ARCANDOR

COMMITTED TO CREATING VALUE

INTERIM REPORT OF THE GROUP AS OF DECEMBER 31, 2008

FIRST QUARTER OF THE 2008/2009 FINANCIAL YEAR

At a glance

SALES (like-for-like pro forma basis)		01.10.2008 – 31.12.2008*	01.10.2007 – 31.12.2007*	Change in %
Thomas Cook [1]	mill. €	2,198.0	2,136.8	2.9
Primondo	mill. €	1,217.1	1,212.4	0.4
Karstadt	mill. €	1,348.2	1,348.5	0.0
Operating segments [1]	mill. €	**4,763.3**	**4,697.7**	1.4
Other segments [2]	mill. €	48.1	66.7	-
Reconciliation account	mill. €	-22.7	-27.5	-
Sales (adjusted) [1]	mill. €	**4,788.7**	**4,736.9**	1.1

EARNINGS (like-for-like pro forma basis)		01.10.2008 – 31.12.2008*	01.10.2007 – 31.12.2007*	Change in Mio. €
Thomas Cook [1]	mill. €	9.3	-32.2	41.5
Primondo	mill. €	53.7	69.9	-16.2
Karstadt	mill. €	139.3	136.0	3.3
Operating segments [1]	mill. €	**202.3**	**173.7**	**28.6**
Other segments [2] Reconciliation account/Holding company	mill. €	-22.5	-20.7	-1.8
EBITDA (adjusted) [1]	mill. €	**179.8**	**153.0**	**26.8**
EBITDA margin (adjusted) [1]	*in %*	*3.7*	*3.2*	-

INVESTMENTS		01.10.2008 – 31.12.2008*	01.10.2007 – 31.12.2007*	Change in %
Investments	mill. €	66.7	72.1	-7.5
Depreciation and amortisation (not including amortisation of goodwill)	mill. €	109.0	95.9	13.7
Working capital	mill. €	-842.9	-475.3	77.3

FINANCIAL SITUATION		31.12.2008*	30.09.2008	Change in %
Net financial liabilities	mill. €	1,393.6	801.8	73.8
Finance lease liabilities	mill. €	1,233.3	1,259.0	-2.0

FULL-TIME EMPLOYEES AT THE BALANCE SHEET DATE (like-for-like pro forma basis)		31.12.2008*	31.12.2007	Change in %
Thomas Cook	number	28,679	24,759	15.8
Primondo	number	15,616	17,077	-8.6
Karstadt	number	23,627	24,619	-4.0
Operating segments	number	**67,922**	**66,455**	2.2
Other segments [2], Holding	number	361	828	-56.4
Total	number	**68,283**	**67,283**	1.5

ARCANDOR SHARE		01.10.2008 – 31.12.2008*	01.10.2007 – 31.12.2007*	Change in %
Earnings per share	€	-0.23	-0.17	-35.3
Share price at the balance sheet date	€	3.09	16.24	-81.0
Highest price	€	3.09	23.21	-86.7
Lowest price	€	1.32	15.83	-91.7

* The data has been adjusted. The adjustments relate to special factors, divestments and restructuring expenses in EBITDA.

[1] Due to the change of the balance sheet date of the Thomas Cook Group from 31 October to 30 September, the equivalent quarter of the previous year contained only November and December 2007. In order to better illustrate the development of business, the Thomas Cook October 2007 result was added on a pro forma basis in the comparative period. The previous year was adjusted to achieve standard reporting with Thomas Cook Group plc. In this connection the year-end booking adjustments previously consolidated in October 2007 were adjusted.

[2] The Other segments comprise: Services and Real Estate.

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Dear shareholders,

In the context of the general economic situation the Arcandor Group held its position well in the first quarter of the 2008/2009 financial year. In our three operating segments the sales trend in the Christmas quarter was normal and solid. Pleasingly, general expectations of a recession-driven weak quarter were not confirmed. In their most important quarter of the year, Primondo and Karstadt proved to be very robust in an extremely challenging environment. This was due particularly to their rigorous realignment. Thomas Cook looks back at another successful quarter.

GROUP SALES INCREASED – OPERATING RESULT IMPROVED

Adjusted Group sales totalled 4.79 bill. € (previous year pro forma: 4.74 bill. €), up year-on-year by a good 1.1%. All operating companies achieved a good development of sales. Adjusted Group EBITDA was 180 mill. €, an increase of around 18%.

The reporting period for the Thomas Cook Group plc is only two months (1 November 2007 to 31 December 2007), due to the change of the economic year-end date made in the previous year. In order to ensure comparability, we have reported the previous year's EBITDA figures on a three-month basis (1 October 2007 to 31 December 2007), using a pro forma calculation. We have also adjusted our results recognition in the previous year to the financial reporting of the Thomas Cook Group plc, so that its operating development is shown synchronously.

DECLINE IN CONSOLIDATED EARNINGS AFTER MINORITIES INTERESTS – NEGATIVE IMPACT OF RESTRUCTURING EXPENSES AND INTEREST

In comparison to the previous year, consolidated earnings after minorities interests declined by 20 mill. € to minus 58 mill. €. Key factors for the decrease were restructuring expenses at Primondo and the Thomas Cook Group plc combined with higher interest charges.

THOMAS COOK PUSHED UP SALES AND EARNINGS

Arcandor is the main shareholder of the listed company, Thomas Cook Group plc. We are very satisfied with the development of our Tourism subsidiary. On the basis of its operating strength, the flexible business model and driven by positive currency translation effects in the Euro zone, Thomas Cook Group plc managed to improve local currency sales by 16.7% in a difficult market environment. In the reporting period, adjusted sales on a Euro basis consolidated in the financial statements increased by 2.9% to 2.20 bill. € (previous year pro forma: 2.14 bill. €). In the seasonally related weak quarter from October to December, Thomas Cook achieved a positive result. Adjusted EBITDA totalled 9 mill. €. Against the previous year's figure (pro forma: minus 32 mill. €), this represents an improvement of 41 mill. €. However, for the success of the tourism group on a full-year basis, the October to December reporting period quite naturally tends to be of subordinate importance. The EBIT consolidated in the consolidated financial statements was minus 95 mill. € (previous year: minus 150 mill. €), having been negatively impacted by restructuring expenses.

PRIMONDO SALES UP SLIGHTLY – EARNINGS DOWN YEAR-ON-YEAR – QUELLE PLEASINGLY STABLE, SPECIALTY MAIL ORDER IMPACTED BY WEAK ECONOMY

In the first quarter, adjusted sales in the Primondo Group totalled 1.22 bill. €. This equates to an increase of 0.4%. In December 2008, Primondo achieved a considerable sales upturn, not only offsetting the sales trend of the weaker months October and November, but even overcompensating for it slightly. Particularly pleasing in this context was strong sales growth at Quelle Germany in the important month of December. What is more the growth areas of e-commerce, international business and TV home shopping considerably expanded at Primondo in the context of its realignment, thus making a major contribution to the positive business trend. The rigorous transformation of Quelle to an online provider is paying off. Orders made on quelle.de, the number three in German online retail, rose by 38% in the first quarter, thus nearly making up the structurally driven decline in the Quelle catalogue business in Germany. International business at Quelle again increased sharply, improving by a good 15% in the quarter. HSE24 again looks back at a successful quarter. Sales improved by 2.6%. On the other hand, specialty mail order was considerably impacted by the general economic malaise, posting a year-on-year sales decline of a good 3%. Adjusted EBITDA of the Primondo Group totalled 54 mill. € (previous year: 70 mill. €). Pleasingly, the earnings trend was stable at

Quelle, the largest unit in the Primondo segment. The key factor driving the earnings downturn of 16 mill. € was the weak development of some specialty mail order companies, as well as the closure of Fox markets (close-out retail chain). In the first quarter, Primondo invested large amounts in restructuring, including the closure of stationary shops. As a consequence, EBIT declined by 67 mill. € to minus 22 mill. €. The reduction of staff costs as a result of the “Pact for the Future” did not have any significant influence on the quarterly result, but will positively impact subsequent quarters.

KARSTADT STABILISED – OPERATING RESULT IMPROVED

Karstadt has succeeded in halting the downwards trend and bringing about a change in direction. In the first quarter of the 2008/2009 financial year, Karstadt achieved adjusted sales for department store business of 1.27 bill. €. This equates to a slight sales upturn of 0.1 %. A positive sales trend was evidenced in the Fashion area, which gained a good 4 %. As a result, Karstadt gained market shares in its most important consumer sector. The Sport area also expanded sales. At the same time, there were declines in Multimedia and Catering. A key factor here was the targeted reduction of unprofitable sales space. Across the entire Karstadt segment (including Food and Catering), adjusted sales totalled 1.35 bill. €, thus reaching the level of the previous year. With an adjusted EBITDA of 139 mill. €, Karstadt improved on the previous-year result by 3 mill. €. Due to a restrained discount policy, the trade margin was stable. The cost reduction programmes implemented towards the end of the quarter did not yet have any significant influence on the result, but will positively impact subsequent quarters. Despite a difficult market environment, Karstadt achieved an EBIT amounting to 99 mill. €, almost at the level of the previous year (103 mill. €). After considerable losses in the past quarters, Karstadt has thus achieved a trend reversal despite difficult conditions and has further improved its operating quality.

OUTLOOK: GROUP PREPARED FOR DIFFICULT FINANCIAL YEAR

We prepared the Arcandor Group at an early stage for a difficult 2008/2009 financial year. As a result we took measures to offset potential pressure on sales resulting from the general economic situation. We want to achieve this on the basis of flexibility, increased efficiency and cost reductions. To do this we invested another approximately 90 mill. € in restructuring the Group in the first quarter of 2008/2009.

At Primondo and Karstadt the most important quarter of the 2008/2009 financial year is already over. In view of the difficult market environment, we concluded it successfully. We thus have a solid basis for the rest of the financial year in our retail segments and during the year will benefit increasingly from cost reductions resulting from the "Pact for the Future".

Therefore we are facing future developments with cautious optimism. Like many other companies in consumer-oriented areas, we do not consider a short-term results forecast to be appropriate in light of the financial crisis and related uncertainties, particularly in terms of consumer behaviour.

For the Management Board
Yours

Dr. Thomas Middelhoff

ARCANDOR SHARE

INCREASE IN SHARE PRICE

In the reporting period, the price of the Arcandor share moved up from 2.49 € by 24.1% to close the year at 3.09 €. Thus the share considerably outperformed the MDAX which lost 18.5% in the same period. During January 2009, the Arcandor share price again declined and moved around the 2 € mark.

CAPITAL INCREASE CONCLUDED

On 29 September 2008, Arcandor AG implemented a capital increase. 23,020,552 new no-par value bearer shares against cash contributions were issued. Sal. Oppenheim jr. & Cie. KGaA was authorised to subscribe. With the entry of the capital increase in the Commercial Register on 23 October 2008 the share capital increased from 589,326,151.68 € to 648,258,766.68 €. The number of issued shares thus increased to 253,226,080.

