



INVITATION TO
THE ANNUAL
GENERAL MEETING

APRIL 23, 2008
DÜSSELDORF

Dear Shareholders,

you are hereby invited to the
Ordinary Annual General Meeting of

**ARCANDOR Aktiengesellschaft,
Essen,**

to be held on Wednesday, April 23, 2008,
at 10:00 a.m.

at the Congress Center Düsseldorf,
Stadthalle,
Rotterdammer Straße 141,
40474 Düsseldorf.

ISIN DE 000 627 5001

ISIN DE 000 A0S 8678

Agenda

- 1. PRESENTATION OF THE ADOPTED FINANCIAL STATEMENTS OF ARCANDOR AKTIENGESELLSCHAFT AND THE APPROVED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED SEPTEMBER 30, 2007, THE MANAGEMENT REPORTS FOR ARCANDOR AKTIENGESELLSCHAFT AND THE GROUP FOR THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2007, TOGETHER WITH THE REPORT OF THE SUPERVISORY BOARD.**

The aforementioned documents are available for inspection by shareholders at the offices of ARCANDOR Aktiengesellschaft at Theodor-Althoff-Strasse 2, 45133 Essen, Germany, Investor Relations department, and are also available on the Internet at www.arcandor.com. They will be sent to any shareholder immediately on request and free of charge.

- 2. RESOLUTION ON FORMAL APPROVAL OF THE ACTS OF THE MANAGEMENT BOARD DURING THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2007**

The Management Board and Supervisory Board propose to approve formally the acts of members of the Management Board who held office in the financial year ended September 30, 2007.

- 3. RESOLUTION ON FORMAL APPROVAL OF THE ACTS OF THE SUPERVISORY BOARD DURING THE FINANCIAL YEAR ENDED SEPTEMBER 30, 2007**

The Management Board and Supervisory Board propose to approve formally the acts of members of the Supervisory Board who held office in the financial year ended September 30, 2007.

- 4. APPOINTMENT OF THE AUDITOR**

The Supervisory Board proposes that BDO Deutsche Warentreuhand Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Düsseldorf, be appointed as auditor for the financial year which started on October 1, 2007 and ends September 30, 2008 and for the review of the 2007/2008 interim financial report.

5. APPOINTMENT OF THE SUPERVISORY BOARD

The period of office for the current members of the Supervisory Board expires at the end of the Annual General Meeting on April 23, 2008.

The company's Supervisory Board which consists of 20 members in accordance with Article 8 Subsection 1 of the Articles of Incorporation, consists of ten members elected at the Annual General Meeting and ten to be elected by employees in accordance with Article 96 Paragraphs 1 and Article 101 Paragraph 1 of the German Stock Corporation Act and Article 7 Paragraph 1 Sentence 1 No. 3, of the German Code-termination Act. The Annual General Meeting is not bound to voting proposals.

For the time until the ending of the Annual General Meeting which decides approval for the fourth financial year after the start of the period of office (the financial year in which the period of office begins is not counting), the Supervisory Board proposes to elect the following persons:

- a) **Hero Brahms,**
Management consultant,
formerly Chief Financial Officer of Linde AG,
Wiesbaden

Mr. Brahms is a member of the following supervisory boards required by law (in what follows marked with •) and comparable German and foreign control bodies of commercial companies (in what follows marked with -). In what follows these mandates are designed "external mandates:"

- Deutsche Post AG
- Georgsmarienhütte Holding GmbH
(Deputy Chairman)
- Live Holding AG
- Wincor Nixdorf AG
- M.M. Warburg & Co. Gruppe KGaA
- M.M. Warburg & Co. KGaA

In the event that he is elected to the Supervisory Board, Mr. Brahms is to be the candidate for the Chairman of the Supervisory Board.

b) Udo Behrenwaldt,

Self-employed management consultant in the field of financial strategy,
formerly spokesman for the management of DWS Investment GmbH,
Hofheim

External mandates:

