

Invitation to the 2006 Annual General Meeting

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



Nassau / Lahn

ISIN DE 0006464506

Dear Shareholders,

Our General Meeting will be held at 10.30 am on Wednesday, 24.05.06 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 2005 financial year 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 2005 financial year amount to €3,000,000. LEIFHEIT AG holds 240,564 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 €2,855,661.60 will be distributed to shareholders. The dividend on the 240,564 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 2005 financial year

The Board of Management and Supervisory Board recommend approving the acts of the members of the Board of Management in the 2005 financial year.

4. Approval of the acts of the members of the Supervisory Board in the 2005 financial year

The Board of Management and Supervisory Board recommend approving the acts of the members of the Supervisory Board in the 2005 financial year.

5. Resolution on the omission of the information required under section 285 sentence 1 no. 9, letter "a", sentences 5-9 HGB and section 314 para. 1 no. 6 letter "a" sentences 5-9 HGB

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

The information required under section 285 sentence 1 no. 9, letter "a", sentences 5-9 HGB and section 314 para. 1 no. 6 letter "a" sentences 5-9 HGB be omitted for five years, beginning with the 2006 financial year.

6. Creation of approved capital and amendment of articles of association

The articles of association provide in art. 4 para. 3 for approved capital which lapses on 1 May 2006 and accordingly needs to be renewed.

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

- a) The Board of Management is authorised with approval of the Supervisory Board to increase the capital stock one or more times up to 1 May 2011 by up to €7,500,000 through the issue of new bearer shares for contributions in cash or in kind.

The shareholders will be given a right to subscribe. However, with approval of the Supervisory Board the Board of Management is authorised to exclude shareholder subscription rights in the following circumstances:

- To even out fractional amounts
- If the capital increase is for the purpose of acquiring enterprises, parts of enterprises or interests in enterprises by means of contributions in kind
- If the shares are issued at a price which is not materially lower than the stock exchange price of the company's listed shares at the time the

Board of Management sets the issue price and the exclusion of subscription rights only covers new shares not exceeding 10 % of the lower of the capital stock at the time of registration of the authorisation or 10 % of the company's capital stock at the time of the issue of the new shares.

The Board of Management is authorised with approval of the Supervisory Board to determine the other details of the implementation of capital increases from approved capital.

b) Art. 4 para. 3 of the articles is amended as follows:

“The Board of Management is authorised with approval of the Supervisory Board to increase the capital stock one or more times up to 1 May 2011 by up to €7,500,000 through the issue of new bearer shares for contributions in cash or in kind.

The shareholders will be given a right to subscribe. However, with approval of the Supervisory Board the Board of Management is authorised to exclude shareholder subscription rights in the following circumstances:

- To even out fractional amounts
- If the capital increase is for the purpose of acquiring enterprises, parts of enterprises or interests in enterprises by means of contributions in kind
- If the shares are issued at a price which is not materially lower than the stock exchange price of the company's listed shares at the time the Board of Management sets the issue price and the exclusion of subscription rights only covers new shares not exceeding 10 % of the lower of the capital stock at the time of registration of the authorisation or 10 % of the company's capital stock at the time of the issue of the new shares.

The Board of Management is authorised with approval of the Supervisory Board to determine the other details of the implementation of capital increases from approved capital.”

c) The Supervisory Board is authorised to amend the articles of association to correspond to the amount of capital increases from approved capital either at the time or after the expiration of the period of authorisation.

7. Resolution on amendment of Art. 14 para. 2 and Art. 15 of the articles of association

Under Art. 14 para. 2 of the current version of the articles of association, the notice for convening the General Meeting is at least one month. Art. 15 of the current articles of association governs the requirements for participation in the General Meeting and voting, where voting is tied to legitimation through deposit of shares.

On 1 November 2005 the Act on the Integrity of Companies and the Modernization of Rescission Proceedings ("Gesetz zur Unternehmensintegrität und Modernisierung des Anfechtungsrechts" or "UMAG") came into force. Among other provisions, the Act changes the statutory regulations for notice for convening and participating in a general meeting. Under this the articles of association can determine how entitlement to participate and vote must be evidenced. Certification in text form of share ownership by the depositary institute is sufficient legitimation of holders of bearer shares, instead of the current practice of legitimation through deposit. The certificate must relate to a specific date, the "record date".

