	**[12]**		585.448.017,98	67.522.349,20

STATEMENT OF INCOME

in EUR	Notes No.		2008	2007
1. Sales	[13]		809.214.216,79	785.729.680,08
2. Change in finished goods and work in progress			23.236.892,15	12.839.418,19
3. Other operating income	[14]		162.745.805,20	134.232.323,45
			995.196.914,14	**932.801.421,72**
4. Cost of materials				
a) Cost of raw materials and supplies and of purchased merchandise		414.741.988,16		422.539.219,29
b) Cost of purchased services		97.348.851,40		96.523.083,03
			512.090.839,56	**519.062.302,32**
5. Personnel expenses	[15]			
a) Wages and salaries		140.266.759,79		116.619.016,18
b) Social security and other pension costs		23.848.393,20		19.911.721,27
			164.115.152,99	**136.530.737,45**
6. Depreciation of intangible fixed assets and tangible assets			20.902.759,07	20.083.609,06
7. Other operating expenses	[16]		280.948.103,71	259.574.119,80
			17.140.058,81	**– 2.449.346,91**
8. Income from investments	[17]		77.776.484,95	81.790.054,37
9. Other interest and similar income	[18]		3.626.834,07	2.875.913,78
10. Amortization of financial assets and current asset securities	[19]		20.902.345,97	496.863,71
11. Income from profit transfer agreements	[20]		300.021.410,99	1.136.209,24
12. Expenses from loss transfer agreements	[21]		2.164.055,87	1.821.539,25
13. Interest and similar expenses	[22]		38.835.443,63	9.715.328,45
14. Income from ordinary activities			**336.662.943,35**	**71.319.099,07**
15. Taxes on income	[23]		17.195.513,04	26.637.887,74
16. Other taxes			109.801,95	229.420,77
17. Net income			**319.357.628,36**	**44.451.790,56**
18. Transfer to / from other revenue reserves	[8]		– 159.678.249,96	419.566.940,41
19. Transfer from / to reserves for own shares	[8]		20.902.345,97	– 11.248.645,02
20. Accumulated income – previous year			8.934.275,63	1.655.314,05
21. Unappropriated income			**189.516.000,00**	**454.425.400,00**

NOTES TO THE FINANCIAL STATEMENTS 2008

ACCOUNTING

The 2008 financial statements of HUGO BOSS AG have been prepared in accordance with the rules and regulations of the German Commercial Code (HGB) and Stock Corporation Law (AktG).

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

The consolidated financial statements of HUGO BOSS AG are included in the consolidated financial statements of Valentino Fashion Group S.p.A., Milan, Italy as the largest scope of consolidation. The consolidated statement of HUGO BOSS AG will be also announced in the German "Bundesanzeiger".

ACCOUNTING AND VALUATION PRINCIPLES, CURRENCY CONVERSION

The accounting and valuation methods applied last year have been maintained in principle. According to the tax directives, finished and unfinished goods are now valued to include indirect cost as well as direct cost.

Also, the depreciation method of fixed assets was adjusted according to new tax directives.

Fixed Assets

Intangible assets acquired for consideration are valued at the cost of acquisition and amortized according to the straight-line method over threee to ten years.

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

The depreciation of buildings is based on useful lives of 25 to 50 years. For technical equipment and machines, the 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 equpment until December 31, 2007 are depreciated under the declining balance method. Additions in property, plant and equipment after December 31, 2007 are depreciated under the straight line method. Low value assets (with acquistion cost of up to EUR 410 for additions before January 1, 2008 and EUR 150 for additions after December 31, 2007) are expensed to period cost in the year of acquisition. Additions after December 31, 2007 with acquistions cost between EUR 150 and EUR 1,000 are aggregated and depreciated over five years.

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

Current Assets

Raw materials and supplies 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 rollilng average cost of acquisition.

Cost of production includes direct and indirect costs of materials, manufacturing costs and special costs of production. Perceivable risks arising from low inventory turnover and reduced utilization are covered by appropriate write-downs.
The effect of valuing inventory at direct and indirect cost led to an increase in inventories of less than 2%. In order to more accurately reflect the market value of outlet stock, the inventory valuation methodology was refined. This change led to a favorable P&L impact of EUR 7.0 million in the year 2008.

Receivables and other assets are recorded at their nominal value. Specific credit risk is taken into account by adequate allowances. The general credit risks are also appropriately covered by a general bad debt allowance.

Own shares are valued at the lower of cost or market value (XETRA share price) 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 percent.

The other accruals cover all ascertainable risks and contingent liabilities. They are valued with reasonable commercial evaluation. Costs of maintenance and repair not effected are accrued according to section 249 (1) clause 3 of the German Commercial Code.

Liabilities are valued at their repayment amounts.

Hedging Contracts

The Company mitigates the risk of currency fluctuation with forward exchange contracts and options. These transactions are usually undertaken either to secure specific customer contracts, or on the basis of reliable prognoses as to the currency needs.

Hedging contracts relating to receivables are valued at the market value of the closing date. Other assets are valued at the cost of acquisition as the maximum.

Hedging contracts are established to cover the liability towards employees arising from the "Stock Appreciation Rights Program" (SAR). It covers both, the liability towards employees of the HUGO BOSS AG and liabilities towards employees of its subsidiaries. The acquisition cost for hedging options are capitalized and valued at the lower of cost or fair value at the end of the period. The liabilities resulting from the SAR program are valued according to the Cox-Ross-Rubinstein binomial model.