- Deutsche Asset Management Investmentgesellschaft mbH
(Deputy Chairman)
- Deutsche Bank Privat- und Geschäftskunden AG
- Deutsche Börse AG
- Deutsche Vermögensbildungsgesellschaft mbH
(Chairman)
- Feri Finance AG
- DWS Investment S.A., Luxembourg
(Member of the Board of Directors)
- BioCentive Ltd., UK
(Member of the Board of Directors)
- InCentive Investment Ltd., UK
(Member of the Board of Directors)

c) Leo Herl,

Chairman of the management of Madeleine Schickedanz
Vermögensverwaltungs GmbH & Co. KG,
Fürth-Dambach

External mandates:

- Quelle Bauspar AG
(Chairman)

d) Ulrich Hocker,

Managing Director of the Deutsche Schutzvereinigung
für Wertpapierbesitz e.V.,
Düsseldorf

External mandates:

- Deutsche Telekom AG
- E.ON AG
- Feri Finance AG
(Deputy Chairman)
- ThyssenKrupp Stainless AG
- Gartmore SICAV, Luxembourg
- Phoenix Mecano AG, Switzerland
(President of the Administrative Board)

e) Prof. Dr. h.c. Karlheinz Hornung,

Chief Financial Officer at MAN AG,
Munich

External mandates:

- Demag Cranes AG
- MAN Diesel SE *
- MAN Ferrostaal AG *
- MAN Nutzfahrzeuge AG *
- MAN Roland Druckmaschinen AG
- MAN TURBO AG *
- RENK AG
(Deputy Chairman) *
- MAN Capital Corporation, USA *

Mandates marked with an * relate to those within the MAN Group.

- f) **Dr. Hans Reischl**,
Management consultant,
formerly Chairman of the Management Board at REWE-ZENTRAL AG,
Cologne
External mandates:
- Alte Leipziger Holding AG
 - Alte Leipziger Versicherungsverein aG
 - MAXDATA AG
- g) **Juergen Schreiber**,
President & Chief Executive Officer Shoppers Drug Mart,
Toronto, Canada
External mandates:
- GfK AG
- h) **Michael Stammler**,
Chairman of the Management Board at Feri Finance AG,
Bad Homburg
External mandates:
- eCapital New Technologies Fonds AG
 - Quelle Bauspar AG
 - Feri Rating & Research AG
(Chairman)
- i) **Dr. Klaus Zumwinkel**,
Management consultant,
formerly Chairman of the Management Board at Deutsche Post AG,
Cologne
External mandates:
- Deutsche Lufthansa AG

j) Prof. Dr. Utho Creusen,

Member of the Executive Board at Media-Saturn-Holding GmbH,
Ingolstadt

External mandates:

None

Furthermore, the Supervisory Board proposes to elect the following people as substitute members at the same time as Supervisory Board members are elected, on the basis that they become members of the Supervisory Board in the following order in the event that one of the proposed Supervisory Board members elected at the Annual General Meeting resigns before the end of their period of office. The period of office corresponds to the remaining period of office of the member who has resigned. The substitute member's office expires with the ending of the Annual General Meeting where a new member is elected to the Supervisory Board in place of the member who has stepped down. In this case, the substitute member is to return to the position as substitute member in the following order.

k) Dr. Helmut Merkel,

Attorney at law, chief legal advisor to Dresdner Bank AG,
Niedernhausen

External mandates:

None

l) Walther Schmidt-Lademann,

Bank director, chief legal advisor to Bayerische Landesbank,
Munich

External mandates:

None

6. AUTHORIZATION FOR THE ACQUISITION AND DEPLOYMENT OF TREASURY STOCK

The Management Board and Supervisory Board propose to authorize the company to acquire and deploy treasury stock.