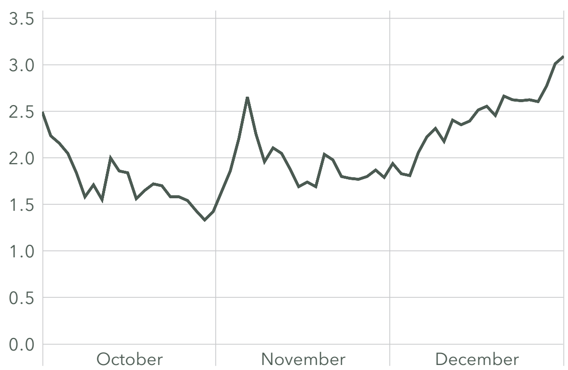
SAL. OPPENHEIM NEW MAJOR SHAREHOLDER

With a stake of 28.6% (according to the German Securities Trading Act), Bankhaus Sal. Oppenheim was the largest Arcandor shareholder to the end of December 2008. Another major shareholder is the Madeleine Schickedanz pool with a share of 26.7% (according to the German Securities Trading Act). Arcandor AG still holds 5.7 million shares or 2.3% as Treasury shares. Thus 42.4% of the shares are in the free float.

HIGH TRADING VOLUME

To the reporting date, the Arcandor market capitalisation (including Treasury shares) totalled 782.5 mill. €. With an average daily trading volume of 2.2 million shares, the stock again displayed a high level of liquidity in the first quarter.

Share price performance in €
(October 1 to December 31, 2008)



THOMAS COOK

Key figures

		01.10.2008 – 31.12.2008	01.10.2007 – 31.12.2007		Change
Sales*	mill. €	**2,198.0**	**2,136.8**	in %	2.9
Earnings*					
EBITDA (adjusted)	mill. €	**9.3**	**-32.2**	in mill. €	**41.5**
EBITDA margin (adjusted)	*in %*	*0.4*	*-1.5*	-	-
Full-time employees at the balance sheet date	number	**28,679**	**24,759**	in %	15.8

* Like-for-like pro forma basis.

THOMAS COOK INCREASES LOCAL CURRENCY SALES BY 16.7 %

On the basis of its operating strength, the flexible business model and driven by positive currency translation effects in the Euro zone, Thomas Cook Group plc managed to improve local currency sales by 16.7% in a difficult market environment. In the reporting period, adjusted sales on a Euro basis consolidated in the financial statements increased by 2.9% to 2.20 bill. € (pro forma: 2.14 bill. € in the previous year). The companies acquired during the 2007/2008 financial year also impacted positively on sales.

In addition, average sales prices were increased in almost all segments, thus positively impacting sales.

SIGNIFICANT IMPROVEMENT IN ADJUSTED EBITDA

Adjusted EBITDA totalled 9.3 mill. €. Against the previous year's figure (pro forma: minus 32.2 mill. € as adjusted to the Thomas Cook Group plc reporting system), this represents an improvement of 41.5 mill. €. However, for the success of the tourism group on a full-year basis, the October to December reporting period quite naturally tends to be of subordinate importance. The EBIT included in the consolidated financial statements was minus 95.0 mill. € (previous year pro forma: minus 149.7 mill. €). Here the restructuring expenses and higher interest as a result of acquisitions impacted negatively.

ADDITIONAL ACQUISITIONS STRENGTHEN THE INDEPENDENT TRAVEL BUSINESS

In December 2008, Thomas Cook concluded a contract for the acquisition of a 50.01% stake in Gold Medal International Ltd., a leading British tour operator for long-distance travel. The tourism company offers over 1,500 travel destinations worldwide. The transaction is still subject to approval from the competition authorities and should be concluded in the first calendar quarter of 2009.

Thomas Cook has also acquired the hotel database Med Hotels, a leading brand in this sector, from Last-minute.com. It is planned to combine the Med Hotels business with that of Portal Hotels4U which was acquired in February 2008.

THOMAS MIDDELHOFF AND KARL-GERHARD EICK REPRESENT ARCANDOR IN THE THOMAS COOK GROUP PLC BOARD OF DIRECTORS

Dr. Karl-Gerhard Eick, Chairman of the Arcandor AG Management Board as of 1 March 2009, has been a member of the Thomas Cook Group plc Board of Directors since 22 December 2008. Dr. Thomas Middelhoff remains Chairman of this committee. This ensures the continuity of the successful corporate management at Thomas Cook from the perspective of Arcandor AG.

OUTLOOK

The Thomas Cook Board of Directors is confident that the current financial year will be in line with expectations. Current trading for the 2008/2009 winter season has been robust. Average selling prices increased against the previous year and departed load factors at least remained stable. Despite the challenging economic conditions, the bookings trend for the 2009 summer season are encouraging, particularly in the United Kingdom.

PRIMONDO

Key figures*

		01.10.2008 – 31.12.2008	01.10.2007 – 31.12.2007		Change
Sales	mill. €	**1,217.1**	**1,212.4**	in %	0.4
Earnings					
EBITDA (adjusted)	mill. €	**53.7**	**69.9**	in mill. €	**-16.2**
EBITDA margin (adjusted)	*in %*	*4.4*	*5.5*	-	-
Full-time employees at the balance sheet date	number	**15,616**	**17,077**	in %	-8.6

* The figures have been adjusted. The adjustments relate to special factors and divestments.

STABLE BUSINESS TREND IN A CHALLENGING ENVIRONMENT

Primondo has kept on track in a particularly challenging environment. The home shopping group posted a stable business trend in what is the most important quarter in the retail trade. Adjusted sales increased slightly by 0.4% to 1.22 bill. € (previous year: 1.21 bill. €). After a modest start to the quarter, sales in the Christmas business moved up tangibly from the end of November. With a considerable sales upturn, Quelle in Germany achieved the best December since 2002. At 673.0 mill. €, sales in the first quarter were nearly at the previous year's level. The growth areas of e-commerce, international business and TV home shopping considerably expanded at Primondo in the context of its realignment, thus making a major contribution to the positive business trend. On the other hand, individual specialty mail order companies specialising in older target groups on the premium segment as well as the specialty mail order business in France were not able to decouple themselves from the considerably deteriorating general conditions. For adjusted EBITDA Primondo thus posted 53.7 mill. €, a year-on-year decline of 16.2 mill. €.

QUELLE GERMANY ACCELERATES IN E-COMMERCE

In its 2008 Christmas business, growth in e-commerce Quelle compensated for structural shrinkage in the classical catalogue and over-the-counter business, thus achieving an important strategic milestone. With a high degree of momentum, Quelle is making the transformation from a traditional catalogue-based mail order into a modern home shopping provider with an Internet focus. In the expanding online market in Germany, the Quelle GmbH market share increased in the 2008 calendar year to 4.8% (2007: 4.0%, figure from GfK, retail sales without food). After the pure-play online providers – eBay and amazon – Quelle has been the number three in German e-commerce since the beginning of 2007.

The success achieved in the transformation process shows that Quelle meets all the conditions to play a leading role in designing the high-volume mass market business on the Internet. In 2009, all internal company workflows, processes and structures are consistently oriented to the strategic growth channel e-commerce. Nevertheless, catalogues and over-the-counter business will continue to have a place in the multi-channel market presence and marketing mix.

GROWTH IN EAST AND WEST: NUMBER ONE IN AUSTRIA, RUSSIA AND CENTRAL EASTERN EUROPE

Quelle is the most successful home shopping brand in Central and Eastern Europe as well as Austria. All country companies are either number one or number two in the markets, and by far the leaders in e-commerce. In the first quarter of 2008/2009, the international business of the Quelle country companies again developed very successfully with combined sales growth of 15.5 % to 182.4 mill. €. The sales upturn at the Russian subsidiary was well above average, achieving as it did a rise of over 50 %. With double-digit growth rates, Quelle also continued to expand its strong market position in Estonia, Poland, Slovenia, Switzerland and Slovakia. Quelle Austria followed on from its success in its record year of 2007/2008 and further increased sales.

SPECIALTY MAIL ORDER

The business trend of individual specialty mail order companies shows clearly that it is primarily older target groups which are unsettled by the economic and financial crisis and consequently are significantly restrained in their spending. As a result of its strategic alignment, the Walz Group with its Baby-Walz core brand has experienced no effect and is posting rising sales. On the other hand, the TriStyle Group (joint venture with Klaus Wirth) with its fashion specialty mail order companies Madeleine, Peter Hahn and Atelier Goldner Schnitt have recorded a considerable downturn in business volume since October 2008. But young specialty mail order companies such as Planet Sports or Vertbaudet remain on growth track. Overall, Primondo specialty mail order has been able to limit the economically driven downturn to a moderate sales decline of 3 %.

HSE24 REMAINS ON GROWTH TRACK

The television shopping channel HSE24 again looks back at a successful quarter. In December, after a weaker start to the quarter, it achieved the best sales result in its history. Sales improved by 2.6 % to 95.4 mill. € (previous year: 93.0 mill. €).

OUTLOOK

The realignment of Quelle into a leading e-commerce company will be advanced rigorously in 2009. Primondo will also further expand its international commitment. In January 2009, it launched its own Quelle range in Ukraine. With the objective of sustained cost reductions, an efficiency programme has been launched at the specialty mail order companies particularly impacted by the recession. The Primondo target for the current financial year is to achieve a further improvement in earnings.

KARSTADT

Key figures*

		01.10.2008 – 31.12.2008	01.10.2007 – 31.12.2007		Change
Sales (adjusted)					
Karstadt department stores	mill. €	1,204.3	1,208.5	in %	-0.3
Karstadt sports	mill. €	68.2	62.7	in %	8.8
Department stores	mill. €	**1,272.5**	**1,271.2**	in %	0.1
Segment total [1]	mill. €	**1,348.2**	**1,348.5**	in %	0.0
Earnings					
EBITDA (adjusted)	mill. €	**139.3**	**136.0**	in mill. €	**3.3**
EBITDA margin (adjusted)	*in %*	*10.3*	*9.8*	-	-
Other information					
Branches	number	**127**	**129**	in %	-1.6
Sales space (Group-operated space)	th. sq. m.	**1,561.2**	**1,604.2**	in %	-2.7
Full-time employees at the balance sheet date	number	**23,627**	**24,619**	in %	-4.0

* The figures have been adjusted. The adjustments apply to special factors and divestments as well as restructuring expenses in EBITDA.
[1] Including Karstadt Feinkost and LeBuffet.

