

HORNBACH

HORNBACH HOLDING Aktiengesellschaft
67433 Neustadt an der Weinstrasse

– ISIN DE0006083405 and ISIN DE0006083439 –

Invitation to the Annual General Meeting

We hereby invite our shareholders to attend our **Annual General Meeting**, to be held at Jugendstil-Festhalle Landau, Mahlastrasse 3, 76829 Landau in der Pfalz, at 11.00 a.m. on Friday, July 8, 2011.

Agenda

- 1. Presentation of the adopted annual financial statements, the approved consolidated financial statements and the management report of HORNBACH HOLDING Aktiengesellschaft and the Group for the 2010/2011 financial year, the report of the Supervisory Board, and the explanatory report of the Board of Management in respect of the disclosures made pursuant to § 289 (4) and § 315 (4) of the German Commercial Code (HGB)**
- 2. Resolution on the appropriation of net unappropriated profit for the 2010/2011 financial year**

The Board of Management and the Supervisory Board propose to appropriate the net unappropriated profit reported for the 2010/2011 financial year amounting to

€ 15,979,342.49

as follows:

Distribution of a dividend of € 1.28

per ordinary share for 4,000,000 ordinary shares

€ 5,120,000.00

Distribution of a dividend of € 1.34

per preference share for 4,000,000 preference shares

€ 5,360,000.00

Allocation to revenue reserves

€ 5,450,000.00

Balance carried forward

€ 49,342.49

Should HORNBACH HOLDING Aktiengesellschaft hold any treasury stock upon such resolution being adopted by the Annual General Meeting, then pursuant to the German Stock Corporation Act (AktG) such shares have no dividend entitlement. Sums attributable to ordinary shares without dividend entitlement will also be carried forward.

- 3. Resolution releasing the Board of Management from responsibility for the 2010/2011 financial year**

The Board of Management and Supervisory Board propose to release the members of the Board of Management in the 2010/2011 financial year from responsibility for this period.

4. Resolution releasing the Supervisory Board from responsibility for the 2010/2011 financial year

The Board of Management and Supervisory Board propose to release the members of the Supervisory Board in the 2010/2011 financial year from responsibility for this period.

5. Election of auditors and group auditors for the 2011/2012 financial year

The Supervisory Board proposes the election of KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as auditors and group auditors for the 2011/2012 financial year.

This proposal is based on a corresponding recommendation made by the Audit Committee.

6. Election of auditors for the audit review of the half-year financial report for the 2011/2012 financial year

The Supervisory Board proposes the election of KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, for the audit review of the abridged consolidated interim financial statements and interim management report for the first half of the 2011/2012 financial year pursuant to § 37w (5) and § 37y No. 2 of the German Securities Trading Act (WpHG).

This proposal is based on a corresponding recommendation made by the Audit Committee.

7. Resolution on the non-disclosure of the compensation of members of the Board of Management

The compensation paid to the management boards of publicly listed stock corporations must generally be disclosed on an individual basis in the notes to the annual and consolidated financial statements (§ 285 No. 9 Letter a) Sentences 5-8 and § 314 (1) No. 6 Letter a) Sentences 5-8 of the German Commercial Code – HGB). However, the Annual General Meeting may adopt a resolution waiving the requirement to disclose management board compensation on an individual basis for a period of up to 5 years (§ 286 (5), § 314 (2) Sentence 2 of the German Commercial Code – HGB).

The Annual General Meeting held on July 13, 2006 resolved not to disclose the compensation and other payments made to members of the Board of Management on an individual basis in the annual and consolidated financial statements from the 2006/2007 financial year up to and including the 2010/2011 financial year.

In view of the appropriate overall level of compensation for the Board of Management, the Board of Management and Supervisory Board still do not see any necessity for the individual disclosure of compensation. The Board of Management and Supervisory Board therefore propose the adoption of the following resolution:

The disclosures required by § 285 No. 9 Letter a) Sentences 5 to 8 and § 315a (1), § 314 (1) No. 6 Letter a) Sentences 5 to 8 of the German Commercial Code (HGB) (or required by corresponding successor regulations) shall be waived in the annual and consolidated financial statements from the 2011/2012 financial year up to and including the 2015/2016 financial year.