In order to do this, the Management Board and Supervisory Board propose the following resolution:

- 1) Up to October 22, 2009, the Management Board is authorized to acquire treasury stock with a proportionate amount of up to ten percent of authorized capital or – if this figure is lower – the authorized capital at the time of exercise. The acquisition may take place on the stock exchange, in the form of a public offer addressed to all shareholders, or in the form of an open invitation to all shareholders requesting sale offers to be made. The countervalue for the acquisition of shares acquired at the stock exchange (without additional acquisition costs) may not exceed the average closing price of equivalent company shares in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last three trading days before the obligation to acquire by more than ten percent nor fall more than ten percent below this. In the event of a public bid or an invitation to all shareholders to make a sales offer, it may not exceed the average closing price of equivalent company shares in XETRA trading (or a comparable successor system) on the Frankfurt Stock Exchange on the last three trading days before making the bid public or requesting the sale of shares by more than ten percent nor fall more than ten percent below this. In the event that the volumes of surrendered shares during a public bid or a sale request to all shareholders exceeds the anticipated buyback volumes, in each case the acquisition must take place in line with the shares offered.

A preferential acquisition or a preferential acceptance of small amounts up to 100 tendered shares per shareholder as well as commercial rounding can be stipulated for partial exclusion of possible shareholders' rights to acquire their surrendered shares in this respect.

- 2) The Management Board is authorized to use shares acquired as a result of this authorization as follows:
 - a) They can be sold on the stock exchange or by a bid to all shareholders.
 - b) Furthermore, they can be sold in other ways with approval from the Supervisory Board as long as the shares are paid for in cash at a price (without ancillary costs for their disposal) which does not fall significantly below the stock exchange price of equivalent company shares at the time of sale. The proportionate share of authorized capital attributed to shares sold as a result of this authorization may not exceed ten percent of authorized capital at the time or – if this figure is lower – may not exceed the company's authorized capital at the time of exercising the current authority. To be included in this limitation is the proportionate amount of the authorized capital in relation to shares or in relation to conversion or option rights or obligations from bonds which have been issued since the grant of this authorization with the exclusion of subscription rights in direct application or application in line with Article 186 Paragraph 3 Sentence 4 of the German Stock Corporation Act.
 - c) With approval from the Supervisory Board, they can be offered or transferred in the event of direct or indirect acquisition of companies, parts of companies or holdings in companies as well as business combinations.

- d) They can be used to fulfill option or convertible bonds issued by the company or a direct or indirect subsidiary.
 - e) In addition, during the sale of treasury stock acquired on the basis of bids to all shareholders, the holders of conversion or option rights issued by the company or a direct or indirect subsidiary can be granted subscription rights for the shares to the extent that they would be entitled to after exercising the conversion or option rights or after fulfillment of the conversion requirement.
 - f) With approval from the Supervisory Board, they can be withdrawn without the withdrawal or its implementation being subject to approval at the Annual General Meeting. With approval from the Supervisory Board, the Management Board is authorized to reduce the company's authorized capital by the amount of authorized capital attributed to the withdrawn shares.
- 3) Shareholders' subscription rights for treasury stock are excluded with regards to how these shares are used in accordance with the above mentioned authorizations of No. 2) b) to e).
- 4) All authorizations stated for the acquisition and use of treasury stock can each be exercised independently from one another once or repeatedly, completely or in several partial amounts by the company, but also by direct or indirect subsidiaries or third parties acting on its or their behalf.

MANAGEMENT BOARD REPORT AT THE ANNUAL GENERAL MEETING REGARDING POINT 6 OF THE AGENDA ABOUT THE EXCLUSION OF SHAREHOLDER RIGHTS

The Management Board prepared a written report in accordance with Articles 71, Paragraph 1 Number 8 and Article 186, Paragraph 4 Sentence 2 of the German Stock Corporation Act about the reasons for the proposed authorization to acquire the treasury stock subject to a partial limitation on the principle of equal treatment and a possible shareholders' right to tender as well as the proposed authorization to sell treasury stock in a method other than through the stock exchange or by maintaining the principle of equal treatment. The report also outlines the proposed issue amount. The report will be available for inspection by shareholders at the company's offices from the date at which the Annual General Meeting is convened. The report will be sent free of charge to any Shareholder immediately on request. The report will be announced in the following manner:

Under Agenda Item 6, the Management Board and Supervisory Board propose in accordance with Article 71, Paragraph 1, Number 8 of the German Stock Corporation Act and in line with general corporate practice to authorize the company to acquire treasury stock up to October 22, 2009 up to the extent of ten percent of the current authorized capital or – if this figure is lower – the authorized capital at the time of exercising the current authorization.

