

## Invitation to the 2007 Annual General Meeting

(English translation – the German version is the only legally binding version.)



ISIN DE0006464506

Dear Shareholders,

**Our Annual General Meeting** will be held at **10.30 am on Tuesday, 22.05.2007** in the LEIFHEIT AG Customer and Administrative Centre, Leifheitstraße, 56377 Nassau/Lahn.

### Agenda

- 1. Presentation of the adopted annual financial statements of LEIFHEIT AG and the consolidated financial statements for the financial year 2006 with the combined management report and report of the Supervisory Board.**

The above documents can be inspected at the Company's registered offices at Leifheitstraße, 56377 Nassau/Lahn and on the Internet at <http://www.leifheit.com>. They will also be sent to shareholders on request.

- 2. Appropriation of earnings**

LEIFHEIT AG earnings for the past 2006 financial year amount to €3,000,000. Leifheit AG holds 240,344 treasury shares.

The Board of Management and Supervisory Board propose adopting the following resolution:

A dividend of €0.60 for each share with entitlement to dividend, making a total of €2,855,793.60 will be distributed to shareholders. The dividend on the 240,344 treasury shares held by the company at the time of the General Meeting will be transferred to retained earnings.

- 3. Approval of the acts of the members of the Board of Management in the 2006 financial year**

The Board of Management and Supervisory Board recommend approving the acts of the members of the Board of Management in the 2006 financial year.

- 4. Approval of the acts of the members of the Supervisory Board in the 2006 financial year**

The Board of Management and Supervisory Board recommend approving the acts of the members of the Supervisory Board in the 2006 financial year.

- 5. Elections for the Supervisory Board**

Mr Dieter Schüfer resigned as member and Chairman of the LEIFHEIT AG Supervisory Board on 31.12.2006. The Montabaur local court appointed Mr Karsten Schmidt to the Supervisory Board on 13.01.2007. His appointment expires as soon as the vacancy on the Supervisory Board is duly filled. This is specifically the case where the General Meeting exercises its right to appoint members of the Supervisory Board and the designated candidates accept.

The Supervisory Board membership is governed by sections 96 para. 1, 101 para. 1 AktG, section 1 para. 1 no. 1, section 4 para. 1 Employee Representation Act (DrittelbG) in combination with art. 8 para. 1 of the company's articles of incorporation.

The Supervisory Board proposes Mr Karsten Schmidt, Ravensburg, Speaker for the Board of Ravensburger AG, appointing as the shareholder representative on the Supervisory Board for the remaining term of office of the other members of the Supervisory Board, i.e. for the period until the end of the General Meeting approving the acts of the Supervisory Board in the 2008 financial year.

The General Meeting is not bound by this proposal.

Mr Karsten Schmidt is a member of the following statutory supervisory board:

Ravensburger Spieleland AG, Ravensburg, Chairman of the Supervisory Board.

## **6. Resolution on approval by the General Meeting of a profit/loss transfer agreement**

The company as the controlling parent company and BTF Textilwerke GmbH with registered office in Bremen ("BTF GmbH") entered into a profit/loss transfer agreement on 14.02.2007. The company is the direct whole owner of BTF GmbH. BTF GmbH is the sole general partner of 'Kleine Wolke Textilgesellschaft mbH & Co. KG, Bremen'; and the company is the sole limited partner in Kleine Wolke Textilgesellschaft mbH & Co. KG.

The Board of Management and Supervisory Board propose adopting the following resolution:

The profit/loss transfer agreement between the company and BTF Textilwerke GmbH with head offices in Bremen dated 14.02.2007 is approved. The profit/loss transfer agreement has the following significant content:

