

CORPORATE GOVERNANCE

Corporate Governance Report of the Board of Management and the Supervisory Board

Background

High-quality and responsible corporate governance are accorded high priority at HORN BACH HOLDING AG. The German Corporate Governance Code summarizes the principal legal requirements concerning the management and supervision of German publicly listed stock corporations and contains nationally and internationally recognized standards of good and responsible corporate management.

At their meetings on December 17, 2008 and May 20, 2009, the Board of Management and Supervisory Board of HORN BACH HOLDING AG submitted their declarations concerning the recommendations of the German Corporate Governance Code pursuant to Section 161 AktG and made these available to shareholders on the company's homepage. The complete declaration as of December 17, 2008, setting out individual deviations from the Code, is as follows:

Declaration of Conformity with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) dated December 17, 2008

The Board of Management and the Supervisory Board of HORN BACH HOLDING Aktiengesellschaft hereby declare pursuant to Section 161 AktG that the recommendations of the "German Corporate Governance Code" government commission, as outlined in the version dated June 14, 2007 and published on July 20, 2007, were in principle fulfilled from the previous Declaration of Conformity until August 8, 2008. Application was not made of recommendations in Points 5.3.3, 5.4.1, and 5.4.7.

Since August 8, 2008, the recommendations in the version dated June 6, 2008 and published on August 8, 2008, have been and are in principle fulfilled. Application has not been made and is not made of recommendations included in Points 5.3.3, 5.4.1, and 5.4.6. No application has been made of the recommendation newly included in Sentence 2 of Point 7.1.2 in respect of the report for the first half of the 2008/2009 financial year from March 1 to August 31, 2008.

The deviations are due to the following considerations:

a) Point 5.3.3:

According to the recommendation in Point 5.3.3, the Supervisory Board should form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for its recommendations to the Annual General Meeting. The company's Supervisory Board has not formed such a committee. Based on our experience to date, the establishment of such a committee would not appear to be necessary.

b) Point 5.4.1:

The recommendations in Point 5.4.1 Sentence 2 of the Code include the setting of an age limit for Supervisory Board members. In the interests of securing experience and competence to the benefit of the company, this recommendation has not been and is not followed.

c) Point 5.4.7. (previous version) and 5.4.6. (new version):

In Point 5.4.7 Sentence 6 of the version dated June 14, 2007 and Point 5.4.6 Sentence 6 of the version dated June 6, 2008, the Code recommends that compensation of Supervisory Board members be reported in the corporate governance report on an individual basis and broken down into its constituent components. On account of the level of compensation for the Supervisory Board, which in our opinion is unobjectionable, we do not consider the disclosure of individual compensation packages to be necessary. In Point 5.4.7 Sentence 7 (previous version) and Point 5.4.6 Sentence 7 (new version), the Code further recommends that any compensation paid or benefits granted by the company to members of the Supervisory Board for services rendered personally, especially advisory and mediation services, are to be reported separately in the corporate governance report on an individual basis. HORN BACH HOLDING AG makes use of the opportunity in one case of drawing on the expertise of a member of the Supervisory Board in specific areas. Such cooperation is undertaken

on the basis of symbolic compensation. We see no need to provide individual disclosures in this respect.

d) Point 7.1.2. Sentence 2 (new version):

Sentence 2 of Point 7.1.2 has been extended to include the recommendation that half-year and quarterly reports should be discussed by the Supervisory Board or its Audit Committee with the Board of Management prior to publication. Since August 8, 2008 this recommendation included in the version dated June 6, 2008 and announced on August 8, 2008 has been and is basically complied with prior to publication. However, the recommendation was not complied with for the report for the first half of the 2008/2009 financial year from March 1 to August 31, 2008. The period between August 8, 2008, the date of publication of the German Corporate Governance Code in its version dated June 6, 2008 and September 30, 2008, the date of publication of the half-year report, was too short to comply with the recommendation in this case.

Neustadt an der Weinstrasse, December 17, 2008
HORNBAACH HOLDING Aktiengesellschaft

The Supervisory Board The Board of Management

The complete declaration dated May 20, 2009, which also outlines the specific deviations from the Code, is as follows:

Declaration of Conformity with the German Corporate Governance Code pursuant to Section 161 of the German Stock Corporation Act (AktG) dated May 20, 2009

The German Accounting Law Reform Act (BilMoG) also alters the legal framework for the Declaration of Conformity with the German Corporate Governance Code pursuant to Section 161 AktG. As a precautionary measure, the Board of Management and Supervisory Board of HORNBAACH HOLDING Aktiengesellschaft therefore declare pursuant to the new version of Section 161 AktG that, since its previous Declaration of Conformity, the company has basically complied with the recommendations of the "German Corporate Governance

Code" in the version dated June 6, 2008 and announced on August 8, 2008. No application is made of the recommendations in Point 4.2.3 Paragraphs 4 and 5. Moreover, application has not been made and is not made of the recommendations included in Points 5.3.3, 5.4.1 Sentence 2 und 5.4.6 Paragraph 3, Sentences 1 and 2.