8. Resolution on the approval of the compensation system for members of the Board of Management

On May 20, 2011, the Supervisory Board approved an amended compensation system for members of the Board of Management to be applied upon the future appointment or reappointment of members of the Board of Management. Consistent with Point 4.2.2 Sentence 4 of the German Corporate Governance Code, the Supervisory Board sought advice from an independent external compensation expert commissioned to review the existing compensation system and to draft proposals for the enhancement of the compensation system for members of the Board of Management.

The existing compensation system for members of the company's Board of Management has been presented in detail in the Compensation Report published as a component of the Corporate Governance Report and in the Management Report of HORNBAACH HOLDING AG in the 2010/2011 Annual Report of the HORNBAACH HOLDING AG Group. This information has been published together with information about the amendment to the compensation system as of May 20, 2011 on the company's website at www.hornbach-gruppe.com/Hauptversammlung/Holding. Information about the amended compensation system will also be available at the Annual General Meeting, where it will be presented in greater detail.

The possibility of the Annual General Meeting adopting a resolution approving the compensation system for members of the Board of Management was created in § 120 (4) of the German Stock Corporation Act (AktG) upon the introduction of the Act on the Appropriateness of Management Board Compensation (VorstAG). This possibility is to be drawn on for the amended compensation system for members of the Board of Management.

The Supervisory Board and Board of Management propose approving the system for the compensation of members of the Board of Management adopted by the Supervisory Board on May 20, 2011.

9. Resolution on a capital increase from company funds by issuing bonus shares and on corresponding amendments to the company's Articles of Association

The Board of Management and Supervisory Board propose resolving:

a) an increase in the share capital from company funds

(a) The company's share capital shall be increased by € 24,000,000.00 from € 24,000,000.00 to

€ 48,000,000.00

(in words: forty-eight million euros)

from company funds by issuing 4,000,000 new non-par ordinary bearer shares (ordinary shares) and 4,000,000 new non-par preference bearer shares (preference shares).

(b) The capital increase shall be executed by converting an amount of € 24,000,000.00 of the revenue reserves reported in the annual balance sheet of the company as of February 28, 2011 into share capital.

- (c) The capital increase shall be executed by issuing 4,000,000 new non-par ordinary bearer shares (ordinary shares) and 4,000,000 new non-par preference bearer shares (preference shares). Preference and ordinary shareholders shall each be entitled to the new shares at a ratio of 1:1, as a result of which one new ordinary share will be allocated for each existing ordinary share and one new preference share will be allocated for each existing preference share. The new ordinary and preference shares shall enjoy profit participation rights from March 1, 2011. The preference shares entitle their bearers to receive a preferential dividend in accordance with § 25 of the Articles of Association in the amended version proposed under Agenda Item 9, Letter d).
- (d) The resolution on the capital increase shall be based on the adopted annual financial statements of the company as of February 28, 2011. These audited and adopted annual financial statements have been provided with an unqualified audit opinion by the company's auditors, KPMG AG Wirtschaftsprüfungsgesellschaft, Frankfurt am Main.
- (e) The Board of Management shall be authorized to determine the further details of the capital increase and its execution.
- b) § 4 (1) and (2) of the company's Articles of Association shall be reformulated as follows:
- “(1) The company's share capital amounts to € 48,000,000.00.
- (2) It is divided into
- 8,000,000 ordinary shares (total prorated portion of ordinary shares in share capital: € 24,000,000.00) and
- 8,000,000 non-voting preference shares (total prorated portion of preference shares in share capital: € 24,000,000.00).”
- c) § 16 (1) Sentences 1 and 2 of the company's Articles of Association shall be reformulated as follows:
- “(1) As well as the reimbursement of his or her expenses, each Supervisory Board member receives annual fixed compensation of € 6,000 payable upon the conclusion of the Annual General Meeting and a performance-related component dependent on the profit appropriation resolution adopted by the Annual General Meeting amounting to € 520.00 for every 1.0 % by which the dividend distributed to ordinary shareholders for the past financial year exceeds 5 %. Such calculation shall be based on the prorated amount of share capital attributable to individual ordinary shares pursuant to § 4 (2) of the Articles of Association.”
- d) § 25 (1) of the company's Articles of Association shall be reformulated as follows:
- “(1) The non-voting preference shares (§ 4) receive a preferential dividend payable from the annual unappropriated net profit equivalent to 2 % of their portion of the share capital.”
- § 25 (2) Sentence 1 of the company's Articles of Association shall be reformulated as follows:

“(2) If the net profit is not sufficient in one or several financial years to distribute a preferential dividend of at least 2 % in advance on preference shares, the arrears are payable without interest from the net profit of the following financial years in such a way that the older arrears are settled before the more recent arrears and that the preferential payments to be made from the net profit of a given financial year are only to be made once all arrears have been settled.”

