

Invitation
to the Special General Meeting
of ARQUES Industries Aktiengesellschaft
with head office in Munich

WKN 515 600
ISIN DE0005156004

Munich, November 2010

Dear shareholders:

In accordance with Article 13 para. 2 of the Articles of Association, the Management Board and Supervisory Board Chairman hereby invite you to attend a Special General Meeting of ARQUES Industries Aktiengesellschaft, Munich, to be held on

Monday, December 20, 2010

at 1:00 p.m.

at the location

Konferenzzentrum München
Hanns-Seidel-Stiftung
Lazarettstr. 33
80636 Munich

The agenda for the General Meeting is as follows:

Item 1

Report of the Management Board on the capital increase, the current situation and further development of the Company

Item 2

Change of the Company's business model, consent of the General Meeting pursuant to Section 119 (2) AktG

By reason of the developments of the last two years, especially those related to the legal problems of certain subsidiaries, the new Management Board and the Supervisory Board Chairman believe that the chances of successfully continuing to operate under the Company's current business model in its previous form are slim. In view of the management actions of the former Management Board and the complete elimination of the Acquisitions Department, it cannot be expected that the Company will be able to successfully acquire companies in need of restructuring, so as to sell them again after successful restructuring.

Therefore, the Management Board and the Supervisory Board Chairman advocate focusing on the Telecommunications Systems segment, in which the Company is already operating successfully. Focusing on this business segment will entail the consequence that the other equity investments held by the Company must be sold in the short to medium term.

The Management Board considers this intended change of the Company's business model to be so important that it has resolved to present this strategy decision to the General Meeting for approval, in accordance with Section 119 (2) AktG.

Therefore, the Management Board and Supervisory Board propose to the General Meeting that the following resolution be adopted:

"The Company's business model shall be changed in such a way that

1. The Company will no longer be engaged in the business of acquiring companies and investments in companies for the purpose of restructuring and re-selling them;
2. The Company will focus on the Telecommunications Systems segment and therefore the Company's other equity investments will be sold, to the extent that they are not useful to the business of the subsidiary to be held further.
3. The Company will acquire and hold companies or investments in companies only for the purpose of strengthening and supporting the Telecommunications Systems segment."

In consideration of the formulation contained in the Articles of Association, it does not seem necessary to amend the Articles of Association or the business object.

Item 3

Resolution on the creation of Authorized Capital 2010, exclusion of the subscription right and amendment of Article 4 para. 5 of the Articles of Association

The Authorized Capital 2006/I and 2009 that are currently mentioned in Article 4 paras. 3 and 6 of the Articles of Association have been used up by a capital increase. Therefore, a new Authorized Capital 2010 should be created, along with the possibility of excluding the subscription right, also in the case of cash capital increases.

Therefore, the Management Board and Supervisory Board propose that the following resolution be adopted:

1. The Management Board shall be authorized, with the consent of the Supervisory Board, to increase the share capital on one or more occasions in the time until **December 20, 2015** (Authorized Capital 2010), by a total of up to

EUR **19,833,335**, through the issuance of new bearer shares qualifying for dividends as of the beginning of the financial year in which they are issued, in exchange for cash and/or in-kind capital contributions. Shareholders shall have a subscription right, as a general rule.

The new shares can also be underwritten by one or more banks with the obligation of offering them to the shareholders for subscription (indirect subscription right).

The Management Board shall be authorized, with the consent of the Supervisory Board, to define the share rights and terms of the share issue, as well as the details of conducting the capital increase.

The Management Board shall be further authorized, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders in the following cases:

- a) In the event of capital increases in exchange for cash capital contributions, when the issuance amount of the new shares is not significantly less than the stock market price at the time of the final determination of the issuance amount, and when the shares issued in exchange for cash capital contributions under exclusion of the subscription right in accordance with para. a) of the present authorization together do not exceed 10% of the share capital, either at the date of effect or at the time of exercising the present authorization. Against this limit of 10% of share capital the following will be applied: the proportional amount of share capital represented by shares
 - (i) That may be issued or sold under exclusion of the subscription right by direct or analogous application of Section 186 (3) (4) AktG in the time from December 20, 2010 to the expiration of the present authorization; or
 - (ii) That have already been or may still be issued for the purpose of servicing conversion or warrant rights or fulfilling conversion obligations, provided that the corresponding debentures will have been issued during the term of the present authorization under exclusion of the subscription right, in accordance with Section 186 (3) (4) AktG; or
 - (iii) That have been sold by the Company (treasury shares), provided that the sale is conducted on the basis of a valid authorization during the term of effect of the Authorized Capital, under exclusion of the subscription right;
- b) To the extent that it will be necessary to grant to the holders or creditors of convertible bonds or bonds cum warrants issued by the Company or by subordinated group companies a subscription right to new shares in the amount to which they would be entitled after exercising the warrant or conversion right or after fulfilling the conversion obligation;

- c) To the extent that the capital increase is effected in exchange for in-kind capital contributions for the purpose of the (also indirect) acquisition of companies, parts of companies, investments in companies or other assets;
- d) In order to exclude fractional amounts from the subscription right.