- BTF GmbH undertakes to transfer its entire profit to the company, starting with the financial year beginning on 1.01.2007. The amount of the profit transfer is limited to the net income, reduced by any loss carryforward from the previous year and transfers to other retained earnings under section 272 para. 3 HGB and increased by any amounts transferred from other retained earnings.
- The company is obliged during the term of the agreement and starting with the 2007 financial year to settle any net loss by BTF GmbH under section 302 AktG if the net loss can not be offset by transfers from retained earnings under section 272 para. 3 HGB accumulated during the term of the agreement.
- BTF GmbH can with the company's approval make transfers from its net income to other retained earnings reserves within the meaning of section 272 para. 3 HGB, if permissible under commercial law and economically justifiable based on a reasonable commercial assessment. If requested by the company, other retained earnings appropriated to reserves within the meaning of section 272 para. 3 HGB during the term of the profit/loss transfer agreement must be released and used to offset a net loss or transferred as profit. The transfer of amounts released from retained earnings and profit carryforwards formed or occurring before entry into force of the agreement and transfer of amounts from the release of capital surpluses within the meaning of section 272 para. 2 HGB formed before and during the term of the agreement are excluded. Distribution of profits from the release of such previously formed reserves for retained earnings or capital surpluses is permissible outside the scope of the profit/loss transfer agreement.
- The obligation to transfer profits or loss compensation arises at the BTF GmbH balance sheet date and is due at that time. Interests under sections 352, 353 HGB are due for the period between due date and actual performance.
- The profit/loss agreement is entered into for a fixed term of five calendar years, i.e. for the period from 1.01.2007 to 31.12.2011. A requirement for the retroactive effect of the agreement from 1.01.2007 is that the agreement must be entered in the BTF GmbH commercial register by at least 31.12.2007. If the entry is made after 31.12.2007, the agreement can not become effective with the 1.01.2007 but from the start of the BTF

GmbH financial year in which the entry is made in the BTF GmbH commercial register, and the agreement will be valid for five calendar years from the start of the agreement.

- After the end of the fixed term the agreement is extended for a further calendar year unless three months' notice of termination before the relevant expiration date is given by one of the parties. Termination is only possible at the end of a BTF GmbH financial year.

The profit/loss agreement can also be terminated without notice at any time for important reason. The company is specifically entitled to terminate the agreement for important reason if one of the following circumstances arises:

- a) an enforceable tax assessment or ruling is issued denying recognition to the agreement for tax purposes or this is threatened by administrative instructions;
  - b) the company no longer holds a majority of BTF GmbH capital or voting rights;
  - c) another shareholder invests in BTF GmbH, or
  - d) BTF GmbH is transformed in accordance with the provisions of the Reorganization of Companies Act (UmwG).
- At the end of the agreement the company is obliged to provide a security deposit to the creditors of BTF GmbH according to section 303 AktG.
  - For three years from the day on which entry of the ending of the agreement in the commercial register is deemed to have been announced, the company and BTF GmbH can neither waive a claim to compensation for loss nor reach a settlement on this. This does not apply if the company is insolvent and settles with its creditors to avoid or close insolvency proceedings or if the settlement obligation is covered in an insolvency plan.

A specific purpose of the entry into the profit/loss transfer agreement is that the results of BTF GmbH are considered at the level of the company. The entry into the agreement also creates a single entity for income tax purposes, i.e. offsetting the results of BTF GmbH against the results of the company is also effective for tax purposes. In this way it may be possible to reduce the tax burden on both companies which would otherwise arise without such a consolidated tax filing status.

To create a single entity for tax purposes with BTF GmbH for the full 2007 financial year, it is necessary that the profit/loss transfer agreement should become effective before 31.12.2007. Besides approval by the General Meeting of the company and the shareholder meeting of BTF GmbH, this requires the entry of the profit/loss transfer agreement into the BTF GmbH commercial register by this time.

The company's Board of Management has issued a joint report with the managing directors of BTF GmbH under section 293a AktG which explains and justifies the conclusion of the agreement and the legal and commercial details of the agreement.

The profit/loss transfer agreement with BTF GmbH, the annual financial statements and management reports of the parties to the agreement for the past three financial years and the joint report by the company's Board of Management and the managing directors of BTF GmbH under section 293a AktG are available from the date of invitation to the General Meeting at

Leifheitstraße  
56377 Nassau/Lahn

for inspection by shareholders and are also for download at [www.leifheit.com](http://www.leifheit.com). They will also be sent to shareholders free of charge on request. These documents will also be displayed at the General Meeting.

## **7. Resolution on amendment of art. 2 of the articles of incorporation**

Art. 2 of the articles of incorporation deals with the objects of the company. This needs to be amended.

The Board of Management and Supervisory Board propose adopting the following resolution:

Art. 2 is replaced by the following text:

### „§ 2

- (1) The objects of the company are to manufacture and distribute products for kitchen, bathroom and household, to provide associated services and to acquire and manage companies and equity investments in companies and exercise group management functions.
- (2) The company can engage in all transactions which are suitable to promote the company objects directly or indirectly. It can establish branches in Germany and abroad, invest in other countries in Germany and abroad, acquire or form such companies and take over their management and enter into intercompany agreements."