SALES TREND UP SLIGHTLY

In the first quarter of the 2008/2009 financial year, Karstadt achieved adjusted sales for department store business of 1.27 bill. €. This equates to a slight sales upturn of 0.1 %. As a result, Karstadt defended its market position as leading German department store company. The general expectation of a weak Christmas in the retail business due to the looming recession in the autumn of 2008 was thus not confirmed. Business was stable in the important December weeks. Across the entire Karstadt segment (including Food and Catering), adjusted sales totalled 1.35 bill. €, thus reaching the level of the previous year.

ADJUSTED EBITDA UP YEAR-ON-YEAR

Karstadt achieved an adjusted EBITDA of 139.3 mill. € (previous year: 136.0 mill. €). This represents a rise of 3.3 mill. €. In its Christmas business, Karstadt did not have any complex discount campaigns. At the same time, in comparison to the previous year it successfully reduced its marketing activities to fewer but better targeted impulses.

FASHION UND SPORTS WITH POSITIVE TREND

In the first quarter, the Fashion area experienced a positive sales trend, gaining almost 4.1 % year-on-year. As a result, Karstadt gained market shares in its most important consumer sector, underlining its competency for fashion. At the same time, higher sales are a result of the shop campaign in the fashion area initiated in the last financial year. The cold weather in November and December almost meant that the fashion range was sold in the Christmas business without offering deep price reductions. Thanks to successful optimisation of the product range and increased expertise, the Sports area (sports stores and sports departments in department stores) closed the reporting period with sales 4.2% higher than the previous year. The winter weather also added to this positive development. The Home area (with a plus of 0.5%) was slightly up year-on-year, but Personality (minus 0.4%) moved down marginally. Due to the considerable reduction in store space and general purchasing reticence for large-ticket equipment, Multimedia declined by 11.1% against the equivalent period in the previous year. Driven by strong Christmas business, karstadt.de, the online shop at Karstadt Warenhaus GmbH, advanced sales by 40.2% year-on-year.

EFFICIENCY PROGRAMME INITIATED

The efficiency programme at Karstadt Warenhaus GmbH was implemented in a rigorous fashion in the reporting quarter. Its key elements include streamlining the management team, focusing on staff functions at headquarters, reducing other headquarters costs, restructuring purchasing, and adjusting the marketing budget. At the same time, complex administration processes in sales were simplified with the objective of strengthening sales and customer advice. In October 2008, company management and the Works Council at Karstadt headquarters reached agreement on a redundancy plan and a reconciliation of interests relating to the cutback of approximately 330 full-time positions at the Essen headquarters. The job reductions will be completed by 31 May 2009 at the latest. Additionally, in the context of a “Pact for the Future”, the Karstadt corporate management has agreed with trade union and employee representatives on a three-year cost reduction contribution from employees. All levels of management in the company are also participating in this “Pact for the Future”. This measure brings with it a consistent earnings and cash oriented direction of all segments.

OUTLOOK

The willingness of consumers to spend continues to depend on the impact of the economic and financial crisis on the employment market. Even if the crisis has not yet impacted the spending patterns of German consumers in a sustained fashion, future risks of the recession cannot be currently estimated. With the efficiency programme and the “Pact for the Future”, Karstadt has prepared itself for deteriorating general conditions. Initial tangible effects from the measures which have been introduced will impact the cost structure positively during the remaining part of the financial year. Karstadt will further optimise its store network. At the beginning of April 2009, Karstadt is opening a new store with approximately 24,000 sq. m. of sales space in the new Shopping Center Forum Steglitz in Berlin. With modern store design and strong brand shops, Karstadt is presenting a new shopping experience at its new outlet in Steglitz and is strengthening its market position in the Berlin metropolitan area.

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THE GROUP

Group structure and operating activities

THOMAS COOK

Arcandor holds approximately 53 % in the tourism group Thomas Cook Group plc, which is split into the following divisions:

- UK and Ireland
- Continental Europe
- Northern Europe
- North America
- Condor

PRIMONDO

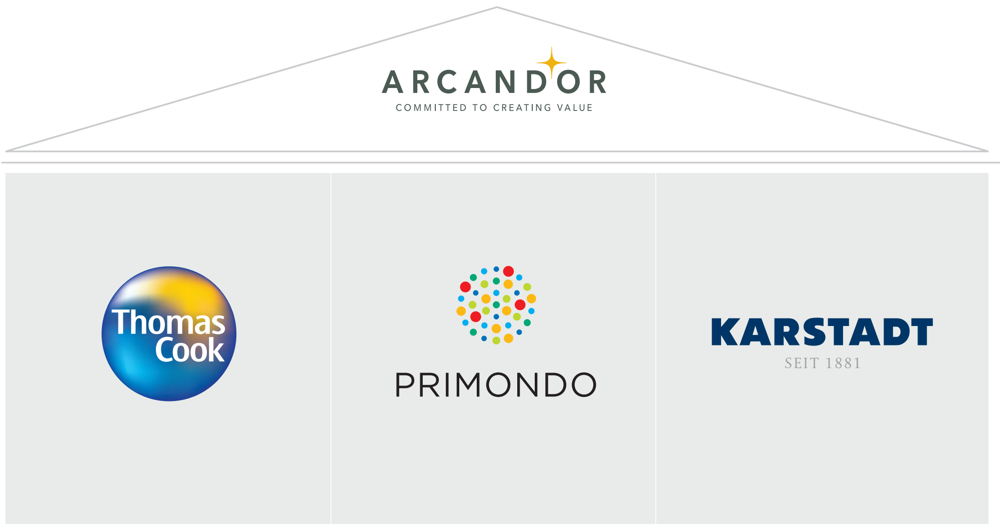
Primondo bundles the Arcandor Group's mail order activities and is split into the following divisions:

- Universal Mail Order Quelle (Germany and International)
- Specialty Mail Order (Communities, Golden Ager, Premium)
- New Media (teleshopping, e-commerce)

KARSTADT

Karstadt is divided into the following formats:

- Premium
- Karstadt Department Stores
- Karstadt sports
- karstadt.de



GENERAL ECONOMIC CONDITIONS

Germany's GDP rose by 1.3 % in real terms in 2008 according to provisional figures from the Federal German Statistics Office. A 2.3 % decrease in GDP is expected for the fourth quarter of 2008 (current figures were not yet available at the date of publication).

In the period of October to November 2008 (more recent figures are not available), retail sales in the narrow sense (excluding motor vehicle sales, pharmacies and gas stations) posted a nominal year-on-year decrease of 0.6 % according to calculations from the Federal German Statistics Office. In this period, it was particularly supermarkets, food discount stores and the specialised retail trade which posted above-average performance.

After several years of strong growth, the tourism market is showing a weaker dynamic for the first time. According to the World Tourism Organisation (UNWTO), the number of international tourist arrivals saw a 1 % year-on-year decrease worldwide in the second half of 2008. In the light of the financial crisis and related uncertainties the development of the tourism market in the year 2009 is hardly predictable.

For the German mail order market, the Federal German Statistics Office calculated a nominal year-on-year sales downturn of 3.2 % for the period of October to November 2008.

In the October to November 2008 period, department stores posted a nominal minus of 3.6 %.

In its economic forecast published in January 2009, the German Institute for Economic Research (DIW) anticipates a real-term 1.1 % decrease in GDP for the year 2009 as a result of the weak development of the global economy. Due to higher pay agreements and increased monetary social benefits, disposable income of private households is expected to develop better than economic production as a whole in 2009. A value of around 11.4 % is anticipated for the savings ratio.

OVERVIEW OF FIRST QUARTER OF FINANCIAL YEAR 2008/2009

SIGNIFICANT EVENTS

"Pact for the Future" agreed

In October 2008, a "Pact for the Future" was agreed between the Management Board, the members of the Group Works Council and the trade union ver.di. The "Pact for the Future" will save 345.0 mill. € in staff costs over the next three years in the Primondo, Karstadt and Arcandor Holding segments.

New composition and new Chairman of the Supervisory Board

Effective at the close of 31 October 2008, Hero Brahms and Jürgen Schreiber resigned their positions as members of the Supervisory Board for personal reasons. The District Court of Essen appointed Friedrich Carl Janssen and Dr. Hans-Jochem Lüer as members of the Supervisory Board to represent the shareholders on 9 November 2008. In its meeting on 13 November 2008, the Supervisory Board elected Friedrich Carl Janssen as its Chairman.

Changes to the Arcandor AG Management Board

On 28 November 2008, the Management Board of Arcandor AG was restructured. The Supervisory Board appointed Stefan W. Herzberg and Rüdiger Andreas Günther to the Management Board effective from 1 December 2008. Rüdiger Andreas Günther replaced the former CFO Dr. Peter Diesch, who resigned from the Management Board as of 31 December 2008. In addition, Professor Helmut Merkel left the Management Board of Arcandor AG as of 31 December 2008.

On 4 December 2008, the Supervisory Board of Arcandor AG appointed Dr. Karl-Gerhard Eick as the new Chairman of the Arcandor Management Board effective from 1 March 2009. At the same time, Dr. Thomas Middelhoff will retire as Chairman of the Management Board.

Quelle achieves reconciliation of interests

At the end of November 2008, the Quelle GmbH management came to an agreement with the Works Council on a reconciliation of interests and a social plan. These foresee an adjustment of personnel capacity. The resulting financial obligation is estimated at 30 mill. €.

Acquisition of Gold Medal International Ltd.

In December 2008, Thomas Cook concluded a contract for the acquisition of a 50.01 % stake in the British tour operator Gold Medal International Ltd. The contract stipulates that the Thomas Cook subsidiary, Flight Savers, is transferred into Gold Medal International Ltd. on completion of the contract. The competition authorities have yet to authorise the transaction. The conclusion of the contract is expected in the first calendar quarter of 2009. Brands belonging to Gold Medal International Ltd include the Gold Medal Travel Group, which sells through independent travel agents, and netflights.com, which sells directly.

Realignment of the financial services area

Arcandor AG and ERGO Versicherungsgruppe AG agreed to realign their investments in the financial services area. As a result, the KarstadtQuelle Bank AG is retained by Arcandor and all other investments of KarstadtQuelle Versicherungen pass on to ERGO. Subsequently KarstadtQuelle Bank AG was sold to KarstadtQuelle Mitarbeitertrust e.V. (CTA).

RESULTS OF OPERATIONS, FINANCIAL POSITION AND NET ASSETS

Results of operations

Sales and earnings performance

ADJUSTMENTS AND COMPARATIVE FIGURES

The following factors had a strong influence on figures for the 2007/2008 and 2008/2009 financial years and their comparability:

- Non-recurring factors relating to restructuring and reorientation of the Arcandor Group
- Change in the annual reporting date of the Thomas Cook Group plc to 30 September

Further there were adjustments to the previous year periods due to the changes to the accounting of catalogue costs and the disclosure of expenses in connection with the sale of accounts receivable (programme fees).