The Supervisory Board shall be further authorized to adapt the formulation of the Articles of Association to reflect the respective scope of the capital increase under the Authorized Capital 2010.

2. The following para. 5 shall be added to Article 4 of the Articles of Association:

“7. The Management Board is authorized, with the consent of the Supervisory Board, to increase the share capital on one or more occasions in the time until **December 20, 2015** (Authorized Capital 2010) by a total of up to EUR **19,833,335**, through the issuance of new bearer shares qualifying for dividends as of the beginning of the financial year in which they are issued, in exchange for cash and/or in-kind capital contributions. Shareholders shall have a subscription right, as a general rule.

The new shares can also be underwritten by one or more banks with the obligation of offering them to the shareholders for subscription (indirect subscription right).

The Management Board is authorized, with the consent of the Supervisory Board, to define the share rights and terms of the share issue, as well as the details of conducting the capital increase.

The Management Board is further authorized, with the consent of the Supervisory Board, to exclude the subscription right of the shareholders in the following cases:

- a)
 - In the event of capital increases in exchange for cash capital contributions, when the issuance amount of the new shares is not significantly less than the stock market price at the time of the final determination of the issuance amount, and when the shares issued in exchange for cash capital contributions under exclusion of the subscription right in accordance with para. a) of the present authorization together do not exceed 10% of the share capital, either at the date of effect or at the time of exercising the present authorization. Against this limit of 10% of share capital the following will be applied: the proportional amount of share capital represented by shares
 - (i) That may be issued or sold under exclusion of the subscription right by direct or analogous application of Section 186 (3) (4) AktG in the time from **December 20, 2010** to the expiration of the present authorization; or
 - (ii) That have already been or may still be issued for the purpose of servicing conversion or warrant rights or conversion obligations, provided that the corresponding debentures will have been issued during the term of the

present authorization under exclusion of the subscription right, in accordance with Section 186 (3) (4) AktG; or

(iii) That have been sold by the Company (treasury shares), provided that the sale is conducted on the basis of a valid authorization during the term of effect of the authorized capital, under exclusion of the subscription right;

- b) To the extent that it will be required to grant to the holders or creditors of convertible bonds or bonds cum warrants issued by the Company or by subordinated group companies a subscription right to new shares in the amount to which they would be entitled after exercising the warrant or conversion right or after fulfilling the conversion obligation;
- c) To the extent that the capital increase would be effected in exchange for in-kind capital contributions for the purpose of the (also indirect) acquisition of companies, parts of companies, investments in companies or other assets;
- d) In order to exclude fractional amounts from the subscription right.”

Concerning Item 3

Report of the Management Board to the General Meeting pursuant to Section 203 (2) (2) in conjunction with Section 186 (4) (2) AktG

The following report of the Management Board can be inspected in the business offices of ARQUES Industries Aktiengesellschaft, Arnulfstraße 37-39, 80636 Munich, and on the Internet at www.arques.de. It will also be available for inspection at the General Meeting.

Pursuant to Section 203 (2) (2) in conjunction with Section 186 (4) (2) AktG, the Management Board of ARQUES Industries Aktiengesellschaft submits to the Special General Meeting convened for December 20, 2010 the following written report on the proposal contained in Agenda Item 3 to create an Authorized Capital 2010, with an authorization to exclude the subscription right:

The Authorized Capital 2006 and 2009 have since been used up. Therefore, the Company is no longer authorized under its Articles of Association to conduct capital increases in exchange for cash capital contributions. The Management Board currently has no intention of conducting a capital increase in exchange for cash capital contributions, but the Management Board's ability to act should be assured and preserved to the former extent, as is customary for stock corporations. For that reason, a new Authorized Capital in the proposed form should be added to the Articles of Association.

If the Authorized Capital 2010 would be utilized in exchange for cash capital contributions, the shareholders will be granted a statutory subscription right, as a general rule. The new shares issued under a cash capital increase will either be offered directly to the shareholders for subscription or underwritten by banks, with an obligation to offer them to the shareholders for subscription (indirect subscription right).

However, the Management Board should also be authorized to exclude the subscription right of shareholders, with the consent of the Supervisory Board, in certain cases.