§ 25 (3) of the company’s Articles of Association shall be reformulated as follows:

“(3) Following the subsequent payment of any arrears of dividends on preference shares in connection with previous years (Paragraph 2) and the distribution of a preferential dividend of 2 % on the non-voting preference shares (Paragraph 1), a dividend is initially paid for ordinary shares from the remaining unappropriated net profit. This amounts to up to 2 % of their portion in the share capital. After the distribution of a dividend of 2 % on the ordinary shares, the preference and ordinary shares participate in a further dividend distribution in the ratio of their respective portions of the share capital in such a way that the preference shares receive a further dividend of 1 % over and above the dividend payable on ordinary shares.”

Requirements governing participation in the Annual General Meeting and the exercising of voting rights

To be entitled to participate in the Annual General Meeting and exercise their voting rights, shareholders must have registered and submitted documentary evidence of their shareholding to the company in good time ahead of the Annual General Meeting. Adequate evidence of shareholding involves a certification issued in text form in German or English by the account-holding financial institution and referring to the beginning of the 21st day prior to the Annual General Meeting, i.e.

Friday, June 17, 2011, 00.00 (CET)
(so-called “evidence date”)

Registration and the documentary evidence of shareholding must have been received by the company at least six days prior to the Annual General Meeting (not counting the date of the Annual General Meeting and the date of receipt), i.e. by the latest on

Friday, July 1, 2011, 24.00 (CET)

at the following address, fax number or e-mail address:

HORNBACH HOLDING Aktiengesellschaft
c/o PR IM TURM HV-Service AG
Römerstrasse 72-74
68259 Mannheim
Fax: +49 (0) 621-7177213
E-mail: eintrittskarte@pr-im-turm.de

The company is entitled to request further appropriate evidence should it harbor any doubts as to the correctness or authenticity of the certification. Should such evidence not be provided, or not in suitable form, then the company is entitled to reject the shareholder in question pursuant to § 19 (3) of the Articles of Association.

Relevance of the evidence date

From the perspective of the company, only those persons or institutions that have presented evidence of shareholding are deemed as shareholders entitled to participate in the Annual General Meeting and exercise their voting rights. The entitlement to participate in the Annual General Meeting and scope of voting rights are measured solely in terms of the shareholding held by the shareholder at the evidence date.

The evidence date does not involve any restriction on the disposability of such shareholding. Even when such shareholding is disposed of completely or in part following the evidence date, shareholders' participation and the scope of their voting rights are based solely on the shareholding held by the shareholder on the evidence date, i.e. disposals or other assignments of shares following the evidence date have no implications on their participation in the Annual General Meeting and the scope of their voting rights. The same applies for the acquisition of shares or any increase in the number of shares held following the evidence date.

Persons not holding any shares as of the evidence date and only becoming shareholders subsequently are not entitled to participate or exercise any voting rights, unless they have been authorized as proxies or empowered to exercise such rights.

The evidence date has no implications for dividend entitlement.

Proxy voting procedures

Shareholders not wishing to participate in the Annual General Meeting in person are entitled to have their voting rights exercised by an authorized party, e.g. their accounting-holding bank, a shareholders' association, or a person of their choice, or by the voting proxy appointed by the company. In these cases as well, shareholders must register for the Annual General Meeting on time and submit documentary evidence of their shareholding in accordance with the aforementioned requirements.

Any powers of attorney issued or revoked must be communicated to the company in text form, as must the documentary evidence of shareholding, unless the authorized party is a financial institution, a shareholders' association or any other equivalent person or institution as defined in § 135 of the German Stock Corporation Act (AktG).