As a result of the change in the annual reporting date of Thomas Cook Group plc to the group-wide balance sheet date of 30 September, the income and expenses of Thomas Cook for the consolidated interim financial statements of 31 December 2007 are consolidated for the two-month period from 1 November 2007 to 31 December 2007. The income and expenses of Thomas Cook for the period from 1 October 2008 to 31 December 2008 were included in the consolidated interim financial statements for the three-month period from 1 October 2008 to 31 December 2008.

Therefore a comparison of periods in the consolidated income statement, the consolidated cash flow statement and the segment information is only possible to an extremely limited extent.

In order to also obtain a comparable basis for sales and EBITDA in terms of content, numerous non-recurring and one-time effects resulting from the restructuring and reorientation of the Arcandor Group were adjusted in the first three months of the financial year 2008/2009 and in the comparison period.*)

*) EBITDA and adjustments are not defined key figures under IFRS.

The following tables give an overview of adjustments made for sales and EBITDA for each segment.

Reconciliation/Adjusted sales

Amounts shown in mill. €	01.10.2008 – 31.12.2008	01.10.2007 – 31.12.2007
Sales before adjustments	**4,814.2**	**3,956.5**
Primondo		
Specialty Mail Order	-	-21.4
Services/Management Group	-8.5	-37.0
Other	-8.5	-2.5
	-17.0	**-60.9**
Karstadt		
Closures/Special formats	**-5.2**	**-37.5**
Operating segments	**-22.2**	**-98.4**
Other segments [1], Reconciliation account/Holding	-3.3	-17.7
Adjustments total	**-25.5**	**-116.1**
Sales adjusted	**4,788.7**	**3,840.4**

[1] The Other segments comprises the segments Services and Real estate.

Reconciliation EBITDA/EBITDA adjusted

Amounts shown in mill. €	01.10.2008 – 31.12.2008	01.10.2007 – 31.12.2007
EBITDA before adjustments	**90.3**	**69.1**
Thomas Cook		
Expenses for tourism services	30.1	-
Costs of reorganisation and integration	6.2	-
Other	9.8	9.9
	46.1	**9.9**
Primondo		
Severance payments	30.0	0.2
Costs of reorganisation	-	4.1
Book losses	24.6	-
Other	5.2	3.9
	59.8	**8.2**
Karstadt		
Severance payments	0.4	0.5
Part-time retirement	1.8	1.2
Costs of reorganisation	8.3	9.5
	10.5	**11.2**
Operating segments	**116.4**	**29.3**
Other segments [1] [2], Reconciliation account/Holding	-26.9	7.8
Adjustments total	**89.5**	**37.1**
EBITDA adjusted	**179.8**	**106.2**

[1] The Other segments comprises the segments Services and Real estate.
[2] Included are profits from the sale of real estate amounting to 39,6 mill. € (previous year: 0 mill. €).

SALES PERFORMANCE
Adjusted sales by business segment

Amounts shown in mill. €	**01.10.2008 – 31.12.2008**	01.10.2007 – 31.12.2007*	Change in %
Thomas Cook	2,198.0	1,240.3[1)]	77.2
Primondo	1,217.1	1,212.4	0.4
Karstadt	1,348.2	1,348.5	0.0
Operating segments	**4,763.3**	**3,801.2**	25.3
Services	48.1	66.7	-27.9
Reconciliation account	-22.7	-27.5	-17.5
	4,788.7	**3,840.4**	24.7

* The data has been adjusted.
1) Period: 1 November 2007 to 31 December 2007.

In the first quarter of the 2008/2009 financial year, the operating segments of the Arcandor Group recorded adjusted sales of 4.76 bill. €.

For the three months of the 2008/2009 financial year, **Thomas Cook** achieved sales of 2.20 bill. €. Due to the change of the reporting period, only November and December 2007 were consolidated in the previous year. For this reason, a comparison with the previous-year period is not possible.

The companies acquired during the 2007/2008 financial year also impacted positively on sales.

In the **Primondo** segment, adjusted sales amounted to 1.22 bill. € in the first quarter of the 2008/2009 financial year, slightly above the level of the previous year. Overall, Primondo achieved a significant increase in sales in December 2008, more than compensating for the weaker months in October and November 2008.

At Quelle Group, sales remained at the level of the previous year. Quelle Germany achieved strong sales growth in December 2008 after weak sales in October and November 2008. Significant increases were achieved in e-commerce. Online orders rose by 38 % in the first quarter of 2008/2009, thus succeeding in offsetting the structure-related decline in the German catalogue business.

There was a pleasing development in Quelle Group's international business in the period under review. International sales were increased by 15.5 % to 182.4 mill. € (including Austria and Switzerland) in the first three months of the 2008/2009 financial year. The development in Russia and in Slovakia was particularly outstanding – with year-on-year sales increases of 52.1 % and 21.1 % respectively.

In the teleshopping area, HSE24 managed to increase sales by 2.6 % to 95.4 mill. € in the first quarter of the 2008/2009 financial year.

In the first three months of the 2008/2009 financial year, sales from specialty mail order totalled 237.4 mill. € (previous year: 245.7 mill. €), meaning that overall the previous year's sales were not achieved (a decline of 3.4 %). Sales growth at some specialty mail order companies, such as the Walz Group, Verbaudet, Mirabeau and Bogner, did not compensate for the decline at other specialty mail order companies which focus on elder target groups and the premium segment.

In the first three months of the 2008/2009 financial year, **Karstadt** achieved adjusted sales of 1.35 bill. € as in the previous year.

At 1.27 bill. €, adjusted department store sales saw a slight year-on-year increase of 0.1 %. There were positive impulses in the Fashion area, which saw a 4.1 % increase in sales. There were declines in the Multimedia and Catering areas, which were affected by the planned reduction of unprofitable sales space among other factors.

Sales at Karstadt sports rose by 8.8 % to 68.2 mill. € (previous year: 62.7 mill. €) in the first quarter of the 2008/2009 financial year.

karstadt.de posted sales growth of 40.2 % thanks to intensified online marketing, market growth and the expansion of the assortment of products.

EARNINGS PERFORMANCE
EBITDA adjusted by segment

Amounts shown in mill. €	**01.10.2008 – 31.12.2008**	01.10.2007 – 31.12.2007*	Change in mill. €
Thomas Cook	9.3	-79.0[2)]	88.3
Primondo	53.7	69.9	-16.2
Karstadt	139.3	136.0	3.3
Operating segments	**202.3**	**126.9**	**75.4**
Other segments [1)], Reconciliation account/Holding	-22.5	-20.7	-1.8
	179.8	**106.2**	**73.6**

* The data has been adjusted.
1) The Other segments comprise the segments Services and Real Estate.
2) Period: 1 November 2007 to 31 December 2007.

In the first quarter of the 2008/2009 financial year, adjusted EBITDA in the Group's operating segments (Thomas Cook, Primondo and Karstadt) totalled 202.3 mill. €.

In the first three months of the 2008/2009 financial year, **Thomas Cook** achieved an adjusted EBITDA of 9.3 mill. €. Due to the change of the reporting period, only November and December 2007 were consolidated in the previous year. For this reason, a comparison with the previous year is not possible.

The **Primondo** segment recorded an adjusted EBITDA of 53.7 mill. € for the first quarter of the 2008/2009 financial year (previous year: 69.9 mill. €). This decrease is primarily related to the decline in sales at some specialty mail order companies and to the closure of Fox markets. It was only partially offset by positive cost and margin effects at Quelle Germany. In terms of results Quelle's international activities achieved a slight improvement overall against the previous year. However, currency effects had a negative impact on the result. In the teleshopping area, HSE24 achieved an adjusted EBITDA at the previous year's level.

In the first three months of the 2008/2009 financial year, the year-on-year earnings trend at **Karstadt** was positive. Adjusted EBITDA improved to 139.3 mill. € (previous year: 136.0 mill. €) as a result of cost savings and reduced staff costs. Changes in the discount policy also had a positive impact on the result, particularly in the Fashion and Sports areas.

In the first quarter of the 2008/2009 financial year, **Other segments, Reconciliation account and Holding** recorded an adjusted EBITDA of minus 22.5 mill. € (previous year: minus 20.7 mill. €). This was mostly the result of Group-wide activities of the holding company.

Notes to the consolidated income statement

Amounts shown in mill. €	01.10.2008 - 31.12.2008	01.10.2007 - 31.12.2007*
Sales	4,814.2	3,956.5
Cost of sales and expenses for tourism services	-3,120.6	-2,408.2
Gross income	1,693.6	1,548.3
Gross income margin in %	*35.18*	*39.13*
Operating income	215.8	180.0
Staff costs	-722.7	-602.4
Share of sales in %	*-15.01*	*-15.22*
Operating expenses	-1,094.5	-1,056.8
Net interest income	-103.1	-51.1
Tax on income	28.0	22.7
Results from continuing operations	-106.9	-72.7
Results from discontinued operations	-	-20.8
Profit/loss due to minority interests	48.9	55.8
Group results after minority interests	-58.0	-37.7

* The data has been adjusted.

PRELIMINARY REMARKS

Due to the change of the reporting period of the Thomas Cook Group in 2007, Thomas Cook was consolidated in the current period and the given comparative period as follows:

For the first three months of the 2008/2009 financial year, ending on 31 December 2008, Thomas Cook was consolidated with the income statement for the three-month period from 1 October 2008 to 31 December 2008.

In the comparable period of the previous year, ending on 31 December 2007, Thomas Cook was consolidated with the income statement for the two-month period from 1 November 2007 to 31 December 2007.

For this reason, a comparison of the periods is not appropriate.

NOTES

In the first quarter of the 2008/2009 financial year, the Arcandor Group achieved a **gross income** of 1.69 bill. € (previous year: 1.55 bill. €). Thus for the first three months of the 2008/2009 financial year, the gross margin was 35.2 % (previous year: 39.1 %). The decrease in the gross margin is primarily due to the higher weighting of the lower-margin tourism business. As a result of the change in the annual reporting date at Thomas Cook in 2007, Thomas Cook was only consolidated for the months of November and December in the previous year's consolidated financial statements.

In the first quarter of the 2008/2009 financial year, **operating income** amounted to 215.8 mill. € (previous year: 180.0 mill. €). Higher operating income was due primarily to disposal gains in connection with the sale of insurance investments of KarstadtQuelle Finanz Service GmbH, a joint venture with ERGO Versicherungsgruppe.

Staff costs in the reporting period amounted to 722.7 mill. € (previous year: 602.4 mill. €). This increase is particularly due to the consolidation of Thomas Cook Group plc for three months. Expenses for partial retirement arrangements and redundancy payments resulting from reorganisation in the Primondo segment amounted to 44.2 mill. € (previous year: 3.7 mill. €), another factor which negatively impacted staff costs.