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

- a) Art. 14 para. 2 of the articles is amended as follows:

"Notice of the General Meeting must be given at least 30 days before the date by the end of which shareholders must notify their attendance before the General Meeting (Art. 15 para. 1) through announcement in the electronic edition of the Federal Gazette."

- b) Art. 15 para. 1 of the articles is amended as follows:

"Shareholders are entitled to participate in and vote at the General Meeting if they evidence their entitlement to participate and vote to the company in accordance with the following sentences 2-6. Evidence of entitlement to participate in and vote at the General Meeting must be in the form of a specific certification of share ownership by an institute licensed to provide security custody services; the certificate must be in German or English. Other languages for the certificate may be allowed in the notice of the General Meeting. The certificate must refer to the start of the 21st day before the General Meeting and must be received by the company at the address stated in the notice of the General Meeting at the latest on the seventh day before the General Meeting.

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.”

c) Art. 15 para. 2 of the articles is amended as follows:

“Details of participation and issue of voting cards must be announced in the invitation.”

d) Art. 15 paras. 3, 4 of the current version of the articles of association are deleted.

8. Resolution on supplementing Art. 17 of the articles of association with a new para. 3

UMAG further amends the shareholder’s right to information. Under this the articles of association can authorise the chair of the meeting to impose a reasonable time limit to the shareholder’s right to ask questions and speak. To lay a clear basis for such measures in the articles of association and make possible orderly conduct of the General Meeting an addition to the articles of association giving the chair such authority should be resolved.

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

Art. 17 of the articles is supplemented by a new para. 3 is amended as follows:

“The chair can impose a reasonable time limit on the shareholders’ right to ask questions and speak. The chair is specifically authorised to impose a reasonable time for the meeting as a whole, for individual items on the agenda or for the individual speaker, to be done at the start of the General Meeting or during its course.

9. 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 25.05.05 authorised the Company to purchase its own shares in accordance with section 71 para. 1 (8) of the German Stock Corporation Act. The authorisation lapses on 24 November 2006. The company made use of this authority and will report on this to the General Meeting.

As the authorisation resolved by the 2005 General Meeting lapses in November 2006, the General Meeting should be asked 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 25.05.05 for the company to purchase its own shares is cancelled with effect from the General Meeting on 24.05.06 and replaced by the following authorisation to purchase its own shares.
- b) The Board of Management is authorised until 23.11.07 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).
 - 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). 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).
 - 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.

10. Appointment of auditors for the 2006 financial year

The Supervisory Board proposes appointing Ernst & Young AG Wirtschaftsprüfungsgesellschaft, Eschborn/Frankfurt am Main, as auditors for the 2006 financial year.

Report by the Board of Management in accordance with section 203 para. 2 sentence 2 AktG in combination with section 186 para. 3 and para. 4 sentence 2 AktG on item 6 on the agenda:

LEIFHEIT AG adopted a resolution at the General Meeting on 30.05.01 to create approved capital, limited to 01.05.06. The Board of Management has not made any use of this authorisation. However, to give the Board of Management the possibilities for response offered by approved capital and ensure adequate flexibility, approval capital should be created for a period up to 01.05.11.

The Board of Management should accordingly be authorised with approval by the Supervisory Board to increase the capital stock from its current € 15,000,000 by up to € 7,500,000 through the issue of new bearer shares. This authorisation to issue new shares from approved capital will enable the Board of Management with approval by the Supervisory Board to respond in future to financing needs arising at short notice and take advantage of opportunities to acquire enterprises, parts of enterprises or equity investments in enterprises.

The Board of Management with approval by the Supervisory Board should be authorised to exclude fractional amounts from shareholder subscription rights. The exclusion of the subscription right for fractional amounts is required to present technically feasible subscription ratios. The shares excluded from shareholder subscription rights as fractional amounts will be placed to the best advantage for the company. Possible dilution effects are minimal as a result of the restriction to fractional amounts.