Currency Conversion

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

STATEMENT OF CASH FLOWS

in EUR	2008	2007
Net income for the year	319.357.628,36	44.451.790,56
Depreciation/Value appreciation	20.902.759,07	20.580.472,77
Change in provisions	–5.835.611,65	7.892.723,60
Other non-cash expenses [1]	20.902.345,97	10.147.876,83
Gains/losses on asset retirement	143.621,61	397.052,25
Change in inventories	–24.939.938,19	–22.085.796,31
Change in receivables and other assets [2]	–21.396.589,01	–14.659.655,69
Change in trade payables and other liabilities [3]	31.547.144,08	–6.320.440,17
Cash flow from operating activities	**340.681.360,24**	**40.404.023,84**
Proceeds on asset retirement	58.832,39	268.874,20
Investments in intangible assets	–14.397.337,91	–15.222.960,11
Investments in fixed assets	–30.503.857,48	–14.809.501,97
Capital repayment of subsidiaries	–	100.200.000,00
Change in financial receivables due from affiliated companies	8.513.565,59	7.570.253,96
Cash flow from investment activities	**–36.328.797,41**	**78.006.666,08**
Dividend previous year	–445.491.124,37	–82.466.085,95
Purchase of own shares	–	–11.248.645,02
Change in liabilities due to banks and other financial liabilities	–24.584.637,96	–25.880.201,92
Change in financial liabilities due to affiliated companies	162.897.599,40	2.998.672,05
Cash flow from financing activities	**–307.178.162,93**	**–116.596.260,84**
Change in liquid funds	**–2.825.600,10**	**1.814.429,08**
Liquid funds at the beginning of the period	7.210.140,71	5.395.711,63
Liquid funds at the end of the period	**4.384.540,61**	**7.210.140,71**

[1] Debt waiver

[2] Other assets, prepaid expenses

[3] Other non-interest-bearing liabilities

The liquid funds comprises liquid assets as shown in the balance sheet.

Total interest expenses account for EUR 38.8 million (2007: EUR 9.7 million).

Taxes on income account for EUR 17.2 million (2007: EUR 26.6 million).

NOTES TO THE BALANCE SHEET

(1) Fixed Assets

The development of fixed assets during the 2008 fiscal year as defined by section 268 (2) of the German Commercial Code is shown on pages 86 and 87.

The intangible assets mainly include capitalized IT software. The increase of EUR 14.4 million refers for the most part to investments in software, in particular to the "Columbus" strategy project which will lead to further improvements of the company's internal processes.

The increase of EUR 30.5 million in fixed assets are mainly attributable to buildings under construction related to logistic projects. The remaining additions relate to the expansion in IT, showrooms and other plant and office equipment.

(2) Financial Assets

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

KEY INDICATORS OF INVESTMENTS OF THE HUGO BOSS GROUP

in € thousand

Company
HUGO BOSS Holding Netherlands B.V.
HUGO BOSS AG [1]
HUGO BOSS Internationale Beteiligungs-GmbH
HUGO BOSS International B.V. [2]
HUGO BOSS Trade Mark Management GmbH & Co. KG
HUGO BOSS USA, Inc. [3]
HUGO BOSS Ticino S.A.
HUGO BOSS S.p.A.
HUGO BOSS France SAS
HUGO BOSS Benelux B.V. [4]
HUGO BOSS International Markets AG
HUGO BOSS Italia S.p.A.
HUGO BOSS Holdings Pty. Ltd.
HUGO BOSS Canada, Inc.
HUGO BOSS Australia Pty. Ltd.
HUGO BOSS UK Limited
HUGO BOSS Hong Kong Ltd.
HUGO BOSS Germany Retail GmbH
HUGO BOSS Textile Industry Ltd.
HUGO BOSS Mexico S.A. de C.V.
HUGO BOSS Accessories Italia S.p.A.
HUGO BOSS (Switzerland) AG
HUGO BOSS Scandinavia AB
HUGO BOSS Belgium BVBA
HUGO BOSS do Brasil Ltda.
HUGO BOSS España S.A.
MSC Poland Sp.z.o.o.
HUGO BOSS Dienstleistungs GmbH
HUGO BOSS Holding Sourcing S.A.
HUGO BOSS Benelux Retail B.V.
HUGO BOSS Nordic ApS
HUGO BOSS Switzerland Retail AG
HUGO BOSS Guangdong Trading Co. Ltd.
HUGO BOSS Outlet Magazacilik Limited Sirketi
HUGO BOSS China Retail Co. Ltd.

1 Earnings prior to transfer of profit of Group companies.
2 Earnings include dividends receipts amounting to EUR 191,149 thousand (2008) and EUR 92,066 thousand (2007).
3 Subgroup financial statements.
4 Earnings in 2007 include gains from the sale of Group investments for a total of EUR 1,148 thousand.