The deviations are due to the following considerations:

a) Point 4.2.3 Paragraphs 4 and 5:

No application has is made of the recommendations in Point 4.2.3 Paragraphs 4 and 5 of the Code ("severance pay cap"). The legal enforceability of the new recommendations in Point 4.2.3 Paragraphs 4 and 5 is disputed. It will be necessary to await further developments in this respect. Moreover, the deviation from Point 4.2.3 Paragraphs 4 and 5 is also due to competition-related factors

b) Point 5.3.3:

According to the recommendation in Point 5.3.3, the Supervisory Board should form a nomination committee composed exclusively of shareholder representatives which proposes suitable candidates to the Supervisory Board for its recommendations to the Annual General Meeting. The company's Supervisory Board has not formed such a committee. Based on our experience to date, the establishment of such a committee would not appear to be necessary.

c) Point 5.4.1 Sentence 2:

The recommendations in Point 5.4.1 Sentence 2 of the Code include the setting of an age limit for Supervisory Board members. In the interests of securing experience and competence to the benefit of the company, this recommendation has not been and is not followed.

d) Point 5.4.6 Paragraph 3, Sentence 1:

In Point 5.4.6, Paragraph 3, Sentence 1, the Code recommends that the compensation of Supervisory Board members be reported in the corporate governance report on an individual basis and broken down into its constituent components. On account of the overall level of compensation for the

Supervisory Board, which in our opinion is unobjectionable, we do not consider the disclosure of individual compensation packages to be necessary.

e) Point 5.4.6 Paragraph 3, Sentence 2:

In Point 5.4.6 Paragraph 3, Sentence 2, the Code further recommends that any compensation paid or benefits granted by the company to members of the Supervisory Board for services rendered personally, especially advisory and mediation services, are to be reported separately in the corporate governance report on an individual basis. HORNBAACH HOLDING AG makes use in one case of the opportunity of drawing on the expertise of a member of the Supervisory Board in specific areas. Such cooperation is undertaken on the basis of symbolic compensation. We see no need to provide individual disclosures in this respect.

Neustadt an der Weinstrasse, May 20, 2009
HORNBAACH HOLDING Aktiengesellschaft

The Supervisory Board The Board of Management

The Supervisory Board

The Supervisory Board of HORNBAACH HOLDING AG consists of six members. The Chairman of the Supervisory Board coordinates the work of the Supervisory Board and is responsible for the external representation of matters pertaining to the Supervisory Board. In the event of a parity of votes in the Supervisory Board, the Chairman of the Supervisory Board has the decisive vote.

The Board of Management and the Supervisory Board work closely together in the interests of the company. The Supervisory Board monitors the management of the company and accompanies the Board of Management in an advisory capacity. It appoints members of the Board of Management, dismisses them and is responsible for the conclusion, amendment and termination of their employment contracts. Any measures proposed by the Board of Management which could have a fundamental impact on the net asset, financial or earnings

situation of the company require the prior consent of the Supervisory Board. The Code of Procedure for the Supervisory Board contains a catalog of the transactions and measures requiring consent. The Supervisory Board may at any time resolve to extend or reduce the list of such transactions.

Members of the Supervisory Board are exclusively obliged to safeguard the interests of the company. They are not dependent on any assignments or instructions. They may not pursue personal interests when making decisions, neither may they exploit business opportunities available to the company for their personal benefit. Members of the Supervisory Board are obliged to disclose any conflict of interest to the Chairman of the Supervisory Board, especially any such conflicts arising due to their fulfilling any advisory, executive or supervisory role at customers, suppliers, lenders or other business partners of the company. Conflicts of interest in relation to a member of the Supervisory Board which are substantial and not merely temporary shall result in a termination of the respective Supervisory Board mandate. No conflicts of interests arose during the year under report. Advisory agreements and other service or work contracts to be concluded between a member of the Supervisory Board and the company require the prior consent of the Supervisory Board.