In the reporting period, **operating expenses** increased to 1.09 bill. € (previous year: 1.06 bill. €). Savings in sales and advertising costs were offset by the additional negative impact of book losses and reorganisation measures relating to the efficiency-increasing programmes to relieve the cost structure of Karstadt and Primondo.

In the first three months of the 2008/2009 financial year, **net interest income** decreased to minus 103.1 mill. € (previous year: minus 51.1 mill. €). Interest expenses in particular rose in the reporting period. The increase in interest expenses is principally due to financing acquisitions of the Thomas Cook Group in the 2007/2008 financial year and to settling financing peaks. In the first quarter of the 2008/2009 financial year, additional interest expenses arose from lease obligations in connection with changes in the classification of lease contracts at Karstadt.

Income taxes in the first quarter of the 2008/2009 financial year amounted to tax income of 28.0 mill. € (previous year: tax income of 22.7 mill. €). The tax ratio is 20.8 % in the current period, as compared to 23.8 % in the previous year.

In the first quarter of the 2008/2009 financial year, the **result from continuing operations** was minus 106.9 mill. € (previous year: minus 72.7 mill. €).

There is no **result from discontinued operations** shown in the reporting period (previous year: minus 20.8 mill. €). By the end of the first half of the 2007/2008 financial year, all companies disclosed under discontinued operations had been sold.

In the first quarter of the 2008/2009 financial year, the Arcandor Group reported **overall consolidated results after minority interests** of minus 58.0 mill. € (previous year: minus 37.7 mill. €).

Financial position and net assets

INVESTMENTS
Investments by segment*

Amounts shown in mill. €	01.10.2008 – 31.12.2008	01.10.2007 – 31.12.2007
Thomas Cook	40.9	21.9
Primondo	17.3	27.7
Karstadt	6.9	21.3
Operating segments	**65.1**	**70.9**
Other segments	0.4	1.1
Holding	1.2	0.1
	66.7	**72.1**

* Not including additions to finance leases, capitalised restoration liabilities or goodwill.

Depreciation and amortisation (not including amortisation of goodwill)

Amounts shown in mill. €	01.10.2008 – 31.12.2008	01.10.2007 – 31.12.2007
Thomas Cook	58.2	52.8
Primondo	16.1	17.0
Karstadt	29.4	22.0
Operating segments	**103.7**	**91.8**
Other segments	4.8	3.5
Holding/Reconciliation account	0.5	0.6
	109.0	**95.9**

In the first quarter of the 2008/2009 financial year, the capital expenditure (excluding finance leases, asset retirement obligations and goodwill) in the Arcandor Group amounted to 66.7 mill. € (previous year: 72.1 mill. €). At the same time, depreciation and amortisation expenses in the Arcandor Group increased to 109.0 mill. € (previous year: 95.9 mill. €), mainly due to changes in the classification of lease contracts as finance leases in the Karstadt segment.

At **Thomas Cook**, capital expenditure totalled 40.9 mill. € (previous year: 21.9 mill. €). This related primarily to adjustments and new developments in IT systems. In addition, there were advance payments on aircraft by the Group airline Condor.

Depreciation and amortisation in the Thomas Cook segment also includes amortisation of the fair value adjustments of the purchase price allocation.

Capital expenditure in the **Primondo** segment, which amounted to 17.3 mill. € (previous year: 27.7 mill. €), primarily related to the IT systems and infrastructure of the mail order-related service companies. As a result of the largely completed restructuring measures in the Service segment, Primondo invested significantly less in total than in the previous year.

In the **Karstadt** segment, capital expenditure of 6.9 mill. € (previous year: 21.3 mill. €) related to product line presentation and store modernisation measures. In addition, further investments were made in IT systems and infrastructure.

The increase in depreciation and amortisation in the Karstadt segment is due largely to changes in the classification of lease contracts as finance leases.

CASH FLOW STATEMENT
– abridged –

Amounts shown in mill. €	01.10.2008 – 31.12.2008	01.10.2007 – 31.12.2007*
Cash flow from operating activities	-412.8	-307.0
Cash flow from investing activities	56.2	8.4
Cash flow from financing activities	40.7	42.7
Changes in cash and cash equivalents affecting cash flow	**-315.9**	**-255.9**
Changes in the cash flow due to changes in exchange rates	-91.3	-51.3
Cash and cash equivalents at the beginning of the period	1,183.3	1,149.7
Cash and cash equivalents at the end of the period	**776.1**	**842.5**

* The data has been adjusted.

In the comparable period of the previous year, ending on 31 December 2007, Thomas Cook was consolidated with the income statement for the two-month period from 1 November 2007 to 31 December 2007. A comparison with the current period is therefore only possible to a very limited extent.

In the first quarter of the 2008/2009 financial year, cash flow from operating activities was minus 412.8 mill. €. The operating cash flow for the current period is particularly influenced by changes in other assets/liabilities and in working capital. Seasonal changes in advance payments and in trade payables in the Tourism segment had a particularly negative impact.

In the first quarter of the 2008/2009 financial year, cash flow from investing activities was 56.2 mill. €. Cash inflows from proceeds from sales in the amount of 5.0 mill. € were offset by investments in intangible assets and property, plant and equipment in the amount of 66.2 mill. €. In addition, there was a 45.4 mill. € reduction in cash and cash equivalents in relation to the divestment of subsidiaries. The sale of current securities generated proceeds of 161.7 mill. €.

The cash flow from financial activities of 40.7 mill. € is due on the one hand to the loans assumed by Thomas Cook and on the other hand to payments made in connection with the share buyback programme as well as interest and pensions paid. The reduction of loans by Arcandor AG had a compensatory effect.

BALANCE SHEET STRUCTURE

Amounts shown in mill. €	31.12.2008	30.09.2008	Change in %	31.12.2008 in %	30.09.2008 in %
Balance sheet total	**13,092.8**	**14,009.1**	-6.5	**100.00**	**100.00**
Assets					
Intangible and tangible assets	6,558.4	7,035.7	-6.8	50.09	50.22
Other non-current assets	1,538.4	1,504.1	2.3	11.75	10.74
Inventories	1,287.5	1,366.9	-5.8	9.83	9.76
Trade receivables	594.7	715.1	-16.8	4.54	5.10
Other current assets	3,034.4	3,046.2	-0.4	23.18	21.75
Assets classified as held for sale	79.4	341.1	-76.7	0.61	2.43
Equity and liabilities					
Equity and liabilites	727.4	1,230.2	-40.9	5.56	8.78
Pension provisions	984.1	977.6	0.7	7.52	6.98
Non-current financial liabilities	2,062.2	1,903.8	8.3	15.75	13.59
Other non-current liabilities	1,424.1	1,416.8	0.5	10.88	10.11
Current financial liabilities	1,508.0	1,610.9	-6.4	11.52	11.50
Trade payables	2,703.9	3,216.5	-15.9	20.65	22.96
Other current liabilities	3,670.1	3,457.6	6.1	28.02	24.68
Liabilities related to assets classified as held for sale	13.0	195.7	-93.4	0.10	1.40

Total assets of the Arcandor Group decreased by 6.5 % to 13.09 bill. € (30 September 2008: 14.01 bill. €). This reduction resulted largely from the devaluation of the British pound against the Euro. In addition, the disposal of insurance investments and of the KarstadtQuelle Bank also had the effect of reducing total assets.

Assets

Non-current assets amounted to 8.10 bill. € at the balance sheet date (30 September 2008: 8.54 bill. €). The 5.2 % decrease is largely due to negative exchange rate differences (particularly GBP/EUR) for capitalised intangible assets (goodwill, trademarks, customer bases and other intangible assets) of Thomas Cook.

Current assets (including inventories) decreased to 4.92 bill. € (30 September 2008: 5.13 bill. €). The reduction results largely from a seasonally related low level of cash and cash equivalents in the winter quarter in the Thomas Cook segment. The decrease in trade receivables and in inventories in the retail segments also contributed to this reduction. The development of derivative financial instruments had a contrary effect. Here the market value increased against the previous year.

The reduction in assets classified as held for sale is due to the disposal of insurance investments and the disposal of the KarstadtQuelle Bank in December 2008.

Equity and liabilities

Equity amounted to 727.4 mill. € at the balance sheet date (30 September 2008: 1.23 bill. €). As against 30 September 2008, the equity ratio declined from 8.8 % to 5.6 %. Equity on 31 December 2008 is particularly impacted by negative differences from foreign currency translation (GBP/EUR) and by changes in the value of derivative financial instruments recognised in equity.

The 4.0 % rise in **non-current liabilities** (including pension provisions) to 4.47 bill. € (previous year: 4.30 bill. €) resulted primarily from the increase in non-current financial liabilities in the Thomas Cook segment, which is related to seasonal financing peaks.

Current liabilities decreased by 4.9 % to 7.88 bill. € (previous year: 8.29 bill. €). This decline is largely due to the seasonal decrease in trade payables as well as the decrease in advance payments received in the Tourism segment. An increase in the negative market values for derivative financial instruments had an opposite effect.

The reduction in liabilities relating to assets classified as held for sale is due to the disposal of insurance investments and of the KarstadtQuelle Bank in December 2008.

WORKING CAPITAL

Amounts shown in mill. €	**31.12.2008**	30.09.2008	Change in %
Inventories	1,287.5	1,366.9	-5.8
Trade receivables 1)	706.9	874.9	-19.2
Trade payables 2)	-2,837.3	-3,351.3	-15.3
	-842.9	**-1,109.5**	-24,0

1) Including non-current trade receivables.
2) Including non-current trade payables.

At the balance sheet date, working capital totalled minus 842.9 mill. € (30 September 2008: minus 1,109.5 mill. €). This decline was driven particularly by the seasonal decrease in trade payables in the Tourism segment together with slightly lower inventories and trade receivables. A contrary effect was generated by additional sales of receivables in the Primondo segment. However, this did not compensate for the seasonal decrease in liabilities.

FINANCING POSITION

Amounts shown in mill. €	**31.12.2008**	30.09.2008	Change in %
Non-current financial liabilities	-1,107.1	-1,020.3	8.5
thereof IFRS 5	-	-80.7	-
Current financial liabilities	-1,255.8	-1,451.4	-13.5
thereof IFRS 5	-	-100.2	-
Gross financial liabilities	**-2,362.9**	**-2,471.7**	-4.4
Cash & cash equivalents and securities	776.8	1,345.7	-42.3
thereof IFRS 5	1.8	27.8	-93.5
Other financial instruments*	192.5	324.2	-40.6
thereof IFRS 5	-	87.8	-
Net financial liabilities/assets	**-1,393.6**	**-801.8**	73.8
Finance leases	**-1,233.3**	**-1,259.0**	-2.0

* Other financial instruments include purchase price receivables and issued loans.