Powers of attorney may be issued to the company or to the authorized party. When issued to the authorized party, documentary evidence of such must be provided to the company. This requirement may be met by the authorized party presenting the power of attorney at the entry desk on the date of the Annual General Meeting or by the documentary evidence of such authorization being communicated to the company by post or fax to the address or fax number used for registration. To communicate such documentary evidence in electronic form, please use the password-protected authorization platform at the internet address www.hv-vollmachten.de. The PIN number for the authorization platform is printed on the admissions ticket which will be sent to you following registration and submission of documentary evidence of your shareholding.

Where the power of attorney is to be issued to the company, it should also be communicated to the company by post or fax to the address or fax number used for registration, or electronically using the aforementioned electronic authorization platform; the same applies for the revoking of any power of attorney issued to the company.

A form for issuing or revoking powers of attorney and submitting documentary evidence of such authorization is available for downloading from the HORNBAACH Group's internet site under Investor Relations/Corporate Governance/Annual General Meeting at the internet address www.hornbach-gruppe.com/Hauptversammlung/Holding. Upon request, a printed version of this form can also be forwarded to each shareholder.

Should a shareholder authorize more than one person, the company is entitled to reject one or more such person.

Financial institutions, shareholders' association and the other equivalent persons and institutions defined in § 135 of the German Stock Corporation Act (AktG) may stipulate different requirements for the form of power of attorney used to authorized them. Shareholders are therefore requested to agree the form and procedure for issuing powers of attorney in good time with the person or institution to be authorized.

As an additional service, we provide our shareholders with the option of being represented in accordance with their instructions at the Annual General Meeting by a voting proxy appointed by the company. This proxy exercises voting rights on the exclusive basis of the instructions issued by the shareholder. Please note that voting proxies cannot accept any instructions to make statements, pose questions or submit counter motions. Further details about the relevant procedures will be forwarded together with your admissions ticket. Powers of attorney issued to the voting proxy appointed by the company, as well as any revoking of such powers of attorney and instructions for the voting proxy, must have been received at the address, fax number or e-mail address used for registration purposes at the latest by

Thursday, July 7, 2011, 24.00 (CET)

After this, it is no longer possible to amend those powers of attorney and voting instructions already issued.

In addition, shareholders who attend the Annual General Meeting but have to leave prior to voting have the possibility upon leaving of issuing a power of attorney and specific instructions for the exercising of their voting rights to a voting proxy appointed by the company. To do this, they should use the form included on the voting slip.

Shareholders' rights: minority motions pursuant to § 122 (2) AktG

Shareholders whose combined shareholdings are equivalent to one twentieth of the share capital or a prorated amount of € 500,000.00 are entitled to request pursuant to § 122 (2) of the German Stock Corporation Act (AktG) that items be added to the agenda and announced. Such requests must be received by the company at least 30 days prior to the Annual General Meeting (not counting the date of the Annual General Meeting and the date of receipt), and thus at the latest by

Tuesday, June 7, 2011, 24.00 (CET)

Such requests must be addressed in writing to the Board of Management of HORNBAACH HOLDING AG. Requests otherwise addressed cannot be considered. Each new agenda item must be accompanied by a substantiation or a proposed resolution.

Shareholders' rights: counter motions and election proposals pursuant to § 126 (1) and § 127 AktG

Shareholders may submit counter motions to any proposal made by the management concerning a specific agenda item. Shareholders may also propose candidates for election as auditors or Supervisory Board members. Counter motions must be substantiated. Shareholders are requested to communicate any counter motions and election proposals exclusively to the following address, fax number or e-mail address:

HORNBAACH HOLDING Aktiengesellschaft
Investor Relations/Hauptversammlung
Le Quartier Hornbach 19
67433 Neustadt an der Weinstrasse
Fax: +49 (0) 6348-60-4299
E-mail: gegenantraege.holding@hornbach.com

The company will publish any counter motions and election proposals received at the aforementioned address, fax number or e-mail address at the latest on

Thursday, June 23, 2011, 24.00 (CET)

together with the shareholder's name, any substantiation provided and any statement to be made by the management, on the HORNBAACH Group's internet communications platform at www.hornbach-group.com.