The purpose of excluding the subscription right in connection with a capital increase in exchange for cash capital contributions within the 10% limit prescribed in Section 186 (3) (4) AktG is to facilitate the raising of equity for the purpose of funding the Company. By that means, the Company will have the possibility of raising new capital in the capital markets in a flexible, low-cost manner. This authorization will make it easier for the Company to quickly cover any need for new capital. The exclusion of the subscription right allows for quick action and placement of new shares at a price close to the stock market price, without having to accept the share price discounts customarily associated with subscription right issues, due to the high level of volatility. Therefore, this form of capital increase also serves the interest of shareholders. Any dilution of the value of existing shares will be minimized by the statutory limits in effect, which prescribe that the issue price may not be significantly less than the stock market price.

The total cash capital increase to be conducted on the basis of the present authorization to exclude the subscription right may not be less than 10% of the Company's share capital, either at the date of effect or at the time of exercising the present authorization. Against this limit of 10% of share capital the following will be applied: the proportional amount of share capital represented by shares that may be issued or sold under exclusion of the subscription right in the time from December 20, 2010 to the expiration of the present authorization, in direct or analogous application of Section 186 (3) (4) AktG. Also applied against this limit will be the proportional amount of share capital represented by shares that have already been or may still be issued for the purpose of servicing conversion or warrant rights or conversion obligations, provided that the corresponding debentures will have been issued during the term of the present authorization under exclusion of the subscription right, in accordance with Section 186 (3) (4) AktG. Also applied against the limit of 10% of share capital will be the proportional amount of share capital represented by treasury shares that will have been sold by the Company, provided that such treasury shares are sold on the basis of an authorization to exclude the subscription right that is valid during the term of effect of the Authorized Capital.

Furthermore, the Management Board should have the option, with the consent of the Supervisory Board, also to exclude the subscription right to the extent required to grant to the holders or creditors of convertible bonds or bonds cum warrants issued by the Company or by subordinated group companies a subscription right to new shares in the amount to which they will be entitled after exercising the warrants or conversion rights or after fulfilling the conversion obligations. To facilitate the placement of debentures in the capital market, the corresponding issuance terms and conditions usually stipulate protection against dilution. One possibility of providing protection against dilution is to grant also to the holders of warrants or the creditors of convertible bonds a subscription right to new shares in connection with an issuance of shares to which the shareholders have a subscription right. By that means, they are placed in the same position as if they had already exercised their warrants or conversion rights or already fulfilled their conversion obligation. Because the protection against dilution need not be assured in this case by reducing the warrant or conversion price, the Company can achieve a higher issue price for the new

shares to be issued in connection with the conversion or exercise of warrants. Such a procedure is only possible, however, if the subscription right of shareholders is excluded with respect to the new shares. Because it is easier to place debentures with conversion and/or warrant rights or conversion obligations when a suitable protection against dilution is provided, the exclusion of the subscription right serves the interest of shareholders in an optimal funding structure of their company.

The option of excluding the subscription right in connection with capital increases in exchange for in-kind capital contributions is especially meant to enable the Management Board, with the consent of the Supervisory Board, to acquire companies or investments in companies in exchange for shares in ARQUES Industries Aktiengesellschaft. In many cases, both the Company and the seller have an interest in receiving not money, but shares as consideration for the acquisition of a company. From the standpoint of the Company, the granting of shares may be an especially advantageous way of financing the acquisition of a company. But it can also be advantageous to the seller to receive shares instead of cash. This part of the authorization is meant to provide the necessary flexibility to the Company, even in the context of the proposed concentration on the Telecommunications Systems segment, so that it can acquire parts of companies, investments in companies and other assets quickly and flexibly, while conserving liquidity, so as to further develop this segment by way of acquisitions.

The subscription right should also be excluded for fractional amounts for the purpose of facilitating the conduct of a share issue under which shareholders have a subscription right, as a general rule. Fractional amounts can arise from the respective issue volume and from the necessity of establishing a technically feasible subscription right ratio. In nearly all cases, the value of such fractional amounts for an individual shareholder is low. The possible dilution effect is also negligible due to the limitation of fractional amounts. On the other hand, the cost to the Company of issuing shares without such an exclusion of the subscription right is much higher, generating additional costs. The new shares excluded from the subscription right of shareholders by reason of fractional amounts will be exploited in the best possible way for the Company, either through sale in the stock market or by some other means. Therefore, the exclusion of the subscription right serves the interest of practicability and cost efficiency and facilitates the conduct of a share issue and therefore it also serves the interest of shareholders.