## **8. Resolution on amendment of art. 3 of the articles of incorporation**

The Transparency Directive Implementing Act which came into force in January 2007 subjects electronic communication of information such as the invitation to the General Meeting to shareholders to conditions including approval by the General Meeting, even if a shareholder has explicitly approved this form of communication. To be able to continue electronic communication of information to our shareholders, it is intended to supplement art. 3 accordingly.

The Board of Management and Supervisory Board propose adopting the following resolution:

Art. 3 is replaced by the following text:

### „§ 3

- (1) The company's announcements are published in the electronic edition of the German Federal Gazette.
- (2) Information to shareholders can also be sent by electronic communication."

## **9. Resolution on amendment of art. 7 of the articles of incorporation**

The Supervisory Board is only entitled to grant one or more members of the Board of Management power of sole representation and/or to release them from the restrictions of section 181 BGB on multiple representation if the articles of incorporation include such authorisation.

The Board of Management and Supervisory Board propose adopting the following resolution:

Art. 7 is amended to include the following para. 3:

"The Supervisory Board can determine that one, more or all members of the Board of Management are granted sole representation and/or are released from the restrictions of section 181 BGB on multiple representation."

**10. Resolution on amendment of art. 20 of the articles of incorporation**

The provisions of art. 20 on the annual financial statements need to be modernised.

The Board of Management and Supervisory Board propose adopting the following resolution:

Art. 20 is replaced by the following text:

„§ 20

- (1) The Board of Management must draw up the annual financial statements and management report for the past financial year within the statutory period and submit them to the Supervisory Board. At the same time the Board of Management must submit to the Supervisory Board its proposed recommendation to the General Meeting for the appropriation of earnings. The Supervisory Board must review the annual financial statements, the management report and the proposal for the appropriation of earnings. If the company is required to prepare consolidated financial statements and a consolidated management report, sentences 1-3 above apply analogously to the consolidated financial statements and management report. If the Supervisory Board approves the annual financial statements, these are duly adopted, unless the Board of Management and Supervisory Board resolve to leave adoption of the annual financial statements to the General Meeting.
- (2) After receipt of the report of the Supervisory Board on the results of its review, the Board of Management must convene the annual General Meeting without delay.
- (3) If the Board of Management and Supervisory Board adopt the annual financial statements, they can transfer the entire net income to other retained earnings, provided that other retained earnings do not exceed half the capital stock or would exceed half the capital stock after the transfer. Amounts to be transferred to the statutory reserves and any loss carryforwards must be deducted from net income beforehand.”

**11. Authorisation to purchase and use treasury stock in accordance with section 71 para. 1 (8) of the German Stock Corporation Act.**

The General Meeting on 24.05.2006 authorised the Company to purchase its own shares in accordance with section 71 para. 1 (8) of the German Stock Corporation Act. The authorisation expires on 23.11.2007. The company made use of this authority and will report on this to the General Meeting.

As the authorisation resolved by the 2006 General Meeting expires in November 2007, it is intended to ask the General Meeting to give the company a new authorisation.

The Board of Management and Supervisory Board accordingly propose adopting the following resolution:

- a) The authorisation by the General Meeting on 24.05.2006 for the company to purchase its own shares is cancelled with effect from the General Meeting on 22.05.2007 and replaced by the following authorisation to purchase its own shares.
- b) The Board of Management is authorised until 21.11.2008 to purchase further shares of the company for purposes other than dealing in its own shares. Together with other treasury shares already purchased and still held by the company, shares purchased under this authorisation may not at any time exceed 10 % of the company's capital stock. The authorisation may be exercised in whole or in part, including in tranches at different times.