At the balance sheet date, net financial liabilities of the Arcandor Group totalled 1.39 bill. € (30 September 2008: 801.8 mill. €). The increase in financial liabilities is largely due to the seasonal decrease in cash and cash equivalents in the Thomas Cook segment. In addition, the share buyback programme of Thomas Cook Group plc also reduced cash and cash equivalents.

The Arcandor Group defines financial debt or financial assets as the balance of interest-bearing liabilities, other financial instruments, securities and cash and cash equivalents. This does not include silent partnerships under the terms of contractual trust arrangements (CTA), as the interest from these partnerships is profit-based and they are available to the relevant beneficiaries among the Group's employees.

EMPLOYEES

Full-time employees at the balance sheet date*

Number	**31.12.2008**	30.09.2008	Change in %
Thomas Cook	28,679	31,264	-8.3
thereof international	24,704	27,102	-8.8
Primondo	15,616	15,606	0.1
thereof international	3,352	3,226	3.9
Karstadt	23,627	23,195	1.9
Operating segments	**67,922**	**70,065**	-3.1
thereof international	28,056	30,328	-7.5
Other segments	361	378	-4.5
thereof international	59	73	-19.2
Total	**68,283**	**70,443**	-3.1
thereof international	**28,115**	**30,401**	-7.5

* Including trainees, not including discontinued operations.

In the operating segments, the number of full-time employees declined against 30 September 2008 by 2,143 to 67,922. The number of people employed outside Germany decreased by 7.5 % to 28,115 as at the reporting date.

REPORT ON POST-BALANCE SHEET DATE EVENTS

From Deutsche Telekom, Bonn, the Arcandor Group acquired a 51% stake in the CAP Customer Advantage Programme GmbH, which operates the HappyDigits bonus programme. The relevant contract was signed by Deutsche Telekom AG, Bonn and Karstadt Warenhaus GmbH on 23 January 2009. Previously Deutsche Telekom AG held a 51% stake and Arcandor 49%.

In January 2009, Thomas Cook acquired the hotel database Med Hotels from Lastminute.com. The sale of Med Hotels should be concluded in February 2009. The purchase also covers Med Hotels Germany and the business with transfers and Holiday Hotels.

On 9 February 2009, Thomas Cook Group plc confirmed that the company intends to acquire the Lufthansa stake in Condor Flugdienst GmbH. The basis for the transaction is the agreement concluded between the Arcandor AG predecessor, KarstadtQuelle AG, Thomas Cook AG and Deutsche Lufthansa AG at the end of December 2006. According to the agreement, Thomas Cook can exercise a purchase option on the Condor package held by Lufthansa at any time after 9 February 2009. Under this buy option Lufthansa undertakes to sell its stake to the travel group for 77.2 mill. € in cash.

RISK REPORT

Arcandor AG anticipates that the global financial crisis, on the basis of its currently known effects, whereas the full extent of these effects cannot be assessed so far, will have a considerable impact on the Group's risk position in the 2008/2009 financial year. Arcandor AG is exposed to operating risks, in particular financial risks, largely due to fluctuations in share prices, interest and currency rates, and also to financing risks.

Operating financial price risks include purchasing costs for fuel, goods, services and hotel capacities. The financial effects of these risks are reduced by the use of appropriate financial instruments.

Arcandor AG's Group financing is made up of different credit facilities on a Group and segment basis with different terms and maturities. The existing credit financing for the operating finance requirements of Arcandor AG is essentially made up of two credit agreements: The 1.5 bill. € syndicated credit facility agreed on 12 June 2007 and the 155 mill. € credit facility agreed on 29 September 2008. In addition, there are smaller credit facilities from Sal. Oppenheim and VALOVIS Bank. Individual tranches of the facilities were repaid by 31 December 2008. The tranches still outstanding are of different maturities and will expire by 30 September 2009 at the latest. For two tranches there is a prolongation option, for which the conditions must be negotiated with the respective banks.

Under the terms of the respective credit facilities, the banks are granted a right of termination in the event that certain rules of procedure or contractually agreed financial commitments (covenants) are not met. The Group is also required to meet certain conditions and requirements in terms of providing regular information to the banks. The breach of such obligations and conditions may result in early termination. Non-extension or termination of existing credit facilities and loans constitutes a risk to Arcandor AG as a going concern.

Further information can be found in the consolidated management report included in the annual report in the 2007/2008 consolidated financial statements. There have been no material changes as against the 31 December 2008 reporting date.

REPORT ON EXPECTED DEVELOPMENTS

To prepare for a difficult 2008/2009 financial year, we have taken measures to offset potential pressure on sales resulting from the general economic situation. This should be achieved on the basis of flexibility, increased efficiency and cost reductions.

At Primondo and Karstadt the important first quarter of the 2008/2009 financial year has been successfully concluded, despite the difficult market environment. The trading segments thus have a solid basis for the rest of the financial year and will benefit increasingly from cost reductions resulting from the "Pact for the Future". However, at the present moment a trend for private consumption is virtually impossible to forecast, especially for the German market. The economic package introduced by the German government should impact positively. However, no estimate can currently be given as to when and how these measures will take effect.

Thomas Cook Group plc generates by far the most important earnings contribution in the Arcandor Group. The fourth quarter of the financial year (i.e. the period from July to September 2009), is decisive for the success of the tourism group. Up to now, our tourism business has been good and in line with planning. Nevertheless, it must be stated that in view of the uncertain general economic situation, any forecasts on further developments in the tourism business may be subject to a high degree of uncertainty.

On the basis of the measures which have been taken, the Arcandor management is facing future developments with cautious optimism. However, due to the reasons stated above, we consider a present earnings forecast neither possible nor meaningful.

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CONSOLIDATED INCOME STATEMENT

for the period between October 1, 2008 and December 31, 2008

Amounts shown in th. €	**01.10.2008 – 31.12.2008**	01.10.2007 – 31.12.2007*	Change in %
Sales	4,814,191	3,956,495	21.7
Cost of sales and expenses for tourism services	-3,120,640	-2,408,185	-29.6
Gross income	**1,693,551**	**1,548,310**	9.4
Other capitalised own costs	336	649	-48.2
Operating income	215,772	180,026	19.9
Staff costs	-722,671	-602,352	-20.0
Operating expenses	-1,094,524	-1,056,816	-3.6
Other taxes	-2,187	-757	-188.9
Earnings before cost relating to factoring, interest, tax, depreciation and amortisation (EBITDA)	**90,277**	**69,060**	30.7
Depreciation and amortisation (not including amortisation of goodwill)	-108,978	-95,916	-13.6
thereof impairment loss	-	-268	-
Earnings before cost relating to factoring, interest and tax (EBIT)	**-18,701**	**-26,856**	30.4
Cost relating to factoring	-12,369	-11,400	-8.5
Income from investments	7,820	1,533	-
Income from investments in associates	-1,828	1,476	-
Interest and similar income	44,058	26,705	65.0
Interest and similar expenses	-147,194	-77,758	-89.3
Other financial income	12,069	74	-
Other financial expenses	-18,708	-9,188	-103.6
Earnings before tax (EBT)	**-134,853**	**-95,414**	-41.3
Taxes on income	27,996	22,684	23.4
Results from continuing operations	**-106,857**	**-72,730**	-46.9
Results from discontinued operations	-	-20,750	-
Group results before minority interests	**-106,857**	**-93,480**	-14.3
Profit/loss due to minority interests	48,890	55,760	-12.3
Group results after minority interests	**-57,967**	**-37,720**	-53.7
Earnings per share (undiluted/diluted) in €	**-0.23**	**-0.17**	-
thereof from continuing operations	-0.23	-0.08	-
thereof from discontinued operations	-	-0.09	-

* The data has been adjusted.

Important note:

Owing to the change in the annual reporting date at the Thomas Cook Group to 30 September and the resulting different consolidation period for income and expenses, comparability with the previous-year period is not possible.

CONSOLIDATED BALANCE SHEET

for the period ended December 31, 2008

ASSETS

Amounts shown in th. €	31.12.2008	30.09.2008	Change in %
Intangible assets	4,276,096	4,675,650	-8.5
Tangible assets	2,282,344	2,360,101	-3.3
Investment property	19,786	19,784	-
Shares in associates	99,881	98,530	1.4
Non-current financial asstes	627,146	713,507	-12.1
thereof securities	11,111	11,470	-3.1
Non-current income tax receivables	9,314	12,503	-25.5
Other non-current assets	76,871	49,705	54.7
Deferred taxes	705,389	610,026	15.6
Non-current assets	**8,096,827**	**8,539,806**	-5.2
Inventories	1,287,511	1,366,891	-5.8
Trade receivables	594,728	715,133	-16.8
Current financial assets	1,426,000	1,105,613	29.0
Current income tax receivables	63,371	68,884	-8.0
Other receivables and assets	769,961	553,896	39.0
Cash and cash equivalents and securities	774,997	1,317,850	-41.2
Current assets	**4,916,568**	**5,128,267**	-4.1
Assets classified as held for sale	79,380	341,052	-76.7
Total assets	**13,092,775**	**14,009,125**	-6.5

EQUITY AND LIABILITIES

Amounts shown in th. €	31.12.2008	30.09.2008	Change in %
Subscribed share capital	633,673	574,740	10.3
Contribution for agreed capital increase	-	59,853	-
Reserves	-301,846	47,993	-
Minority interests	395,607	547,652	-27.8
Equity	**727,434**	**1,230,238**	-40.9
Non-current financial liabilities	2,062,181	1,903,817	8.3
Other non-current financial liabilities	362,603	323,621	12.0
Other non-current liabilities	95,098	94,875	0.2
Pension provisions	984,111	977,586	0.7
Non-current tax liabilities	90,891	91,010	-0.1
Other non-current provisions	488,996	516,968	-5.4
Deferred taxes	386,505	390,257	-1.0
Non-current liabilities	**4,470,385**	**4,298,134**	4.0
Current financial liabilities	1,507,983	1,610,945	-6.4
Trade payables	2,703,902	3,216,498	-15.9
Current tax liabilities	77,586	93,339	-16.9
Other current financial liabilities	1,634,120	1,119,588	46.0
Other current liabilities	1,486,472	1,709,976	-13.1
Current provisions	471,916	534,666	-11.7
Current liabilities	**7,881,979**	**8,285,012**	-4.9
Liabilities related to assets classified as held for sale	12,977	195,741	-93.4
Total equity and liabilities	**13,092,775**	**14,009,125**	-6.5