In every case of issuing shares under exclusion of the subscription right, the Management Board will carefully review the situation to determine whether it serves the interest of the Company and therefore also the interest of shareholders. Only then will the Management Board make use of the option granted to it. Furthermore, the Management Board will report on the exercise of the authorization to the shareholders at the next General Meeting.

Participation in the General Meeting

By virtue of Article 14 of the Articles of Association, those shareholders are entitled to participate in the General Meeting and exercise their voting rights who have registered with the Company at the address specified below and submitted evidence of their shareholding within the allowed time period. A special confirmation of shareholding issued by the custodian bank in text form (Section 126b BGB) suffices

as evidence of shareholding. It must refer to the start of the 21st day before the General Meeting, thus **November 29, 2010** (12:00 midnight) (the “shareholding evidence date”).

The registration and evidence of shareholding must be received by the registration office indicated below at least six days before the General Meeting, thus by the end of **December 13, 2010** (12:00 midnight).

Registration office:

ARQUES Industries Aktiengesellschaft
c/o Commerzbank AG
WASHV dwpbank AG
Wildunger Straße 14
60487 Frankfurt am Main
Fax: 069 5099-1110
E-mail: hv-eintrittskarten@dwpbank.de

Importance of the shareholding evidence date

The right to participate in the General Meeting and the extent of voting rights to be exercised there are determined exclusively on the basis of the shareholding as of the shareholding evidence date, as indicated in the evidence of shareholding. In relationship to the Company, therefore, a person is considered a shareholder for purposes of participating in the General Meeting and exercising the voting right only if that person has submitted the special evidence of shareholding as of the shareholding evidence date. Changes in the shareholding amount after the shareholding evidence date are irrelevant for purposes of the participation right and the extent of the voting right. Consequently, persons who did not hold any shares at the shareholding evidence date, and who acquired shares only after the shareholding evidence date, are not entitled to participate or vote unless they authorize a proxy holder or other person to exercise their rights. Shareholders who have duly registered and submitted the special evidence of shareholding shall still be entitled to participate and exercise their voting right to the extent reflected by their evidenced shareholding, even if they sell their shares in full or in part after the shareholding evidence date. The shareholding evidence date is not relevant for the dividend qualification. Shareholders can still dispose freely of their shares even after the shareholding evidence date and registration.

After the receipt of the registration and evidence of shareholding, the registration office will send General Meeting admission tickets to the shareholders entitled to participate. To ensure the timely receipt of admission tickets, shareholders should take care to send the registration and shareholding evidence to the Company at an early date.

Representation by proxy

Shareholders can arrange to have their voting right exercised in the General Meeting by a proxy holder, e.g., by a credit institution or an association of shareholders. Also

in this case, registration by the shareholder or authorized proxy holder within the allowed time limit and submission of evidence of shareholding are required.

If neither a credit institution, nor an association of shareholders, nor other persons or institutions deemed equivalent to credit institutions pursuant to Section 135 (8) or (10) in conjunction with Section 125 (5) AktG has been authorized, the proxy shall be issued in text form; furthermore, proxy revocations and evidence of authorization must also be submitted to the Company in text form.

When proxies are granted to credit institutions, associations of shareholders or persons deemed equivalent to credit institutions pursuant to Section 135 (8) or (10) in conjunction with Section 125 (5) AktG, it suffices for the proxy declaration to be recorded by the authorized proxy holder in a verifiable manner; the proxy declaration must also be complete and may only contain declarations related to the exercise of voting rights. Therefore, please coordinate the form of proxy to be used with the authorized proxy holder if you wish to authorize a credit institution, association of shareholders or other persons or institutions deemed equivalent to them pursuant to Section 135 (8) or (10) in conjunction with Section 125 (5) AktG.

Proxies can be sent to the Company either by regular mail to the address:

ARQUES Industries Aktiengesellschaft
Investor Relations – General Meeting 2010
Arnulfstr. 37-39
80636 Munich

or by fax to:

Fax: +49 (0) 89 2555 00 200

or electronically to

E-mail: hv2010@arques.de

The shareholders will receive additional information on the proxy and a proxy form along with the admission ticket. Use of the proxy form is not mandatory.

Our Company wishes to simplify the proxy procedure for its shareholders. For this purpose, the Management Board has appointed two employees of ARQUES Industries Aktiengesellschaft as representatives for the exercise of the shareholders' voting right bound by instructions. All shareholders who neither appear in person nor wish to instruct their custodian bank or any other third party to exercise their voting right may elect this option. The proxy holders are obligated to vote in accordance with the instructions. Without instructions, the proxy will be totally invalid or, if instructions were not given only for one item on the agenda, it will be invalid for that item. For this reason, the proxy holders will abstain from voting completely or in relation to the item on the agenda for which no instructions were given. If separate votes are to be held in relation to a single agenda item, an instruction given for that

item shall apply accordingly for every sub-item. Please note that the proxy holders will not accept any instructions to speak or ask questions.