The Supervisory Board has the following committees:

- Mediation Committee
- Personnel Committee
- Audit Committee

The members of the respective committees are listed on Page 89 of this report.

The Board of Management

The Board of Management of HORNBAACH HOLDING AG consists of two members. The Board has a self-imposed Code of Procedure. Its members are jointly responsible for managing the company's business. Compliance activities to ensure that the company adheres to laws, legal requirements and its own internal guidelines represent a key management task.

The Board of Management provides timely and comprehensive information to the Supervisory Board on a regular basis. This information includes all questions of relevance to the company in respect of its corporate strategy, planning, business development, financial and earnings position, risk situation and risk management. Furthermore, it presents the group investment, financial and earnings budgets to the Supervisory Board both for the forthcoming financial year and for the medium term (five years). The Chairman of the Board of Management provides immediate report to the Chairman of the Supervisory Board of any significant events which are of material relevance for any assessment of the situation and development of the company, as well as of its management. Transactions and measures requiring the consent of the Supervisory Board are presented to the Supervisory Board in good time. Members of the Board of Management are obliged to disclose any conflicts of interest to the Supervisory Board without delay and to inform the other members of the Board of Management of such conflicts. Members of the Board of Management may only pursue secondary occupations, in particular Supervisory Board mandates outside the Group, with the consent of the Chairman of the Supervisory Board.

The Annual General Meeting

Shareholders of HORNBAACH HOLDING AG exercise their rights, including their voting rights, at the Annual General Meeting. The Annual General Meeting passes resolutions in particular on the appropriation of profits, the release of the Board of Management and the Supervisory Board from responsibility, and elects the shareholder representatives to the Supervisory Board, as well as the auditor. Shareholders are informed at regular intervals of all significant dates by means of the financial calendar published in the annual report, in the quarterly reports and on the homepage of the company. The Annual General Meeting is generally chaired by the Supervisory Board Chairman. HORNBAACH HOLDING AG provides its shareholders with the service of a voting proxy obliged to vote in line with instructions.

Accounting and auditing

The financial statements of the HORNBAACH HOLDING AG Group are compiled in accordance with International Financial Reporting Standards (IFRS). The separate financial statements of HORNBAACH HOLDING AG are compiled in accordance with the German Commercial Code (HGB). In line with legal requirements, the auditor is elected by the Annual General Meeting. The Audit Committee prepares the Supervisory Board proposal to the Annual General Meeting with regard to the auditor to be elected. The auditor is independent and is responsible for the audit of the consolidated and separate financial statements, as well as for the audit review of half-year financial reports.

HORNBAACH HOLDING AG has a risk management system which is continuously developed and updated to account for any changes in underlying conditions. The functionality of the risk management system is reviewed by the auditors.

Transparency

The company's shareholders, all capital market participants, financial analysts, investors, shareholder associations and the media are provided at regular intervals with up-to-date information on the situation of the company and any material alterations in its business situation. The internet acts as the principal means of communication for such information. All individuals active on behalf of the company and who thereby have access to insider information are informed of their obligations with regard to insider law.

The situation and results of HORNBAACH HOLDING AG are reported by means of

- Quarterly reports
- Half-year financial reports
- The annual report
- The annual results press conference
- Telephone conferences with international financial analysts and investors
- Events with financial analysts and investors in Germany and abroad

The dates of relevance to the company's regular financial reporting activities have been summarized in the financial calendar published on the internet at www.hornbach-group.com. In addition to these regular reporting activities, any information arising at HORNBAACH HOLDING AG which is not publicly known and which is likely to have a significant influence on the price of the company's share is published in the form of ad-hoc announcements.

Directors' dealings and shareholdings

The members of the Board of Management and of the Supervisory Board of HORNBAACH HOLDING AG, as well as individuals closely related to such members, are required by Section 15a of the German Securities Trading Act (WpHG) and by Point 6.6 of the German Corporate Governance Code to disclose any transactions involving shares in the company or financial instruments based on such shares.

During the year under report, the company was not notified of any transactions undertaken by persons in management positions or by individuals closely related to such persons pursuant to Section 15a of the German Securities Trading Act (WpHG) (Directors' Dealings).

Compensation Report

The compensation report presents the basic features and structure of the compensation of the Board of Management and the Supervisory Board. It forms a constituent component of the group management report and, with the exception of the disclosure of individual compensation, is based on the requirements of the German Corporate Governance Code.