- c) Purchase is subject to the principle of equal treatment (section 53a, AktG) at the option of the Board of Management through the stock exchange or a public offer to purchase directed at all shareholders or a public request to make such an offer.
- If purchase is through the stock exchange, the purchase price for the shares (not including ancillary costs) may not differ by more than 10 % in either direction from the average price of the share on the Frankfurt Stock Exchange in the last five trading days before the purchase, calculated as the arithmetic average of the closing auction price in Xetra trading (or a successor system) on these five trading days.
  - If the purchase is through a public offer to buy directed at all shareholders or a public request to make such an offer, the share price offered and paid by the company (excluding ancillary costs) may not differ by more than 10 % in either direction from the average price of the share on the Frankfurt Stock Exchange in the five trading days preceding publication of the offer or public request to make such offer, calculated as the arithmetical average of the closing auction price of the share in Xetra trading (or a successor system) on these five trading days. If the offer is oversubscribed, acceptance must be prorated. Provision may be made for preferential acceptance of small numbers of up to 20 shares per shareholder.
- d) The Board of Management is authorised to use company shares purchased under this authorisation for any purpose allowed by statute, and specifically for the following purposes:
- aa) The shares can be offered and sold to shareholders under an offer to subscribe to all shareholders under their subscription right.
  - bb) The shares can be sold again on the stock exchange.
  - cc) The shares can also be sold other than through the stock exchange or through an offer to sell to all shareholders, provided that the shares are sold for cash at a price which is not materially lower than the average price of the company's listed shares on the Frankfurt Stock Exchange for the five trading days preceding the determination of the selling price by the Board of Management, calculated as the arithmetical average of the closing auction price in Xetra trading (or a successor system) on these five trading days.
  - dd) The shares can be offered to third parties in the course of acquiring an enterprise, parts of enterprises or equity interests in enterprises, including increasing existing holdings and in the course of mergers of companies.
- e) The shareholder subscription right is excluded if the Board of Management uses the shares for the purposes under d), cc) or dd) above. In addition the Board of Management may exclude the shareholder subscription right for fractional amounts in the event of the sale of treasury shares under the offer for sale to the company's shareholders under d), aa) above.
- f) The above authorisations to sell treasury shares may be exercised one or more times, individually or collectively or relating to partial packets of purchased treasury shares.
- g) The Supervisory Board can determine that measures by the Board of Management under this resolution of the General Meeting may only be taken with its approval.

## **12. Appointment of auditors for the 2007 financial year**

The Supervisory Board proposes appointing Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main as auditors for the financial year 2007.

**Report by the Board of Management in accordance with section 71 para. 1 no. 8 sentence 5 AktG in combination with section 186 para. 3 and para. 4 sentence 2 AktG on item 11 on the agenda:**

LEIFHEIT AG in the General Meeting on 24.05.06 resolved an authorisation to buy its own shares which is limited to 23.11.07. Because this authorisation expires in the current financial year, it is intended to void the authorising resolution at the close of this year's General Meeting.

Besides purchase through the stock exchange the company should also have the option of purchasing its own shares through a public purchase offer directed at the company's shareholders or public request for such an offer. The principle of equality of treatment required by company law must be complied with. In the event of a public request for an offer, the target audience for the request can decide how many shares and at what price (setting a range) they wish to offer to the company. If a public purchase offer is oversubscribed or if a request for offers is met by several equivalent offers which cannot all be accepted, acceptance must be by quota. However, it should be possible to provide for preferential acceptance of small offers or small parts of offers up to at most 20 shares. This option helps avoid fractional amounts in determining the quotas to be set and small residual amounts, facilitating technical handling. The purchase price offered or limits to the offered purchase price per share (excluding ancillary costs) may not differ by more than 10 % in either direction from the average price of the share on the Frankfurt Stock Exchange on the last five trading days prior to the day of public announcement of the offer or public request to submit offers, calculated on the basis of the arithmetical average of the closing auction price of the company's share in Xetra trading (or successor system) on these five trading days. If there are substantial movements in the relevant price after announcement of a public purchase offer or public request for offers, an adjustment to the average price on the five trading days prior to the public announcement may be considered. The purchase offer or request for offers can include further conditions.

The treasury shares acquired may be used for all purposes permitted by statute, and specifically for the following:

The proposed resolution includes authorisation to sell the acquired treasury stock outside the stock exchange for cash with exclusion of subscription rights. A condition of this is that the shares are sold at a price which is not materially lower than the stock exchange price of the company's share at the time of sale. This authorisation makes use of the possibility of facilitated exclusion of subscription rights in section 71 para. 1 no. 8 AktG in corresponding application of section 186 para. 3 sentence 4 AktG. The idea of protecting shareholders against dilution is satisfied by the condition that the shares may only be sold at a price which is not materially lower than the relevant stock exchange price. The selling price for treasury shares is set shortly before sale. The Board of Management will keep any discount from the stock exchange price in accordance with the market conditions prevailing at the time of placement as low as possible. The discount from the stock exchange price at the time of use of the authorisation will not in any event be more than 5 % of the current stock exchange price. The authorisation is subject to the condition that the total amount of shares sold with exclusion of subscription rights under section 186 para. 3 sentence 4 AktG may not exceed 10 % of the capital stock either at the time the resolution comes into effect or at the time of use of the authorisation. Shareholders have the opportunity to maintain their relative holding by purchasing LEIFHEIT shares on the stock exchange. The authorisation is in the interests of the company because it gives it greater flexibility. Specifically, it makes it possible to issue shares to partners in strategic alliances.