The company may forego publication of a counter motion and its substantiation if the conditions set out in § 126 (2) of the German Stock Corporation Act (AktG) apply, specifically if publication of such by the Board of Management would constitute a criminal offense, if the counter motion would lead to a resolution at the Annual General Meeting that would infringe the law or the Articles of Association, if the substantiation contains obviously incorrect or misleading information in material aspects, or if it contains insulting material, if a counter motion submitted by the shareholder on the same issue has already been published in connection with an Annual General Meeting of the company pursuant to § 125 of the German Stock Corporation Act (AktG), if the same counter motion submitted by the shareholder with basically the same substantiation has already been published by the company in connection with at least two Annual General Meetings pursuant to § 125 of the German Stock Corporation Act (AktG) in the past five years and such counter motion was subsequently supported by less than one twentieth of the share capital represented at the Annual General Meeting, if it is apparent that the shareholder does not intend to participate in or be represented at the Annual General Meeting, or if the shareholder did not propose a counter motion previously communicated, or have such counter motion proposed by others, at two Annual General Meetings in the past two years.

Substantiations of counter motions do not have to be published when they exceed a total of more than 5,000 characters in length.

The above paragraphs apply by analogy to proposals submitted by shareholders for the election of Supervisory Board members or auditors, with the exception that such proposals do not require substantiation. Apart from those cases set out in § 126 (2) of the German Stock Corporation Act (AktG), the Board of Management

may also forego publication of election proposals submitted by shareholders when they do not include the name, profession exercised, or town/city of residence of the Supervisory Board members or auditors thereby proposed, as well as disclosures on their membership of other statutory supervisory bodies in the case of candidates proposed for election to the Supervisory Board. Disclosures on membership of comparable supervisory bodies at companies in Germany and abroad should also be appended.

Shareholders' rights: right to information pursuant to § 131 (1) AktG

Pursuant to § 131 (1) of the German Stock Corporation Act (AktG), each shareholder is entitled upon request to receive information from the Board of Management on matters relating to the company at the Annual General Meeting, provided that such information is necessary for the appropriate assessment of the respective agenda item. This duty to provide information also includes the company's legal and business dealings with associate companies, as well as the situation of the Group and the companies included in the consolidated financial statements, as the consolidated financial statements and group management report are also presented to the Annual General Meeting under Agenda Item 1.

For the reasons outlined in § 131 (3) of the German Stock Corporation Act (AktG), the Board of Management may refuse to answer individual questions, for example if the disclosure of such information may, based on reasonable commercial judgment, create a not inconsiderable disadvantage for the company or one of its associates. Pursuant to § 20 (3) of the Articles of Association, the Chairman of the Meeting may impose a reasonable limit on the time allocated to both statements and questions by shareholders. In particular, he may impose a reasonable limit on the duration of the entire Annual General Meeting, on the treatment of individual agenda items, and on individual statements and questions.

Further explanations and information at the company's internet site

The information for the Annual General Meeting required by § 124a of the German Stock Corporation Act (AktG) is available to shareholders at the HORNBACH Group's internet site under Investor Relations/Corporate Governance/Annual General Meeting (www.hornbach-gruppe.com/Hauptversammlung/Holding). As soon as the Annual General Meeting has been convened, the documents to be made available in accordance with § 175 and § 176 of the German Stock Corporation Act (AktG) and the further explanations of shareholders' rights required by § 122 (2), § 126 (1), § 127 and § 131 (1) of the German Stock Corporation Act (AktG) are also available there. The documents to be made available in accordance with § 175 and § 176 of the German Stock Corporation Act (AktG) will also be available for inspection at the Annual General Meeting.

Total number of shares and voting rights upon the convening of the Annual General Meeting

The company's share capital of € 24,000,000 is divided into 4,000,000 individual ordinary shares and 4,000,000 individual non-voting preference shares upon the convening of the Annual General Meeting. Each ordinary share entitles its holder to one vote. Pursuant to § 21 (2) of the Articles of Association, the preference shares are not entitled to voting rights; in cases where the preference shares have compulsory voting rights by law, however, then each preference share entitles its holder to one vote. The company is not entitled to exercise any voting rights attributable to treasury stock; the company did not hold any treasury stock upon the convening of the Annual General Meeting.

Neustadt, May 2011

HORNBACH HOLDING Aktiengesellschaft

The Board of Management