Compensation of the Board of Management

The level and structure of the compensation of the Board of Management are based on the size of the company, its economic and financial situation and the performance of the company within its competitive environment. Moreover, the overall compensation and individual components of such compensation should stand in an appropriate relationship to the responsibilities of the respective member of the Board of

Management, his or her personal performance and the performance of the Board of Management as a whole.

The compensation of the Board of Management consists of fixed and variable components. The compensation system comprises an agreed fixed annual salary, which is paid in equal monthly installments. Furthermore, the members of the Board of Management receive an annual bonus which is paid upon the consolidated financial statements being approved by the Supervisory Board. The level of the annual bonus is based on the consolidated net income.

Within the framework of the 2001 share option plan, the members of the Board of Management were allocated share options as components of a long-term incentive nature. The share option program is based on the achievement of ambitious target prices for the share of HORNBAACH-Baumarkt-AG. In the 2008/2009 financial year, all tranches had exceeded their respective exercise hurdles. Details of the share option plan have been provided under Note 34 of the notes to the consolidated financial statements.

The total compensation paid to the Board of Management of HORNBAACH HOLDING AG for the performance of its duties for the Group in the 2008/2009 financial year amounted to € 2,353k (2007/2008: € 2,029k). Of this total, € 658k (2007/2008: € 728k) constituted fixed compensation and € 1,695k (2007/2008: € 1,301k) involved performance-related components. As of the reporting date on February 28, 2009, the members of the Board of Management held a combined total of 158,334 ordinary shares (2007/2008: 158,334) and 3,405 publicly listed preference shares (2007/2008: 3,405) in HORNBAACH HOLDING AG. Given the size and market position of the company, we believe that the total compensation of the Board of Management is appropriate. At the 2006 Annual General Meeting, shareholders voted with a three-quarters majority to forego the disclosure of the compensation of members of the Board of Management on an individual basis up to and including the 2010/2011 financial year (opting-out clause).

The employment contracts of members of the Board of Management do not include any pension commitments or any severance pay clauses.

Compensation of the Supervisory Board

The compensation of the Supervisory Board is governed by Section 16 of the Articles of Association of HORNBACH HOLDING AG.

In line with the Articles of Association, the compensation of the members of the Supervisory Board consists of a fixed component and a variable component based on the dividend. In addition to the reimbursement of his or her expenses, each member of the Supervisory Board receives annual fixed compensation of € 6,000 payable upon the conclusion of the Annual General Meeting and a performance-related component depending on the resolution adopted by the Annual General Meeting in respect of the appropriation of profits and thus on the dividend distribution.

The Chairman receives three times and the Deputy Chairman twice the fixed and performance-related compensation. Members of the Supervisory Board who also sit on the Audit Committee receive an additional sum of € 3,000. Members of the Supervisory Board who sit on another committee or on several other committees of the Supervisory Board receive an additional sum of € 1,500 per committee. Members of the Supervisory Board acting as the chairman of a Supervisory Board committee receive three times the respective committee remuneration. Members of the Supervisory Board who are only members of the Supervisory Board for part of the financial year receive proportionately lower compensation.

The compensation of the Supervisory Board for the 2008/2009 financial year amounted to € 213k (2007/2008: € 182k). Of this total, € 134k (2007/2008: € 114k) constituted fixed compensation and € 79k (2007/2008: € 68k) involved performance-related components. The members of the Supervisory Board did not hold any ordinary shares (2007/2008: 0) or any preference shares at the reporting date on February 28, 2009. Former members of the Supervisory Board who retired from their positions during the 2008/2009 financial year did not hold any ordinary shares (2007/2008: 158,333) or any publicly listed preference shares (2007/2008: 0) in HORNBACH HOLDING AG at the reporting date.

The compensation of the individual members of the Supervisory Board can be derived from the Articles of Association and from the disclosures made in the notes to the consolidated financial statements and has therefore not been reported separately.

Disclosures concerning the 1999 share option plan

The annual general meeting of HORNBACH-Baumarkt-AG held on August 26, 1999 established a share option plan with the following principal features:

Subscription beneficiaries

A maximum of 1,500,000 subscription rights may be issued during the four-year term of the share option plan. Within this total, the following maximum allocations apply to the following groups:

	Number
Group 1: Members of the Board of Management of HORNBACH-Baumarkt-AG	128,000
Group 2: Members of management tiers below the Board of Management	1,100,000
Group 3: Managing directors of domestic and foreign subsidiaries	52,000
Group 4: Members of management tiers below the managing directors at domestic and foreign subsidiaries	220,000
	1,500,000

Tranches and acquisition periods

Four annual tranches are issued during the respective term. These are issued within two months of the announcement of the company's earnings for the third quarter of the financial year. The issue date for the tranches is thus the date of the corresponding resolution on the issue by the Board of Management and Supervisory Board.