Treasury shares can also be sold for contributions in kind with exclusion of shareholder subscription rights. This enables the company to offer treasury shares directly or indirectly as consideration in company mergers or in connection with the acquisition of enterprises, parts of enterprises or equity investments in enterprises. International competition and globalisation of the economy frequently requires consideration in the form of shares in such transactions. The authorisation proposed here gives the company the necessary freedom of action to take advantage quickly and flexibly of opportunities to acquire enterprises, parts of enterprises or equity investments in enterprises in both national and international markets. This is reflected in the proposed exclusion of subscription rights. In determining the relative valuation, the Board of Management will ensure that the interests of the shareholders are appropriately protected.

The Supervisory Board can at its discretion determine that measures of the Board of Management based on the General Meeting authorisation under section 71 para. 1 no. 8 AktG may only be taken with its approval.

The Board of Management will report to the next General Meeting on the use of the authorisation.

### **Participation in the General Meeting**

Of the total 5,000,000 shares in the company issued, 4,759,656 are entitled to participate and vote at the time the General Meeting is convened. Each share carries one vote in the General Meeting. As a result, there are 4,759,656 votes at the time the General Meeting is convened. The voting rights attached to the 240,344 treasury shares held by the company at the time the General Meeting is convened cannot be exercised.

Shareholders are also entitled to participate in the General Meeting and vote who submit certification in due form of their share ownership by a securities clearing and deposit bank to the company at the following address:

LEIFHEIT AG  
c/o Deutsche Bank AG  
- General Meetings -  
60272 Frankfurt/Main

Certification of share ownership must be in German or English and refer to the start of 30.04.2007. It must be received by the company at the latest by the close of 15.05.2007. In the event of doubt about the accuracy or genuineness of the certificate of entitlement the company is entitled to require appropriate further evidence. If there is doubt about the further evidence the company may reject the right of the shareholder to participate in and vote at the General Meeting." After receipt by the company of the certification of share ownership, shareholders will be sent admission tickets to the General Meeting. To ensure timely receipt of admission tickets, we ask shareholders to ensure that certification of share ownership is sent to the company in good time.

### **Proxies**

Shareholders who do not wish to participate in the General Meeting personally can have their vote cast by proxies, e.g. a bank or shareholders association.

We also continue to offer our shareholders the option of being represented by proxies appointed by the company. These proxies must be given written authorisation and instructions for voting. Proxies are obliged to vote in accordance with the instructions.

Authorisations and instructions can be given to the proxies appointed by the company in writing before the General Meeting. Written authorisation to the proxies appointed by the company also requires an admission ticket to the General Meeting. The admission ticket also has a form for proxy authorisation and the shareholder's voting instructions. Shareholders should order admission tickets as soon as possible from the deposit bank for each deposit. We can only ensure proper voting procedures if the completed proxy authorisation forms for the proxies nominated by the company with the shareholders' voting instructions are received by the company by mail at the latest on Friday 18.05.2007 at the below address.

LEIFHEIT AG  
P.O. Box 11 65  
56371 Nassau/Lahn



**Motions and nominations by shareholders in accordance with sections 126, 127 AktG**

Opposing motions and nominations by shareholders must be addressed solely to the following address. Opposing motions and nominations addressed elsewhere are not considered.

LEIFHEIT AG  
P.O. Box 11 65  
56371 Nassau/Lahn  
Fax: 02604/977-340  
E-mail: [ir@leifheit.com](mailto:ir@leifheit.com)

Following certification of the proposer's share ownership opposing shareholder motions and nominations received at the above address by at the latest the close of 08.05.2007 will be made available without delay to other shareholders on the Internet at [www.leifheit.com](http://www.leifheit.com). Any management response will also be published at the above URL after 08.05.2007.

Nassau/Lahn, April 2007  
LEIFHEIT AG  
The Board of Management

---

LEIFHEIT  
Aktiengesellschaft

P.O. Box 11 65  
56371 Nassau/Lahn  
Tel: 02604/977-288  
Fax: 02604/977-340  
Internet: [www.leifheit.com](http://www.leifheit.com)  
E-mail: [ir@leifheit.com](mailto:ir@leifheit.com)