	Earnings		Equity	
Head Office	2008	2007	2008	2007
Amsterdam, Netherlands	305.420	1.361	651.659	646.239
Metzingen, Germany	329.249	−28.367	537.852	569.975
Metzingen, Germany	0	0	524.800	524.800
Amsterdam, Netherlands	176.926	64.977	105.225	246.897
Metzingen, Germany	79.196	83.213	22.842	103.098
Wilmington, DE, USA	762	10.506	45.666	73.686
Coldrerio, Switzerland	38.897	31.124	66.364	70.911
Como, Italy	989	−17.321	18.433	37.445
Paris, France	1.940	2.147	14.055	37.115
Amsterdam, Netherlands	15.902	15.066	37.911	37.009
Zug, Switzerland	17.405	18.557	20.977	18.519
Milan, Italy	−1.447	−125	13.633	15.080
Preston, Australia	0	0	12.363	12.363
Toronto, Canada	−2.369	−1.465	7.190	11.225
Preston, Australia	1.736	2.147	7.871	11.094
London, Great Britain	11.123	8.356	6.986	10.832
Hong Kong, P. R. China	12.525	9.643	17.787	10.215
Metzingen, Germany	127	−1.461	9.416	9.289
Izmir, Turkey	5.711	2.125	13.450	7.739
Mexico City, Mexico	966	2.226	2.387	7.512
Morrovalle, Italy	1.076	320	8.217	7.141
Zug, Switzerland	4.078	4.487	4.959	4.921
Stockholm, Sweden	4.595	179	5.046	4.351
Diegem, Belgium	908	2.018	2.422	3.514
São Paulo, Brazil	113	21	2.466	3.017
Madrid, Spain	−22.294	−3.434	−20.472	1.822
Radom, Poland	−58	69	1.418	1.689
Metzingen, Germany	−31	560	1.415	1.304
Coldrerio, Switzerland	−3	3	1.228	1.210
Amsterdam, Netherlands	−309	−227	884	1.193
Copenhagen, Denmark	−1.710	−33	−632	1.079
Zürich, Switzerland	263	−507	1.324	941
Guangzhou, P.R. China	240	40	1.424	749
Izmir, Turkey	−67	34	521	587
Shanghai, P.R. China	−1.139	−2.154	−925	255

KEY INDICATORS OF INVESTMENTS OF THE HUGO BOSS GROUP

in € thousand

Company
HUGO BOSS Mexico Management Services S.A. de C.V.
HUGO BOSS Trade Mark Management Verwaltungs-GmbH
HUGO BOSS Vermögensverwaltungs GmbH & Co. KG
HUGO BOSS Beteiligungsgesellschaft mbH
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Dieselstrasse KG
HUGO BOSS Belgium Retail BVBA
ROSATA Grundstücks-Vermietungsgesellschaft mbH & Co. Objekt Metzingen KG
HUGO BOSS Portugal, Unipessoal, Lda.
BIL Leasing Verwaltungs-GmbH & Co. 869 KG
HUGO BOSS Japan K.K.
HUGO BOSS Merchandise Management

1 Earnings prior to transfer of profit of Group companies.

2 Earnings include dividends receipts amounting to EUR 191,149 thousand (2008) and EUR 92,066 thousand (2007).

3 Subgroup financial statements.

4 Earnings in 2007 include gains from the sale of Group investments for a total of EUR 1,148 thousand.

	Earnings		Equity	
Sitz	2008	2007	2008	2007
Mexico City, Mexico	88	33	231	187
Metzingen, Germany	10	1	30	20
Metzingen, Germany	–2	–2	6	7
Metzingen, Germany	0	–270	–116	–116
Gruenwald, Germany	21	11	–271	–292
Diegem, Belgium	–536	–694	1.230	–715
Gruenwald, Germany	–54	–140	–2.847	–2.793
Lisbon, Portugal	–1.368	–1.482	–4.213	–2.845
Poecking, Germany	–1.182	–902	–5.203	–4.021
Tokyo, Japan	–4.035	–1.823	–11.090	–4.803
Metzingen, Germany	–1	0	24	0

(3) Receivables and Other Assets

Categorized according to remaining life (prior year figures in brackets) in EUR	With a remaining life up to 1 year	from 1 to 5 years	of more than 5 years	Total
Trade receivables	20.280.179,32 (8.652.922,78)	–,— –,—	–,— –,—	20.280.179,32 (8.652.922,78)
Receivables from affiliated companies	13.682.366,59 (28.262.085,36)	–,— –,—	–,— –,—	13.682.366,59 (28.262.085,36)
Receivables from companies in which participating interests are held	1.512.187,50 (1.512.293,80)	–,— –,—	–,— –,—	1.512.187,50 (1.512.293,80)
Other assets	34.397.338,08 (23.586.222,75)	10.107.817,21 (9.480.427,15)	13.014.169,20 (8.199.292,11)	57.519.324,49 (41.265.942,01)
	69.872.071,49 (62.013.524,69)	**10.107.817,21** (9.480.427,15)	**13.014.169,20** (8.199.292,11)	**92.994.057,90** (79.693.243,95)

Receivables from affiliated companies include loans amounting to EUR 12.8 million (2007: EUR 21.3 million) and trade receivables.
Other assets include mainly receivables from the reinsurance of employees' pension plans amounting to EUR 21.5 million (2007: EUR 19.5 million) and tax receivables of EUR 20.1 million (2007: EUR 8.2 million).

(4) Securities

On December 31, 2008 528,555 common shares and 855,278 preferred shares were held. The related portion of share capital is 1,383,830.00 EUR (1,97%). Own shares were purchased in 2006 (526,055 common shares & 577,472 preferred shares) and 2007 (2,500 common shares & 277,806 preferred shares).

In 2008 no own shares were acquired or sold. Own shares are valued at fair market value as of December 31, 2008. The aquisition of own shares should facilitate

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

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

(5) Prepaid Expenses

The prepaid expenses refer mainly to prepaid IT cost.