Qualifying period and exercise period

The qualifying period amounts to two years following the issue of each tranche. After two years, a maximum of 20 % and an additional maximum of 20 % each year thereafter up to the end of the sixth year may be exercised. The exercise period ends seven years after the issue of the final tranche. These options may be exercised for the last time following the announcement of the earnings for third quarter of 2009/2010.

Subscription price

The subscription price is based on the average closing price of the share in floor trading on the Frankfurt Stock Exchange during the ten trading days prior to the issue date of the subscription right.

Exercise hurdle and exercise window

For the subscription rights to be exercised, the exercise hurdle has to be achieved within a period of six weeks prior to the exercise date. The exercise hurdle is achieved when the share price of HORNBACH-Baumarkt-AG exceeds the subscription

price, which ranges from € 22.25 to € 29.86 depending on the tranche in question, by at least 30 % in floor trading.

Furthermore, subscription rights may only be exercised within one month following publication of the quarterly results or the preliminary sales and earnings figures for the previous financial year ("Exercise Window"), whereby restrictions based on legal regulations have to be observed, particularly those set out in the German Securities Trading Act (WpHG).

Non-transferability and employment relationship

The subscription rights are not transferable and may not be exercised by third parties, but may be inherited by the wife, husband or children of the subscription beneficiary. A non-terminated contract of employment is basically required in the exercise period in order to be able to exercise subscription rights. Permission may be granted to exercise subscription rights in the year after the termination or rescission of the employment relationship.

As in the previous year, no more subscription rights were issued during the 2008/2009 financial year on account of the acquisition period having expired.

The total number of subscription rights issued, including those converted during the 2008/2009 financial year and the subscriptions of employees who have left the company or which have changed hands, was as follows:

2008/2009 (Number)	2.29.2008	Exercised	Lapsed	2.28.2009
To members of Group 1:	28,800	1,800	900	26,100
To members of Group 2:	288,410	42,790	4,880	240,740
To members of Group 3:	7,200	1,600	0	5,600
To members of Group 4:	43,770	8,850	4,240	30,680
	368,180	55,040	10,020	303,120

2007/2008 (Number)	2.28.2007	Exercised	Lapsed	2.29.2008
To members of Group 1:	39,600	10,800	0	28,800
To members of Group 2:	434,950	134,260	12,280	288,410
To members of Group 3:	15,200	8,000	0	7,200
To members of Group 4:	70,250	25,840	640	43,770
	560,000	178,900	12,920	368,180

The share options were converted at a weighted average price of € 24.25 during the year under report (2007/2008: € 25.51).

The fourth tranche of the 1999 share option plan has been valued and accounted for in accordance with IFRS 2 "Share-based Payment". The arithmetical value per share option for the fourth tranche of options issued during the 2002/2003 financial year amounts to € 3.89 per share option. This calculation is based on computing models for determining option

prices for freely tradable European options (OTC options). The option price calculation includes an appropriate discount for the exercise hurdle and the exercise window. The exercise price of the share options amounts to € 22.25. Expenses of € 154k were accounted for in connection with the measurement of the share option plan in the 2008/2009 financial year (2007/2008: € 295k) and correspondingly recognized in equity. The volumes within this tranche developed as follows in the 2008/2009 financial year:

2008/2009 (Number)	2.29.2008	Exercised	Lapsed	2.28.2009
To members of Group 1:	11,700	900	900	9,900
To members of Group 2:	134,905	20,910	1,520	112,475
To members of Group 3:	5,200	1,200	0	4,000
	151,805	23,010	2,420	126,375

2007/2008 (Number)	2.28.2007	Exercised	Lapsed	2.29.2008
To members of Group 1:	16,200	4,500	0	11,700
To members of Group 2:	177,115	36,770	5,440	134,905
To members of Group 3:	6,800	1,600	0	5,200
	200,115	42,870	5,440	151,805

2003 phantom stock plan

On the basis of a resolution dated July 7, 2003, the Board of Management of HORNBACH-Baumarkt-AG adopted a phantom stock plan to avoid any disadvantaging of members of management tiers below the managing directors at domestic and

foreign subsidiaries (Group 4 of the 1999 share option plan). The introduction of the 2003 phantom stock plan is intended to provide such employees with the opportunity of also participating in the final tranche of the 1999 share option plan in a comparable manner in terms of the economic outcome.