STATEMENT OF CHANGES IN EQUITY

for the period between October 1, 2008 and December 31, 2008

				Revenue reserves					
Amounts shown in th. €	Subscribed share capital	Contribution for agreed capital increase	Additional paid-in capital	Other revenue reserves*	Revaluation reserve	Revaluation reserve for step acquisition	Cumulative foreign exchange differences	Minority interests	**Group equity total**
Opening balance 01.10.2007 *	**551,098**	-	**812,843**	**-148,341**	**252,625**	**258,237**	**-37,414**	**721,247**	**2,410,295**
Differences from foreign currency translation	-	-	-	-	-	-	-66,255	-55,450	-121,705
Changes resulting from disposals and the measurement of primary and derivative financial instruments	-	-	-	-	34,206	-	-	27,708	61,914
Fair value measurement in line with IAS 39	-	-	-	-	-7,290	-	-	-	-7,290
Changes in group of consolidated companies	-	-	-	-	-	-	1,631	-	1,631
Income/expenses recognised directly in equity	-	-	-	-	**26,916**	-	**-64,624**	**-27,742**	**-65,450**
Consolidated earnings	-	-	-	-37,720	-	-	-	-55,760	-93,480
	-	-	-	**-37,720**	**26,916**	-	**-64,624**	**-83,502**	**-158,930**
Exercise of convertible bond/stock options	23,642	-	50,663	-	-	-	-	-	74,305
Closing balance 31.12.2007 *	**574,740**	-	**863,506**	**-186,061**	**279,541**	**258,237**	**-102,038**	**637,745**	**2,325,670**
Opening balance 01.10.2008	**574,740**	**59,853**	**304,990**	**-361,976**	**28,890**	**258,237**	**-182,148**	**547,652**	**1,230,238**
Differences from foreign currency translation	-	-	-	-	-	-	-199,178	-15,618	-214,796
Changes resulting from disposals and the measurement of primary and derivative financial instruments	-	-	-	-	-93,614	-	-	-73,859	-167,473
Reclassification	58,933	-59,853	920	-	-	-	-	-	-
Changes in group of consolidated companies	-	-	-	-	-	-	-	-13,678	-13,678
Income/expenses recognised directly in equity	**58,933**	**-59,853**	**920**	-	**-93,614**	-	**-199,178**	**-103,155**	**834,291**
Consolidated earnings	-	-	-	-57,967	-	-	-	-48,890	-106,857
	58,933	**-59,853**	**920**	**-57,967**	**-93,614**	-	**-199,178**	**-152,045**	**-502,804**
Closing balance 31.12.2008	**633,673**	-	**305,910**	**-419,943**	**-64,724**	**258,237**	**-381,326**	**395,607**	**727,434**

* The data has been adjusted due to changes in accounting policies.

CONSOLIDATED CASH FLOW STATEMENT

for the period between October 1, 2008 and December 31, 2008

Amounts shown in th. €	01.10.2008 –31.12.2008	01.10.2007 –31.12.2007*
Group results after minority interests	**-57,967**	**-37,720**
Profit/loss due to minority interests	-48,890	-55,760
Results from discontinued operations	-	20,750
Taxes on income	-27,996	-22,684
Expenses relating to factoring	6,639	9,114
Other net financial income	103,136	51,053
Net interest income	-5,992	-3,009
Participation result (including results from associated companies)	12,369	11,400
Depreciation and amortisation	108,978	95,916
EBITDA	**90,277**	**69,060**
Profit/loss from the disposal of fixed assets	-39,425	2,570
Profit/loss from foreign currency	-10,962	-930
Changes in non-current provisions (not including pension and tax provisions)	7,456	-54,625
Utilisation of/addition to the provision for reorganisation	-31,743	-26,691
Other expenses/income not affecting cash flow	32,286	-20,223
Changes in working capital	-122,285	-39,667
Changes in other assets and equity and liabilities	-315,859	-216,198
Dividends received	5,285	7,941
Programme fees in relation to sale of receivables/factoring	-12,369	-11,400
Payments/refunds of taxes on income	-15,432	-16,863
Cash flow from operating activities	**-412,771**	**-307,026**
Cash payments/cash receipts for acquisition of subsidiaries less acquired cash & cash equivalents	-	-6,277
Payments received for divestment of subsidiaries less cash & cash equivalents sold	-45,373	35,336
Purchase of tangible and intangible assets	-66,208	-74,607
Purchase of investments in non-current financial assets	-	-10,501
Cash receipts from sale of tangible and intangible assets	3,939	2,172
Cash receipts from sale of non-current financial assets	2,120	1,990
Cash payments/cash receipts from the sale/for the purchase of current securities	161,695	60,317
Cash flow from investing activities	**56,173**	**8,430**
Free cash flow	**-356,598**	**-298,596**
Interest received	15,816	14,758
Interest paid	-86,414	-44,791
Pension payments	-17,891	-25,807
Take-up/reduction of (financial) loans	198,788	131,209
Payments of liabilities due under finance leases	-46,907	-32,659
Cash payments/cash receipts for dividends and share buybacks	-22,706	-
Cash flow from financing activities	**40,686**	**42,710**
Changes in cash and cash equivalents affecting cash flow	**-315,912**	**-255,886**
Changes in the cash flow due to changes in exchange rates	-91,226	-51,325
Cash and cash equivalents at the beginning of the period [1]	1,183,265	1,149,740
Cash and cash equivalents at the end of the period [1]	**776,127**	**842,529**
thereof from discontinued operations	1,829	13,224

* The data has been adjusted.

[1] The composition of cash and cash equivalents was adjusted in accordance with IAS 8.41ff. to match IAS 7.7 requirements. The adjustments are disclosed under Purchase of investments in non-current financial assets and amounts to minus 366,643 th. € for the cash and cash equivalents at the beginning of the period and minus 269,770 th. € for the cash and cash equivalents at the at the end of the period.

Important note:

Owing to the change in the annual reporting date at the Thomas Cook Group to 30 September and the resulting different consolidation period for income and expenses, comparability with the previous-year period is not possible.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Segment report

BREAKDOWN BY SEGMENT

		Arcandor Group		Reconciliation account 1)		Thomas Cook	
Amounts shown in th. €		**01.10.2008 -31.12.2008**	01.10.2007 -31.12.2007*	**01.10.2008 -31.12.2008**	01.10.2007 -31.12.2007	**01.10.2008 -31.12.2008**	01.10.2007 -31.12.2007 4)
Sales		5,080,481	4,217,065	-	-	2,213,179	1,254,331
Interest from lending business		35,890	32,548	-	-	-	-
Internal sales		-302,180	-293,118	-51,350	-58,538	-15,162	-14,032
Group sales		**4,814,191**	**3,956,495**	**-51,350**	**-58,538**	**2,198,017**	**1,240,299**
Group sales (adjusted)		***4,788,673***	***3,840,398***	***-22,803***	***-27,515***	***2,198,017***	***1,240,299***
Cost of sales and expenses for tourism services		-3,120,640	-2,408,185	6,066	3,002	-1,733,596	-983,481
Gross income		**1,693,551**	**1,548,310**	**-45,284**	**-55,536**	**464,421**	**256,818**
Other capitalised own costs		336	649	-	-	-	-
Operating income and expenses		-878,752	-876,790	25,630	30,018	-208,184	-142,622
Staff costs		-722,671	-602,352	-14,854	-3,313	-291,790	-202,423
Other taxes		-2,187	-757	-12	-23	-1,231	-628
EBITDA		**90,277**	**69,060**	**-34,520**	**-28,854**	**-36,784**	**-88,855**
EBITDA (adjusted)		***179,757***	***106,247***	***-21,884***	***-23,554***	***9,305***	***-78,966***
EBITDA margin in % (adjusted)		*3.7*	*2.7*	-	-	*0.4*	*-6.4*
Depreciation and amortisation (not including amortisation of goodwill)		-108,978	-95,916	-479	-648	-58,246	-52,826
EBIT		**-18,701**	**-26,856**	**-34,999**	**-29,502**	**-95,030**	**-141,681**
Result from investments in associates		-1,828	1,476	-	-	-148	-552
Result from discontinued operations		-	-20,750	-	-	-	-
Segment assets	balance sheet date	10,989,148	10,246,679	87,067	33,404	7,010,472	6,567,024
Segment liabilities	balance sheet date	7,354,755	6,960,666	195,020	180,157	4,216,467	3,773,308
Investments 2)		66,682	72,136	1,246	97	40,851	21,948
Employees (3 months average) 3)	number	84,249	91,340	135	169	32,536	30,990

* The data has been adjusted.
1) The Reconciliation account also includes activities of the holding company and Karstadt Finance B. V.
2) Not including additions to finance leases, capitalised restoration liabilities or goodwill.
3) In line with HGB, without trainees and discontinued operations.
4) Including Thomas Cook Group plc for the period from 1 November 2007 to 31 December 2007.

Important note:
Owing to the change in the annual reporting date at the Thomas Cook Group to 30 September and the resulting different consolidation period for income and expenses, comparability with the previous-year period is not possible.

Period: 01.10.2008 to 31.12.2008, Previous year period: 01.10.2007 to 31.12.2007

Primondo		Karstadt		Services		Real Estate	
01.10.2008 -31.12.2008	01.10.2007 -31.12.2007*	**01.10.2008 -31.12.2008**	01.10.2007 -31.12.2007	**01.10.2008 -31.12.2008**	01.10.2007 -31.12.2007	**01.10.2008 -31.12.2008**	01.10.2007 -31.12.2007
1,421,031	1,447,623	1,371,508	1,404,588	42,923	61,793	31,840	48,730
30,723	27,617	-	-	5,167	4,931	-	-
-217,608	-201,965	-18,060	-18,583	-	-	-	-
1,234,146	**1,273,275**	**1,353,448**	**1,386,005**	**48,090**	**66,724**	**31,840**	**48,730**
1,217,146	***1,212,416***	***1,348,223***	***1,348,474***	***48,090***	***66,724***	**-**	**-**
-614,706	-629,876	-758,445	-786,060	-19,959	-11,770	-	-
619,440	**643,399**	**595,003**	**599,945**	**28,131**	**54,954**	**31,840**	**48,730**
90	104	246	545	-	-	-	-
-434,589	-419,846	-246,591	-249,910	14,227	-46,908	-29,245	-47,522
-190,271	-161,417	-219,897	-226,439	-5,760	-8,619	-99	-141
-736	-600	-7	646	-2	-	-199	-152
-6,066	**61,640**	**128,754**	**124,787**	**36,596**	**-573**	**2,297**	**915**
53,711	***69,872***	***139,276***	***136,033***	***-2,948***	***-561***	***2,297***	***3,423***
4.4	*5.5*	*10.3*	*9.8*	*-6.1*	*-0.8*	*7.2*	*7.0*
-16,078	-16,955	-29,373	-21,991	-1,254	-986	-3,548	-2,510
-22,144	**44,685**	**99,381**	**102,796**	**35,342**	**-1,559**	**-1,251**	**-1,595**
-	198	-	-	-1,680	1,275	-	555
-	-20,750	-	-	-	-	-	-
1,747,677	1,982,296	1,689,375	1,242,469	202,364	195,349	252,193	226,137
1,721,061	1,834,059	862,710	877,356	35,267	53,869	324,230	241,917
17,311	27,651	6,895	21,349	379	1,069	-	22
19,459	26,153	31,806	33,037	308	984	5	7

Explanations on the consolidated interim financial statements

ACCOUNTING

General information

As the controlling company of the Group, Arcandor AG is registered as ARCANDOR Aktiengesellschaft with the Essen District Court, Germany (HRB 1783). The company is domiciled in Essen under the address of Arcandor AG, Theodor-Althoff-Strasse 2, 45133 Essen, Germany.