(6) Subscribed Capital

At December 31, 2008, the subscribed capital of HUGO BOSS AG amounted to EUR 70,400,000.00.

in EUR	Dec. 31, 2008	Dec. 31, 2007
Common stock issued to bearer 35,860,000 shares	35.860.000	35.860.000
Non-voting preferred stock issued to bearer 34,540,000 shares	34.540.000	34.540.000
	70.400.000	**70.400.000**

The Management Board of HUGO BOSS AG is entitled, under precondition of approval by the Supervisory Board, to increase the subscribed capital of the company by authorized capital of EUR 35,200,000 until May 18, 2009. The authorized capital can be used to issue common and preferred shares on one or more occasions.

(7) Capital Surplus

This caption consists of the capital surplus according to section 272 (2) no. 1 of the German Commercial Code.

(8) Retained Earnings

The reserve for own shares was partially released by EUR 20,902,345.97 due to the decrease in share price and added to the other revenue reserves.
The retained earnings balance developed as follows:

in EUR	
Balance on January 1, 2008	82.306.514,79
Addition to other revenue reserves according to resolution of the Management and Supervisory Board	159.678.249,96
Balance at December 31, 2008	**241.984.764,75**

(9) Unappropriated income

The shareholders' meeting held on May 8, 2008 decided on the use of previous years unappropriated income as follows:
contribution of dividends amounting to EUR 445,491,124.37 and EUR 8,934,275.63 to carried forward to new account.

(10) Other Reserves

in EUR	Dec. 31, 2008	Dec. 31, 2007
Personnel	35.470.673,75	33.433.304,45
Other accrued liabilities	24.034.790,84	29.337.455,55
Outstanding invoices for goods and services	11.937.568,64	20.770.952,53
Operating reserves	15.191,00	140.306,68
	71.458.224,23	**83.682.019,21**

Reserves related to personnel includes incentive compensation and severance cost arising from the repositioning of the organizational structure.
Other accrued liabilities mainly originate from liabilities for returns of merchandise, litigation costs and sales agent's commissions.
Sufficient provisions were set aside for ongoing legal cases (i.e. the pending appeal against the 2007 financial statement).

(11) Liabilities

Categorized according to remaining life (prior year figures in brackets) in EUR	**With a remaining term** up to 1 year	from 1 to 5 years	of more than 5 years	**Total**
Due to banks	0,00 (25.094.519,00)	–,— –,—	–,— –,—	0,00 (25.094.519,00)
Trade payables	40.478.701,87 (25.174.290,12)	–,— –,—	–,— –,—	40.478.701,87 (25.174.290,12)
Due to affiliated companies	270.557.684,41 (104.671.029,24)	–,— –,—	–,— –,—	270.557.684,41 (104.671.029,24)
Due to companies in which participating interests are held	65.130,24 (2.265,17)	–,— –,—	–,— –,—	65.130,24 (2.265,17)
Other liabilities	17.051.118,16 (3.860.306,67)	–,— –,—	2.379.674,54 (1.869.793,50)	19.430.792,70 (5.730.100,17)
	328.152.634,68 (158.802.410,20)	**–,—** –,—	**2.379.674,54** (1.869.793,50)	**330.532.309,22** (160.672.203,70)

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

The liabilities due to affiliated companies include loans of EUR 269.9 million (2007: EUR 105.6 million) and trade payables.

Breakdown of other Liabilities

in EUR	Dec. 31, 2008	Dec. 31, 2007
taxes	15.766.025,16	3.321.141,38
social security	2.508.462,32	1.903.379,50
other	1.156.305,22	505.579,29
	19.430.792,70	**5.730.100,17**

(12) Contingent Liabilities

in EUR	Dec. 31, 2008	Dec. 31, 2007
Contingent liabilities from guarantees	573.362.170,31	60.318.381,20
thereof associated companies	(573.362.170,31)	(60.318.381,20)
Contingent liabilities from the provision of collateral for third party liabilities	12.085.847,67	7.203.968,00
thereof associated companies	(12.085.847,67)	(7.203.968,00)
	585.448.017,98	**67.522.349,20**

NOTES TO THE STATEMENT OF INCOME

(13) Sales

Categorized by brands and geographical markets (prior year figures in brackets)

in EUR	BOSS Menswear	BOSS Womenswear	HUGO	Other	Total
Germany	179.057.404,27 (191.304.636,00)	34.521.384,42 (34.193.245,18)	42.364.904,87 (39.234.800,55)	0,00 (110.118,66)	255.943.693,56 (264.842.800,39)
Rest of Europe	272.444.050,07 (279.085.913,31)	51.278.245,88 (50.876.947,43)	27.587.140,28 (23.886.188,47)	0,00 (0,00)	351.309.436,23 (353.849.049,21)
Americas	82.242.133,49 (67.559.064,66)	10.669.129,98 (10.800.241,47)	9.196.369,01 (7.208.451,69)	0,00 (0,00)	102.107.632,48 (85.567.757,82)
Other regions	84.528.618,83 (67.918.315,21)	12.972.856,77 (11.920.394,27)	2.351.978,92 (1.631.363,18)	0,00 (0,00)	99.853.454,52 (81.470.072,66)
	618.272.206,66 (605.867.929,18)	**109.441.617,05** (107.790.828,35)	**81.500.393,08** (71.960.803,89)	**0,00** (110.118,66)	**809.214.216,79** (785.729.680,08)

(14) Other Operating Income

in EUR	2008	2007
Other operating income	162.745.805,20	134.232.323,45
thereof out of period income:	(24.059.237,91)	(6.444.538,98)

The other operating income mainly comprises cost and service recharges. The increase from last year results from higher gains from foreign currency valuation and out of period income. The out of period income is predominantly attributable to the release of reserves. The release of reserves is partially compensated by corresponding charges included in the other operating expenses and taxes on income.