When the company acquires treasury stock, the principle of equal treatment in accordance with Article 53a of the German Stock Corporation Act is to be upheld. The proposed acquisition of shares through the stock exchange, a public bid or public invitation to shareholders shall take this principle into account. If a public bid is signed, acceptance must be undertaken in line with quotas. A preferential acceptance of small amounts of up to 100 tendered shares per shareholder as well as commercial rounding can be stipulated. These options help avoid fractional amounts when establishing quotas to acquire and small residual amounts and therefore ease technical execution.

In accordance with the proposed authorization, treasury stock acquired by the company can be either withdrawn or sold through a public bid to all shareholders or on the stock exchange. With both the last possibilities, equal treatment shall also be maintained during the sale of shares.

- 1) The proposed authorization, in line with the legal regulations outlined in Article 71, Paragraph 1, Number 8, Sentence 5 of the German Stock Corporation Act, stipulates that the Management Board, with approval from the Supervisory Board, can effect a sale of the acquired shares in a means other than either through the stock exchange or a bid to all shareholders if the shares acquired are sold at a cash price which does not fall significantly below that of stock exchange price of the equivalent company shares at the time of the sale.

The possibility of a sale in any form other than through the stock exchange or a bid to all shareholders is in the interests of the company and shareholders, since domestic and foreign shareholders can be gained from the sale to institutional investors, for example. Furthermore, the company is in a position to adapt its equity to current business requirements and react quickly and flexibly to favorable stock exchange situations. Shareholders' asset and voting right interests are maintained. Shareholders are not disadvantaged as a result of low volume, since shares sold as a result of the exclusion from subscription rights can only be sold at a price which does not fall significantly below the exchange price at the time of sale. In exercising the authorization, any other issue or sale of shares or an issue of options or conversion rights, in as far as this corresponds to the exclusion of subscription rights in accordance with Article 186, Paragraph 3, Sentence 4 of the German Stock Corporation Act during the period of authorization is to be taken into

account. Interested shareholders can therefore acquire enough shares necessary to retain their participating interest under approximately the same conditions through the stock exchange.

- 2) Furthermore, the company shall have the possibility to offer treasury stock in the context of business combinations and acquisitions (also indirect) of companies, parts of companies or holdings in companies as an adequate counterperformance.

The price used for treasury stock in this instance is determined by the circumstances of the individual case and the time it takes place. In establishing the price the Management Board and Supervisory Board will align themselves to the interests of the company.

As in the past, the Management Board regularly examines opportunities for the company to acquire companies or holdings in companies. The acquisition of such holdings or companies through granting shares is in the interests of the company if the acquisition leads to stabilizing or strengthening the Arcandor Group's market position or enables or facilitates entry into new business areas. In order to take due consideration of the interests of the seller or the company in payment in the form of company shares in the case of a successful completion of contracts promptly and flexibly, if authorized capital cannot be used, it is necessary for the Management Board to be authorized to grant treasury shares with an exclusion of subscription rights with approval from the Supervisory Board. Since the volume of the treasury shares is limited and the shares are to be issued at a value aligned to the stock exchange price, at the time of one of the previously mentioned disposals of trea-

sure stock for the purpose of a business combination or company or holding acquisition where subscription rights are excluded, interested shareholders have the possibility to acquire the shares at the stock exchange price and thus at largely comparable conditions.

As a result of the present considerations, the Supervisory Board considers the proposed sale of treasury stock to be in the interests of the company and shareholders and can justify the exclusion of shareholders' subscription rights in individual cases. The Management Board and Supervisory Board will examine and consider in every case if the business combination or acquisition through granting treasury stock with the exclusion of subscription rights is in the interest of the company.

- 3) Furthermore, the company shall obtain the possibility to use treasury stock to fulfill option or conversion rights and conversion requirements from certain option or convertible bonds issued by the company or a direct or indirect subsidiary of the company.