The Board of Management should further be authorised with approval by the Supervisory Board to exclude shareholder subscription rights in the event of a capital increase for cash if the new shares excluded from the subscription right do not exceed in total the lower of 10 % of the company's capital stock at the time of registration of the authorisation or 10 % of the company's capital stock at the time of issue of the new shares or the issue price of the new shares is not materially less than the price of existing listed shares at the time the Board of Management sets the issue price. The legal basis for this exclusion of subscription rights is section 203 paras 1 and 2 in combination with section 186 para. 3 sentence 4 AktG. Any discount from the relevant stock exchange price will be at most 5 % of the stock exchange price. The option of exclusion from subscription rights is intended to enable the company to issue shares specifically to partners in strategic alliances where setting the price close to market ensures the highest possible proceeds and so the greatest possible strengthening of equity. The ability to act more rapidly means that a greater inflow of funds can be achieved for the company than in the case of an offer for sale to all shareholders under the shareholder subscription right. The grant of a subscription right further means that the company cannot respond quickly to favourable market conditions because

of the length of the subscription period. For the above reasons, the proposed authorisation is in the interests of the company and its shareholders. As the issue price for the treasury shares to be offered is tied to the stock exchange price and the authorisation is limited in scope, the interests of the shareholders are appropriately protected. Shareholders have the opportunity to maintain their relative holding through additional purchases on the stock exchange.

The Board of Management should further be authorised with approval by the Supervisory Board to exclude shareholder subscription rights for approved capital in the event of capital increases for contributions in kind in connection with the acquisition of enterprises, parts of enterprises or equity investments in enterprises. In the interests of its shareholders LEIFHEIT must be able to respond in global competition quickly and flexibly in the national and international markets. This includes the option of acquiring enterprises, parts of enterprises or equity investments in enterprises in exchange for shares in order to improve our competitive position.

After considering all the circumstances described above, the Board of Management and Supervisory Board believe that exclusion from subscription rights in the cases described and for the reasons stated, including a possible dilution effect, are objectively justified and reasonable from the point of view of the shareholders.

The Board of Management will report to the General Meeting on each use of approved capital.

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 9 on the agenda:

LEIFHEIT AG in the General Meeting on 25.05.05 resolved an authorisation to buy its own shares which is limited to 24.11.06. Because of the expiration of this authorisation in the current financial year, this authorisation resolution should be cancelled at the time of entry into force of the new authorisation to be resolved by the 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). 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

With entry into force on 01.11.05 of the Act on the Integrity of Companies and the Modernization of Rescission Proceedings (UMAG) the conditions for entitlement to participate in the General Meeting and vote have changed. As a result the shareholders of our company have the two following possibilities for meeting the conditions for entitlement to participate in the General Meeting and vote.

Participation through deposit

Shareholders are entitled to participate in the General Meeting and vote if they have deposited their shares at the latest at the start of 03.05.06 (midnight) with the company treasurer, a German notary public, a securities clearing and deposit bank or the following bank:

Deutsche Bank AG

The deposit requirement is also satisfied if shares are held by other banks with the agreement of a deposit facility at the specified time and blocked until the end of the General Meeting. If the shares are deposited with a German notary public or securities clearing and deposit bank, the certification issued by this party must be submitted to the company at the latest by the end of 04.05.06. Admission tickets to the General Meeting are issued on deposit of the shares.

Entitlement to participate through evidence of share ownership

Shareholders are also entitled to participate in the General Meeting and vote who submit certification 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 refer to the start of 03.05.06 (midnight) and be received by the company at the latest by the end of 17.05.06. 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, LEIFHEIT AG, P.O. Box 11 65, D-56371 Nassau/Lahn, at the latest on 22.05.06.

Shareholder motions under section 126 AktG

Countermotions for a specific item on the agenda must be sent exclusively to the following address. Countermotions addressed elsewhere are not considered.

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

Following certification of share ownership, shareholder countermotions received at the above address by at the latest the close of 10.05.06 will be made available without delay to other shareholders on the Internet at www.leifheit.com. Any management response will also be published at the above URL after 10.05.06.

Nassau/Lahn, March 2006

LEIFHEIT AG
The Board of Management

LEIFHEIT
Aktiengesellschaft

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