(15) Personnel Expenses

in EUR	2008	2007
Personnel expenses	164.115.152,99	136.530.737,45
thereof for pensions	(4.742.129,87)	(3.268.346,63)

The personnel expenses include EUR 23.6 million (2007: EUR 0.9 milliion) out of period expenses for serverance payments. This includes payments to retired management board members and employees as part of the reorganization of the organizational structure.

Average number of employees:

in EUR	2008	2007
Industrial employees	948	906
Commercial and administrative employees	1.665	1.542
	2.613	**2.448**

(16) Other Operating Expenses

in EUR	2008	2007
Other operating expenses	280.948.103,71	259.574.119,80
thereof out of period expenses	(145.075,59)	(10.432.954,78)

Other operating expenses contain mainly operating-, administration- and sales expenses. The out of period expenses relate to losses from the sale of fixed assets. The increase from the previous year mainly results from the reduction of hedging contract market values.

(17) Income from Investments

in EUR	2008	2007
Total	77.776.484,95	81.790.054,37
thereof affiliated companies	(77.776.484,95)	(81.790.054,37)

Income from investments was mainly derived from the HUGO BOSS Trade Mark Management GmbH & Co. KG.

(18) Other Interest and Similar Income

in EUR	2008	2007
Total	3.626.834,07	2.875.913,78
thereof affiliated companies	(3.232.476,51)	(2.721.916,34)

(19) Amortization of Financial Assets and current asset securities

in EUR	2008	2007
Total	20.902.345,97	496.863,71
thereof affiliated companies	(–,—)	(496.863,71)

Mark down of own shares to fair market value due to the decrease in share price (2007: shares in a affiliated company).

(20) Income from Investments

in EUR	2008	2007
Total	300.021.410,99	1.136.209,24
thereof affiliated companies	(300.021.410,99)	(1.136.209,24)

The transfer of income relates to the affiliated company HUGO BOSS Internationale Beteiligungs-GmbH.

(21) Losses from Investments

in EUR	2008	2007
Total	2.164.055,87	1.821.539,25
thereof affiliated companies	(2.164.055,87)	(1.821.539,25)

The transfer of losses relates to the company HUGO BOSS Beteiligungsgesellschaft mbH.

(22) Interest and Similar Expenses

in EUR	2008	2007
Total	38.835.443,63	9.715.328,45
thereof affiliated companies	(26.231.826,16)	(7.719.386,61)

(23) Taxes on Income

in EUR	2008	2007
Total	17.195.513,04	26.637.887,74
thereof aperiodic expenses	(9.949.734,58)	(2.971.023,45)

Taxes on income relate to the income from ordinary activities only.

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. This 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.

Derivative financial instruments outstanding on December 31, 2008, are detailed below:

	2008		2007	
EUR thousand	Nominal value	Market value	Nominal value	Market value
Forward exchange contracts	16.264	1.885	75.853	4.999
Currency options	4.425	830	4.652	329

Current market values of financial instruments are calculated as follows:

- Forward exchange contracts:
  For forward exchange contracts hedging rates of the forward transactions are measured at the forward rate applicable on December 31, 2008.

- Currency options:
  There is one currency option with market value EUR 830,474.18 as of December 31, 2008 (2007: EUR 329,079.00).

Gains from forward exchange contracts and currency options are recorded when they are realized. Anticipated losses related to these transactions (EUR 681,384.79) are contained in other provisions as at December 31, 2008 (2007: EUR 203,002.42).

Hedging contract for the "Stock Appreciation Rights Program" (SAR)
A hedging program was established at the end of 2007 to mitigate the impact of the "Stock Appreciation Rights Program" (SAR) on cashflow and profit of HUGO BOSS AG due to a potential change of its share price.

Hedging contracts are established to cover the liability towards employees arising from the "Stock Appreciation Rights" (SAR) program. It covers both, the liability towards employees of the HUGO BOSS AG and liabilities towards employees of its subsidiaries.

Hedges outstanding on December 31, 2008, are detailed below:

	2008		2007	
EUR thousand	Nominal value	Market value	Nominal value	Market value
Hedging Contracts (SAR-Hedges)	29.987	3.499	0	0

The acquisition cost for hedging options are capitalized and valued at the lower of cost or fair value at the end of the period. Gains are only recorded when they are realized.

The liabilities resulting from the SAR program are valued according to the Cox-Ross-Rubinstein model as of December 31, 2008. The key parameter to determine the fair value is the volatility of the share price which are assessed by the participating banks. The future share price is modeled according to a binomial based methodology. The option price is then discounted to the closing period.

Expenses arising from fair market valuation adjustments are recorded in other operating expenses, if they related to HUGO BOSS AG employees, for other employees it is recorded in financial result.