As a result of the proposed resolution, no new or further authorizations for the issue of options or convertible bonds will be made. It serves the purpose of giving the administration the possibility to service options or conversion rights and conversion duties which are issued as a result of other authorizations with treasury stock instead of recourse to contingent capital available otherwise if this is in the interests of the company after examination by the Management Board and Supervisory Board in individual cases. There are currently no option or conversion rights or conversion requirements where the granting of treasury stock as a result of the proposed authorization would be considered.

- 4) Furthermore, the company shall have the possibility to exclude the subscription rights for the benefit of the holders of option and conversion rights when selling shares through a bid to all shareholders. In this way a subscription right for the shares can be ensured to the extent of entitlements after exercising option or conversion rights or after fulfilling conversion requirements. This enables the company to avoid option or conversion rights being reduced, which according to the conditions of option or conversion rights would occur in the event of a sale of treasury stock to all shareholders without granting corresponding subscription rights to option and conversion right holders.

ATTENDANCE AT THE ANNUAL GENERAL MEETING

Shareholders who wish to attend the Annual General Meeting or exercise their voting right (also by proxy) must notify their intention to do so in written form in German or English before the meeting. Notification must reach the company not later than the end of April 16, 2008 (24:00 CEST).

Shareholders must also prove their entitlement to attend the Annual General Meeting. In order to do this, a proof of shareholding in written form in German or English from the bank or financial services institute at which the securities are deposited is necessary. The proof of shareholding must relate to the start of April 2, 2008 (00:00 CEST), and reach the company not later than the end of April 16, 2008 (24:00 CEST).

Notice of attendance and proof of shareholding are to be sent to:

ARCANDOR Aktiengesellschaft
c/o Dresdner Bank AG
WDHHV dwpbank AG
Wildunger Straße 14
D-60487 Frankfurt am Main
Fax: +49 (0)69 50 99 11 10
E-mail: hv-eintrittskarten@dwpbank.de

After receipt of the notice of attendance and the proof of shareholding, the shareholders are sent entrance tickets for the Annual General Meeting. In order to simplify the organization of the Annual General Meeting, we request that our shareholders ensure their bank or financial services institute where the securities are deposited send the notice of attendance and proof of shareholding as early as possible.

VOTING BY PROXY

A shareholder may also exercise his voting rights at the Annual General Meeting through an authorized representative, e.g. the depositing bank, an association of shareholders or another person of his choice. Authorizations are to be made in writing, in as far as they are not granted to a bank, an association of shareholders or another person nominated in Article 135 of the German Stock Corporation Act.

As a special service, we again offer our shareholders the opportunity before the Annual General Meeting to authorize voting representatives who have been appointed by the company and are bound by instructions to act for them at the Annual General Meeting. Shareholders who would like to authorize a voting representative appointed by the company require an entrance ticket to the Annual General Meeting in order to do so. Authorizations and instructions for appointed voting representatives must reach the company before April 21, 2008 at the following address:

ARCANDOR Aktiengesellschaft
Bereich Investor Relations
Theodor-Althoff-Straße 2
D-45133 Essen

The voting representatives appointed by the company exercise voting rights in accordance with their instructions in the event of an authorization. For ballots where no express instructions were received they abstain from voting. Details for issuing authorizations and instructions to voting representatives appointed by the company will be sent to shareholders together with the entrance ticket.

SHAREHOLDER MOTIONS AND VOTING PROPOSALS

Shareholder motions and voting proposals are to be sent exclusively to:

ARCANDOR Aktiengesellschaft
Bereich Investor Relations
Theodor-Althoff-Straße 2
D-45133 Essen
Fax: +49 (0)201 727 98 54

Shareholder motions and voting proposals to be made publicly accessible are published on the internet at www.arcandor.com under the link Investor Relations/Annual General Meeting. Any possible statements made by the administration are also accessible under this internet address.

TOTAL NUMBER OF SHARES AND VOTING RIGHTS AT THE TIME THE ANNUAL GENERAL MEETING IS CONVENED

At the time the Annual General Meeting is convened, the total number of shares is 230,205,528 with an equal number of votes. At the time the meeting is convened, the company holds 5,697,827 treasury shares. This does not grant any votes to the company.

Essen, March 2008

ARCANDOR Aktiengesellschaft

The Management Board