The value of the option rights is directly dependent on the performance of the share of HORNBACH-Baumarkt-AG, but is exclusively based on payment of a cash amount. The direct acquisition of shares, as provided for in the 1999 share option plan, is not possible (cash-settled share-based payment).

Subscription beneficiaries and issue date

A total of 108,400 option rights were issued in a single tranche on July 7, 2003 for members of management tiers below the managing directors at domestic and foreign subsidiaries.

Qualifying period and exercise period

The option rights may be exercised for the first time following the conclusion of a qualifying period beginning on the issue date and expiring on February 3, 2005. Following the conclusion of the qualifying period, a maximum of 20% and an additional maximum of 20% each year thereafter up to the end of the sixth year may be exercised. The exercise period ends on February 3, 2010.

Subscription price

The subscription price is based on the average closing price of the share in floor trading on the Frankfurt Stock Exchange during the ten trading days prior to the issue date of the subscription right and amounts to € 22.25.

Exercise hurdle and exercise window

For the subscription rights to be exercised, the exercise hurdle has to be achieved within a period of six weeks prior to the exercise date. The exercise hurdle is achieved when the share price of HORNBACH-Baumarkt-AG exceeds the subscription price by at least 30% in floor trading. Furthermore, subscription rights may only be exercised within one month following publication of the quarterly results or the preliminary sales and earnings figures for the previous financial year ("Exercise Window"), whereby restrictions based on legal regulations have to be observed, particularly those set out in the German Securities Trading Act (WpHG).

Non-transferability and employment relationship

The subscription rights are not transferable and may not be exercised by third parties, but may be inherited by the wife, husband or children of the subscription beneficiary. A non-terminated contract of employment is basically required in the exercise period in order to be able to exercise subscription rights. Permission may be granted to exercise subscription rights in the year after the termination or rescission of the employment relationship.

As in the previous year, no more subscription rights were issued during the 2008/2009 financial year on account of the acquisition period having expired.

The options showed the following developments:

	2008/2009 Number	2007/2008 Number
Total at beginning of financial year	48,535	63,576
Options lapsed	3,360	1,680
Options exercised	8,120	13,361
Total at reporting date	37,055	48,535

At the reporting date on February 28, 2009, the option was valued at an amount of € 1.30 (2007/2008: € 18.55). This calculation is based on computing models for determining option prices for freely tradable European options (OTC options). The option price calculation includes an appropriate discount for the exercise hurdle and the exercise window. Income of € 689k was recognized in connection with the measurement of the share option plan in the 2008/2009 financial year (2007/2008: expenses of € 157k).

The average share price of HORNBAACH-Baumarkt-AG amounted to € 32.95 in the 2008/2009 financial year (2007/2008: € 49.78).

Share option plan at HORNBAACH HOLDING AG

The Board of Management of HORNBAACH HOLDING AG decided on June 8, 2001 to establish a share option plan for the company in order to prevent any disadvantaging of former executives of HORNBAACH-Baumarkt-AG who for overriding strategic reasons have now assumed duties and responsibilities at HORNBAACH HOLDING AG or one of its subsidiaries. This share option plan is based on that introduced at HORNBAACH-Baumarkt-AG in 1999. In particular, options are granted on

the shares of that company. If appropriate, this will also be replaced by a share option plan for the acquisition of shares in HORNBAACH HOLDING AG at a later date. The plan currently has the following principal features:

Subscription beneficiaries

During the term of the option plan, subscription rights may be issued to members of Board of Management of the company (Group 1), members of the boards of management of associate companies of HORNBAACH-Baumarkt-AG and to further management staff of the company and of such associate companies, as well as of their respective subsidiaries, if appropriate (Group 2).

As in the previous year, no more subscription rights were issued during the 2008/2009 financial year on account of the acquisition period having expired.

The total number of subscription rights issued, including those converted during the 2008/2009 financial year and the subscription rights of employees who have left the company or which have changed hands, was as follows:

2008/2009 (Number)	2.29.2008	Exercised	Lapsed	2.28.2009
To members of Group 1:	20,800	0	0	20,800
To members of Group 2:	21,470	2,240	1,120	18,110
	42,270	2,240	1,120	38,910

2007/2008 (Number)	2.28.2007	Exercised	Lapsed	2.29.2008
To members of Group 1:	27,800	7,000	0	20,800
To members of Group 2:	27,510	6,040	0	21,470
	55,310	13,040	0	42,270