Other Financial Obligations according to Section 285 Sentence 1 No. 3 of the German Commercial Code (HGB)

		Tenancy and leasing contracts			thereof affiliated companies:	
	Total EUR	Buildings/ real estate	Hardware/ Software	Other contracts	Buildings Leasing	Other contracts
Due 2009	24.147.312,25	18.378.666,16	4.650.255,51	1.118.390,58	3.933.552,00	0,00
Due 2010–2013	57.022.756,12	56.525.881,50	50.677,00	446.197,62	15.734.208,00	0,00
Due after 2013	108.102.424,49	108.100.411,49	0,00	2.013,00	41.745.176,04	0,00
	189.272.492,86	**183.004.959,15**	**4.700.932,51**	**1.566.601,20**	**61.412.936,04**	**0,00**
Obligations from investments initiated during the year under review, due in 2009	**3.859.500,00**					

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

Supervisory Board and Management Board

The Supervisory Board received remunerations of TEUR 1,154 (2007: TEUR 1,342), including variable compensation of TEUR 389 (2007: TEUR 587) calculated on the basis of group earnings per share.

In 2008, the remuneration of the Management Board (including excercised stock appreciation rights) was TEUR 5,479 in 2008 (2007: TEUR 6,623). It is divided into fixed salaries of TEUR 2,919 (2007: TEUR 1,668) and variable compensation of TEUR 2,560 (2007: TEUR 4,955) Long-term incentive compensation is not included in the above (2007: TEUR 2,951). The fixed salary components paid to members of the Management Board comprise benefits such as company cars and benefit in kind as well as other equipment and services necessary for Management Board members to fulfill their duties. The variable components consist firstly of bonuses paid on the bases of the achievement of personal targets as agreed with the Supervisory Board for each Management Board member as well as predefined corporate earnings targets.

In order to participate from the company's long term success, Management Board members are granted stock appreciation rights. In 2008, the number of new grants for the Management Board members decreased to 385,000 subscription rights (2007: 420,000 subscription rights).

New Management Boad members who joined in 2008 are not eligible to receive any stock appreciation rights.

In addition, the company also provides pension benefits to some Management Board members. The amount of future pension benefits is based on each members base salary and years of service. In 2008, pension provisions for Management Board members (excluding sacrificed compensation) were TEUR 821 (2007: TEUR 939). Due to the retirement of former Management Board members, severance payments of TEUR 13,362 were made.

Accruals for pension obligations for former members of the Management Board and their bereaved were made for TEUR 14,183 (2007: TEUR 6,324). These people received total remuneration during 2008 amounting to EUR 158 thousand (2007: EUR 84 thousand).

Management Participation Program

In the context of the "Management Participation Program" (MPP for short), which was introduced in the past fiscal year, 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. holds 100% of the shares in Valentino Fashion Group S.p.A. via Red & Black S.à r.l., 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 of 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 HUGO BOSS Group (hereinafter "exit"), MPP KG may also participate strongly 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 current value is calculated based on disposal scenarios that are considered probable from the current point of view.
The calculation of current value factors in the expected dividend payments used in corporate planning as the basis for valuation.
The current 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 2008.
As a result of the MPP, no financial assets or liabilities were recognized as of the reporting date of December 31, 2008.

Corporate Governance Kodex
The Management Board as well as the Supervisory Board of HUGO BOSS AG have made – in accordance with section 161 of the German Stock Corporation Law – the mandatory declaration. This declaration is permanently accessable for the shareholders on the company's internet page.

Auditors fees
Auditors fees expensed in fiscal 2008 amounted to TEUR 360 (2007: TEUR 335). TEUR 354 (2007: TEUR 322) are related to the year end audit, TEUR 6 (2007: TEUR 5) to tax consultancy. No other confirmation services were performed (2007: TEUR 8).

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 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, etherlands, 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) has been merger into Red & Black S.r.l., Milan (Address: via San Paolo 10, 20121 Milan, Italy). Therewith Red & Black 2 S.r.l. has been extinguished. 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., Mailand Milan (Address: via San Paolo 10, 20121 Milan, Italy) pursuant to 21 paragraph 1, 22 WpHG (German Securities Trading Act) about the following:

On March 14, 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 the entities and persons mentioned in 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, has gone below the limits of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% und 3% on March 11, 2008 and amounts 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 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 connection 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 connection 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 connection 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 connection 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 has been 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 has been merged into Red & Black Lux S.à r.l., Luxembourg. Therewith Red & Black TopCo 2 S.à r.l. and Red & Black Lux 2 S.à r.l. have been extinguished. 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, Metzingen, Germany, has gone below the limits of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% und 3% on April 21, 2008 and amounts 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 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 2 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 connection with sentence 3 WpHG (German Securities Trading Act). V.F.G. International N.V. is a company controlled indirectly by Red & Black TopCo S.à r.l. 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 connection 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, has gone below the limits of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% und 3% on April 21, 2008 and amounts 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 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 connection with sentence 3 WpHG (German Securities Trading Act). V.F.G. International N.V. is a company controlled indirectly by Red & Black Lux S.à r.l. 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 connection 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 named as "Valentino Old") has been merged into Red & Black S.p.A., Milan, Italy. Thereby Valentino Old is 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. has been named in Valentino Fashion Group S.p.A. (hereinafter named as "Valentino New") on May 1, 2008.
3. Against the background of the above mentioned merger and renaming Valentino New notify pursuant to section 21 paragraph 1 and section 22 WpHG as follows:
As the legal successor of Valentino Old: The proportion of voting rights of Valentino Old held in HUGO BOSS AG, Metzingen, Germany, has gone below the limits of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% und 3% on May 1, 2008 and amounts 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, Metzingen, Germany, continues to amount 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 connection with sentence 3 WpHG (German Securities Trading Act). V.F.G. International N.V. is a company controlled indirectly 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 connection with sentence 3 WpHG (German Securities Trading Act).

