

Statement by the Board of Management and the Supervisory Board of LEIFHEIT AG in accordance with section 161 of the German Joint Stock Corporations Act (AktG) on compliance with the German Corporate Governance Code in the version of 21 May 2003

The Board of Management and the Supervisory Board declare that LEIFHEIT AG is and has in the past been in compliance with the recommendations of the “German Corporate Governance Code”. The following recommendations have not been and are not currently applied.

Retention for D&O insurance (section 3.8)

The German Corporate Governance Code recommends agreeing an appropriate deductible in liability insurance taken out by a company for members of the Boards of Management and Supervisory Boards.

LEIFHEIT AG’s existing D&O insurance policy has not had and does not have any deductible for members of the Board of Management and the Supervisory Board. LEIFHEIT AG feels that a deductible in the D&O policy cannot lead to an improvement in the motivation and readiness to accept responsibility which the members of the Board of Management and the Supervisory Board bring to their duties. LEIFHEIT AG does not plan to change its D&O insurance.

Remuneration of members of the Board of Management (sections 4.2.2, 4.2.3, 4.2.4)

The German Corporate Governance Code recommends that the full Supervisory Board discusses and regularly reviews the structure of the system of remuneration for members of the Board of Management, and that a cap should be agreed for extraordinary and unforeseeable developments in variable components of remuneration.

In addition, it is recommended to show the remuneration of the members of the Board of Management individually in the notes to the consolidated financial statements.

There are no variable components with long-term incentive nature and risk element, e.g. stock options and comparable instruments, in the remuneration of members of the Board of Management at LEIFHEIT AG. As a result no cap was or is agreed for the performance-related components in the remuneration of members of the Board of Management. Similarly, a statement of the guaranteed and performance-related components for the Board of Management as a whole is adequate for the purpose of evaluating the appropriateness of the remuneration. There are accordingly no plans to show the remuneration of the members of the Board of Management individually. The remuneration system for members of the Board of Management will continue to be discussed and regularly reviewed in the Personnel Committee of the Supervisory Board, and will not be additionally discussed and reviewed by the full Supervisory Board.

Supervisory Board approval for secondary occupations of members of the Board of Management (section 4.3.5)

The German Corporate Governance Code recommends that members of the Board of Management should only take on secondary occupation (and specifically membership in Supervisory Boards) with the approval of the Supervisory Board.

Currently at LEIFHEIT AG such secondary occupations of members of the Board of Management require approval by the Chairman of the Supervisory Board. In future, secondary occupations will require approval by the Personnel Committee of the Supervisory Board.

Succession planning and age limit for members of the Board of Management (section 5.1.1)

The German Corporate Governance Code recommends that the Supervisory Board should ensure long-term succession planning together with the Board of Management. The Supervisory Board has the task of appointing and removing members of the Board of Management. As a result, this recommendation has not been and will not be adopted.

The German Corporate Governance Code further recommends setting an age limit for members of the Board of Management. This recommendation has not been adopted in the past, but will be in future.

Age limit for members of the Supervisory Board (section 5.4.1)

The German Corporate Governance Code recommends setting an age limit for members of the Supervisory Board. This recommendation has not been and will not be adopted.

Remuneration of Supervisory Board members (section 5.4.5)

The German Corporate Governance Code recommends in section 5.4.5 that remuneration paid or benefits granted by the company to members of the Supervisory Board for personal services, and specifically consulting and brokering services, be disclosed individually and by component in the notes to the consolidated financial statements. This recommendation has not been and will not be adopted.

Disclosure (section 7.1.2)

The German Corporate Governance Code recommends making the consolidated financial statements available to the public within 90 days of the end of the financial year. For reasons of scheduling, the consolidated financial statements for 2004 will not be published until 15 April 2005.

Nassau/Lahn, 17 December 2004