With its Karstadt and Primondo divisions, Arcandor AG is one of the largest department store and mail order groups in Europe and is also one of the world's largest travel companies with its Thomas Cook tourism division.

Basis of accounting

The interim consolidated financial statements of Arcandor AG as of 31 December 2008 were prepared in accordance with IAS 34 "Interim Financial Reporting". It thus does not contain all information required in accordance with the International Financial Reporting Standards (IFRS) in force at the reporting date and as they are to be applied in the European Union, and the relevant interpretations of the International Accounting Standards Board (IASB). The consolidated interim financial statements represent a financial report as of 31 December 2008 as defined in § 37x (3) of the German Securities Trading Act (WpHG). The interim consolidated financial statements contain a consolidated income statement, a consolidated balance sheet, a consolidated cash flow statement and selected explanatory notes as well as an interim consolidated management report.

For the period of the 2008/2009 financial year to 31 December 2008, "Amendments to IAS 39 and IFRS 7: Reclassification of Financial Instruments" and due endorsement in EU law IFRIC 13 "Customer Loyalty Programmes" and IFRIC 14 "IAS 19 – The Limit of a Defined Benefit Asset, Minimum Funding Requirements and their Interaction" became mandatory for the first time.

The Arcandor Group decided not to adopt the possibility created as a reaction to the financial market crisis of reclassifying specific financial instruments measured at fair value to a different measurement category of IAS 39. The first-time application of IFRIC 13 and IFRIC 14 for the first quarter of the 2008/2009 financial year had no significant effect on the net assets, financial position or results of operations of the Group.

The consolidated interim financial statements were prepared in Euros. All amounts are expressed in thousands of Euros (th. €) unless otherwise specifically indicated. Assets and liabilities are classified as non-current and current assets or liabilities in accordance with their maturity. The income statement is structured in accordance with the total expenditure method.

Due to the change of the reporting period of Thomas Cook to the Group reporting date of 30 September in the 2007/2008 financial year, the Thomas Cook Group income statement was consolidated for the two-month period of 1 November 2007 to 31 December 2007 in the comparative period of the previous year. For this reason, comparability with the current three-month period is not possible.

Accounting policies

The accounting policies are in line with those of the last consolidated financial statements as of 30 September 2008.

The quantitative effects on the comparative information of the previous year of the voluntary changes of accounting treatment in regard to catalogue costs made retrospectively as of 30 September 2008 presented in Arcandor's interim financial statements are as follows:

Adjustment of the comparative periods

Amounts shown in mill. €	01.10.2007 -31.12.2007
Income statement	
Operating expenses	18.5
Earnings before cost relating to factoring, interest, tax, depreciation and amortisation (EBITDA)	**18.5**
Earnings before cost relating to factoring, interest and tax (EBIT)	**18.5**
Earnings before tax (EBT)	**18.5**
Taxes on income	-5.5
Earnings from continuing operations	**13.0**
Result from discontinued operations	1.6
Group earnings before minority interest	**14.6**
Group earnings after minority interest	**14.6**

The expenses related to factoring, which were separately disclosed for the first time in the 2007/2008 financial year, reduced operating expenses by 11.4 mill. € retrospectively.

In preparing the consolidated interim financial statements, assumptions and estimates were made. They had an effect on the recognition and measurement of assets and liabilities as well as earnings and expenses. Actual values may in individual cases differ from the assumptions and estimates made.

There was a review of the Group interim financial statements as of 31 December 2008.

CONSOLIDATED COMPANIES

In the reporting period there were the following changes to the companies included in the consolidated financial statements as a result of acquisitions or disinvestments.

In the first three months of the 2008/2009 financial year, the group of consolidated companies increased by two companies. The additions were offset by disposals of four companies relating to the financial services area.

In the course of a realignment of the financial services area, a 100% stake in KarstadtQuelle Bank AG was acquired by the Arcandor Group and subsequently sold to KarstadtQuelle Mitarbeitertrust e.V. (CTA). At the same time, the stakes in the insurance companies were transferred to the ERGO Group in the course of the realignment.

The changes in the group of consolidated companies had no material effect on the results of operations, net assets and financial position of the Arcandor Group.

The purchase price allocations for the acquisitions of TriWest Travel Holdings and Jet Tours S.A. which were made in the 2007/2008 financial year, were not yet finalised as of the balance sheet date. Thus a provisional goodwill is still reported for these companies.

ASSETS AND LIABILITIES CLASSIFIED AS HELD FOR SALE

Amounts shown in th. €	**31.12.2008**	30.09.2008
Assets classified as held for sale		
Intangible assets	2,640	3,431
Tangible assets	31,531	32,030
Other financial assets	19,522	72,112
Deferred taxes	346	752
Non-current assets	**54,039**	**108,325**
Inventories	8	6
Other current assets	25,333	232,721
Current assets	**25,341**	**232,727**
	79,380	**341,052**
Liabilities from assets classified as held for sale		
Non-current financial liabilities	-	80,733
Provisions for pensions	487	794
Deferred taxes	132	117
Non-current liabilities	**619**	**81,644**
Current financial liabilities	421	100,214
Other liabilities	11,937	13,883
Current liabilities	**12,358**	**114,097**
	12,977	**195,741**

To the reporting date, assets and liabilities classified as held for sale include, in addition to a number of properties (Real Estate segment), the assets and liabilities of KARSTADT QUELLE Information Services GmbH, Frankfurt (Primondo segment) and its subsidiaries.

KarstadtQuelle Bank AG and some insurance investments reported in these items on 30 September 2008 were disposed of in December 2008.

FINANCIAL LIABILITIES

In October 2008, the exchangeable bond issued in July 2008, was converted at a nominal amount of 5.8 mill. €. The conversion was settled in cash of 56 th. € and the distribution of 1,589,832 Thomas Cook Group plc shares respectively.

CONTINGENT LIABILITIES AND OTHER FINANCIAL LIABILITIES

In comparison to the consolidated financial statements as of 30 September 2008, there were no material changes in other financial obligations.

RELATED PARTY TRANSACTIONS

Included in Group income statement:

Amounts shown in th. €	**01.10.2008 -31.12.2008**	01.10.2007 -31.12.2007
Goods and services supplied	29	3,688
Goods and services received	4,757	6,064

Included in Group balance sheet:

Amounts shown in th. €	**31.12.2008**	30.09.2008
Receivables	16,349	46,599
Payables	92,517	92,518

Mail order companies sold trade receivables to VALOVIS Bank AG which had been transferred to the Group pension fund without recourse. As of 31 December 2008, assigned receivables amounted to 1,122 mill. € gross (30 September 2008: 1,090 mill. €). Under the sale VALOVIS Bank AG set up a contingency account which is paid back to the Group as long as actual losses on outstanding receivables do not exceed this amount. On the balance sheet date, the reserve account showed a balance of 119 mill. € (30 September 2008: 116 mill. €).

Service relationships exist with KarstadtQuelle Pension Trust e. V. for leasing real estate. The related lease costs for the Group total 1,816 th. € (previous year: 1,626 th. €).

As of 11 June 2007, two typical silent partnerships were agreed between KarstadtQuelle Mitarbeitertrust e. V. (merged with II. KarstadtQuelle Pension Trust e. V. on 12 October 2007) and II. KarstadtQuelle Mitarbeitertrust e. V. on the one hand and Primondo Specialty Group GmbH on the other. As of 31 December 2008, there were silent partnerships totalling 444 mill. €. Further typical silent partnerships in real estate companies amount to 39 mill. €.

Liabilities include mortgage bonds passed on from VALOVIS Bank AG in the amount of 93 mill. € (30 September 2008: 93 mill. €).

In the course of a realignment of the joint venture with ERGO in the financial services area, a 100% stake in KarstadtQuelle Bank AG was acquired by the Arcandor Group and subsequently transferred to KarstadtQuelle Mitarbeitertrust e.V. (CTA). The final purchase price will be calculated after the preparation and audit of the KarstadtQuelle Bank AG accounts as of 31 December 2008.

On 3 November 2008, Sal. Oppenheim jr. & Cie. KGaA provided Arcandor AG with a loan of 20 mill. € with a term of five months. In the first quarter of the 2008/2009 financial year, Arcandor AG recognised 352 th. € in interest expense for this loan.

On 29 September 2008, VALOVIS Bank AG provided Arcandor AG with a credit facility of 30 mill. € with a term up to 30 November 2009. As of 31 December 2008, the utilisation level was 16.3 mill. €. In the first quarter of the 2008/2009 financial year, Arcandor AG recognised 85 th. € in interest as an expense for this loan.

There were no further material changes as against the reporting date of 30 September 2008.

IMPORTANT EVENTS AFTER THE BALANCE SHEET DATE

From Deutsche Telekom, Bonn, the Arcandor Group acquired a 51% stake in the CAP Customer Advantage Program GmbH, which operates the HappyDigits bonus programme. The relevant contract was signed by Deutsche Telekom AG, Bonn and Karstadt Warenhaus GmbH on 23 January 2009. Previously Deutsche Telekom AG held a 51% stake and Arcandor 49%.

In January 2009, Thomas Cook acquired the hotel database Med Hotels from Lastminute.com. The sale of Med Hotels should be concluded by 2 February 2009. The purchase also covers Med Hotels Deutschland and the business with transfers and Holiday Hotels.

On 9 February 2009, Thomas Cook Group plc confirmed that the company intends to acquire the Lufthansa stake in Condor Flugdienst GmbH. The basis for the transaction is the agreement concluded between the Arcandor AG predecessor, KarstadtQuelle AG, Thomas Cook AG and Deutsche Lufthansa AG at the end of December 2006. According to the agreement, Thomas Cook can exercise a purchase option on the Condor package held by Lufthansa at any time after 9 February 2009. Under this buy option Lufthansa undertakes to sell its stake to the travel group for 77.2 mill. € in cash.

ARCANDOR Aktiengesellschaft
Essen, 11 February 2009

THE MANAGEMENT BOARD

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IMPORTANT INVESTOR RELATIONS DATE

Annual General Meeting (Düsseldorf)	18 March 2009
Interim reports	
Quarter 2	14 May 2009
Quarter 3	13 August 2009

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