Metzingen, May 2, 2008
The Managing Board

- On August 06, 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 the entities and persons mentioned in the following:
The proportion of voting rights of Permira Holdings LLP, London, UK, held in HUGO BOSS AG, Dieselstraße 12, 72555 Metzingen, Germany, has exceeded the limits of 75%, 50%, 30%, 25%, 20%, 15%, 10%, 5% und 3% on August 04, 2008 and amounts to 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) is attributable to Permira Holdings LLP of the shares held by V.F.G. International N.V., pursuant to section 22 paragraph 1 sentence 1 no. 1 in connection 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 SpA and V.F.G. International N.V. pursuant to section 22 paragraph 1 sentence 1 no. 1 in connection with sentence 3 WpHG (German Securities Trading Act).

Metzingen, August 07, 2008
The Managing Board

MANAGING BOARD

Claus-Dietrich Lahrs Stuttgart, Germany	Chairman of the Managing Board and Director for Labor Relations, Responsible for the BOSS and HUGO brand as well as Licenses, Communications, Legal Affairs and Human Resources Member of the Managing Board since August 1, 2008
Norbert Unterharnscheidt Ulm, Germany	Responsible for Controlling and Finance, Member of the Managing Board since December 3, 2008
Hans Fluri Pfaeffikon, Switzerland	Responsible for Purchasing, Production, Logistics and IT, Member of the Managing Board from March 5, 2008 until February 28, 2009
André Maeder Stuttgart, Germany	Responsible for Retail, Sales, Marketing, Member of the Managing Board until January 31, 2009
Dr. Bruno Sälzer Reutlingen, Germany	Chairman of the Managing Board, Responsible for Sales, Marketing, and the BOSS brand, Member of the Managing Board until February 29, 2008
Dr. Werner Lackas Eningen unter Achalm, Germany	Responsible for Purchasing, Production, and Logistics, Member of the Managing Board until March 5, 2008
Joachim Reinhardt Metzingen, Germany	Responsible for Controlling, Finance, Human Resources, Legal Affairs and IT as well as Director for Labor Relations Member of the Managing Board until July 31, 2008

SUPERVISORY BOARD

Dr. Hellmut Albrecht Munich, Germany	Management consultant, Chairman of the Supervisory Board since July 1, 2008
Dr. Giuseppe Vita Milan, Italy	Chairman of the Supervisory Board until June 30, 2008
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
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 Retail Germany, HUGO BOSS AG, Metzingen, Germany, Employee representative
Fabrizio Carretti Milan, Italy	Principal, Permira Associati S. p. A., Milan, Italy
Olaf Koch Ingersheim, Germany	Principal, Permira Beteiligungsberatung GmbH, Frankfurt/Main, Germany, since June 13, 2008
Ulrich Gasse Bad Soden, Germany	Attorney at law, Principal, Permira Beteiligungsberatung GmbH, Frankfurt/Main, Germany

Susanne Gregor
Reutlingen, Germany

Head of OPR Clothing Man
HUGO BOSS AG,
Metzingen, Germany,
Employee representative
since January 20, 2009

Peter Haupt
Metzingen, Germany

Administrative employee,
HUGO BOSS AG,
Metzingen, Germany,
Employee representative
until November 11, 2008

Roland Klett
Metzingen, Germany

Head of Warehouse Flat Packed Goods,
HUGO BOSS AG,
Metzingen, Germany,
Employee representative
until January 20, 2009

Rainer Otto
Langen, Germany

Secretary of the
German Metalworkers' Union (IG-Metall),
Managing Board,
Frankfurt/Main, Germany,
Employee representative

Sinan Piskin
Metzingen, Germany

Administrative employee,
HUGO BOSS AG,
Metzingen, Germany,
Employee representative
since November 11, 2008

Dr. Martin Weckwerth
Frankfurt/Main, Germany

Partner,
Permira Beteiligungsberatung GmbH,
Frankfurt/Main, Germany

Katrin Wehr-Seiter
Bad Homburg, Germany

Prinzipal,
Permira Beteiligungsberatung GmbH,
Frankfurt/Main, Germany,
until June 13, 2008

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

The following members of our 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	Planegg, Germany
Gianluca Andena	Valentino Fashion Group S.p.A.	Milan, Italy
	Permira Asesores SL [2]	Madrid, Spain
	CMA S.à r.l.	Luxemburg, 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	Arysta LifeScience Corporation	Tokyo, Japan
	BORSODCHEM ZRT	Kazincbarcika, Hungary
Dr. Martin Weckwerth	Valentino Fashion Group S.p.A.	Milan, Italy
Katrin Wehr-Seiter	ProSiebenSat.1 Media AG	Unterföhring, Germany, until November 2, 2008
Dr. Giuseppe Vita	Allianz S.p.A. [2]	Milan, Italy
	Axel Springer AG [2]	Berlin, Germany
	Deutz AG [2]	Cologne, Germany
	Humanitas S.p.A.	Milan, Italy
	Vattenfall Europe AG	Berlin, Germany, until June 19, 2008
	Barilla S.p.A.	Parma, Italy
	Gruppo Banca Leonardo [2]	Milan, Italy

The following member of our Managing Board also holds a position on a body at the company specified below: [1]

Dr. Bruno Sälzer	Maxingvest AG	Hamburg, Germany

1 The members not mentioned have no seats on executive or advisory bodies at any other companies.
2 Holding the post of Chair.

The financial statements of HUGO BOSS AG are published in the electronic German Federal Gazette (eBundesanzeiger), filed with the Commercial Registry at the Stuttgart Local Court and published on the HUGO BOSS webpage.

Metzingen, March 9, 2009

HUGO BOSS AG
The Managing Board

Claus-Dietrich Lahrs
Norbert Unterharnscheidt

ADDITIONAL INFORMATION

Development of Fixed Assets | Proposal for the Appropriation of Profits | Responsibility Statements | Auditor's Report | Forward-looking Statements | Financial Calendar and Contacts at HUGO BOSS AG

DEVELOPMENT OF FIXED ASSETS

	Acquisition or manufacturing costs			
in EUR	Jan. 1, 2008	Additions	Disposals	Regrouped
I. Intangible Assets				
1. Capitalized software and licences	58.171.123,55	13.560.630,91	134.578,52	52.696,60
2. Prepayments	77.545,24	836.707,00	–,—	– 52.696,60
	58.248.668,79	**14.397.337,91**	**134.578,52**	**0,00**
II. Property, Plant and Equipment				
1. Land and buildings including buildings on third-party land	28.495.303,31	337.646,51	–,—	243.642,54
2. Technical equipment and machinery	13.874.023,47	617.836,09	232.985,01	– 296.788,40
3. Other equipment, factory and office equipment	103.564.478,60	6.712.113,81	1.335.891,01	724.896,01
4. Prepayments and construction in progress	2.620.815,22	22.836.261,07	–,—	– 671.750,15
	148.554.620,60	**30.503.857,48**	**1.568.876,02**	**0,00**
III. Financial Assets				
1. Shares in affiliated companies	544.832.995,35	–,—	–,—	–,—
2. Other shares	52.830,72	–,—	–,—	–,—
	544.885.826,07	**0,00**	**0,00**	**0,00**
	751.689.115,46	**44.901.195,39**	**1.703.454,54**	**0,00**

		Depreciation		Net values	
	Dec. 31, 2008	Current business year	Accumulated	Jan. 1, 2008	Dec. 31, 2008
	71.649.872,54	8.531.044,51	25.600.844,72	40.966.744,82	46.049.027,82
	861.555,64	–,—	–,—	77.545,24	861.555,64
	72.511.428,18	**8.531.044,51**	**25.600.844,72**	**41.044.290,06**	**46.910.583,46**
	29.076.592,36	656.492,05	13.744.806,52	15.406.988,84	15.331.785,84
	13.962.086,15	981.972,83	11.329.075,15	3.020.239,00	2.633.011,00
	109.665.597,41	10.733.249,68	73.242.873,34	40.195.115,07	36.422.724,07
	24.785.326,14	–,—	–,—	2.620.815,22	24.785.326,14
	177.489.602,06	**12.371.714,56**	**98.316.755,01**	**61.243.158,13**	**79.172.847,05**
	544.832.995,35	–,—	496.863,84	544.336.131,51	544.336.131,51
	52.830,72	–,—	–,—	52.830,72	52.830,72
	544.885.826,07	**0,00**	**496.863,84**	**544.388.962,23**	**544.388.962,23**
	794.886.856,31	**20.902.759,07**	**124.414.463,57**	**646.676.410,42**	**670.472.392,74**

PROPOSAL FOR THE APPROPRIATION OF PROFITS

The financial statements of HUGO BOSS AG as of December 31, 2008 show an unappropriated income of EUR 189,516,000. In agreement with the Supervisory Board, the Managing Board proposes to the Shareholders' Meeting that the profits are appropriated as follows:

in EUR	
1. Distribution of a dividend of EUR 1.37 per common share 35.331.445 common shares	48.404.079,65
2. Distribution of a dividend of EUR 1.38 per preferred share 33.684.722 preferred shares	46.484.916,36
3. Addition to other revenue reserves	92.722.600,00
4. Amount carried forward to a new account	1.904.403,99
Unappropriated income	**189.516.000,00**

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 at December 31, 2008. 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 dividend. The amount allocated to shares not entitled to dividend will be carried forward to new account.

Metzingen, March 9, 2009

HUGO BOSS AG
The Managing Board

Claus-Dietrich Lahrs
Norbert Unterharnscheidt

RESPONSIBILITY STATEMENT

To the best of our knowledge, and in accordance with the applicable reporting princi-ples, the financial statement give a true and fair view of the assets, liabilities, financial position, and profit or loss of 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, together with a description of the principal opportunities and risks associated with the expected development of HUGO BOSS AG.

Metzingen, March 9, 2009

HUGO BOSS AG
The Managing Board

Claus-Dietrich Lahrs
Norbert Unterharnscheidt

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 book-keeping system, and the management report of the HUGO BOSS AG, Metzingen, for the business year from January 1 to December 31, 2008. 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, 2009

KPMG AG
Wirtschaftsprüfungsgesellschaft
(formerly:
KPMG Deutsche Treuhand-Gesellschaft
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft)

Göttgens
Wirtschaftsprüfer

Hagg
Wirtschaftsprüfer

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements that reflect 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

FINANCIAL CALENDAR

March 26, 2009	Annual Press and Analyst Conference in Metzingen
April 30, 2009	Report on the First Quarter of 2009
May 14, 2009	Annual Shareholders' Meeting in Stuttgart
July 30, 2009	Report on the First Half of 2009
November 2, 2009	Report on the First Nine Months of 2009

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