The shareholders wishing to grant a proxy to the proxy holders appointed by the Company will need an admission ticket to the General Meeting to do so. Thus, even if you authorize a proxy holder appointed by the Company, you will need to ensure that the registration and evidence of shareholding are received by the Company in due time, in accordance with the aforementioned conditions. To make sure that the ticket and the other documents for the authorization of proxy holders are received in due time, the registration should be received at the above-mentioned address as soon as possible.

If the proxy holders appointed by the Company are authorized to exercise the voting right, the proxy may be submitted in text form also to the addresses indicated above. The proxy revocation and the evidence of shareholding must also be submitted in text form to the Company.

If the shareholder has authorized more than one person to represent him, the Company shall be entitled to refuse admission to one or more of them.

Rights of shareholders

Requests for additions to the meeting agenda pursuant to Section 122 (2) AktG

Pursuant to Section 122 (2) AktG, those shareholders whose combined shareholdings are at least equal to one twentieth of the Company's share capital or the proportional amount of EUR 500,000.00 (corresponding to 500,000 shares at the present time) may demand that items be added to the agenda and announced. A justification or draft resolution must be included with every new agenda item. The request must be submitted to the Company in writing and must be received by the Company at least thirty days prior to the General Meeting, thus by no later than **November 19, 2010**, 12:00 midnight. Requests for additions to the meeting agenda received after that time will be disregarded. Any requests for additional agenda items should be submitted to the following address:

ARQUES Industries Aktiengesellschaft
-Management Board-
Arnulfstr. 37-39
80636 Munich

The applicants must prove that they have held the shares which meet the minimum shareholding requirement for at least three months prior to the date of the General Meeting (Section 142 (2) (2) AktG in conjunction with Section 122 (1) (3), (2) (1) AktG). A corresponding confirmation of the custodian bank suffices for the evidence of shareholding.

Counter-motions and election proposals of shareholders pursuant to Sections 126 (1), 127 AktG

Shareholders may submit counter-motions against the proposals of the Management Board and/or Supervisory Board for certain agenda items and make election proposals.

The counter-motions proposed by shareholders, the names of the shareholders proposing them, their justifications and any positions of the management will be made accessible to the eligible persons indicated in Section 125 (1) to (3) AktG, under the conditions set out therein (including shareholders who request such publication, among other conditions), provided that the shareholder will have sent a counter-motion against a proposal of the Management Board and/or Supervisory Board contained in a certain item of the meeting agenda, along with a justification, to the address indicated below at least 14 days before the Company's General Meeting. The date of receipt is not counted for that purpose. Thus, the last possible date of receipt is **December 5, 2010**, 12:00 midnight. The Company is not obligated to make a counter-motion accessible if one of the exclusionary elements of fact defined in Section 126 (2) AktG is present. If more than one shareholder would submit counter-motions against the same resolution proposal, the Management Board will be entitled to combine the counter-motions and justifications.

Election proposals of shareholders pursuant to Section 127 AktG do not require a justification. Election proposals will be made accessible only when they include the name, practiced profession and the place of residence of the proposed person; election proposals for members of the Supervisory Board must also include information on the respective person's membership on other legally mandated supervisory boards. Section 127 (1) AktG in conjunction with Section 126 (2) AktG provides for other reasons for which the Company is not obligated to make election proposals accessible on its website. In addition, the preconditions and rules applicable to the publication of counter-motions apply accordingly; in particular, the last possible date on which election proposals must be received at the address indicated below in order that they can be made accessible is likewise **December 5, 2010**, 12:00 midnight.

Any counter-motions (including justifications) or election proposals of shareholders pursuant to Section 126 (1) and Section 127 AktG must be sent exclusively to:

ARQUES Industries AG
Investor Relations – General Meeting 2010
Arnulfstr. 37-39
80636 Munich
Fax: +49 (0) 89 2555 00 200

E-mail: hv2010@arques.de

Counter-motions and election proposals (including the name of the shareholder and the justification, in the case of counter-motions) which must be made accessible will be posted on the Company's website www.arques.de after they are received. Any positions of the management will also be published on the above-mentioned website.

Right to information pursuant to Section 131 (1) AktG

Pursuant to Section 131 (1) AktG, every shareholder is entitled, upon request in the General Meeting, to request information from the Management Board concerning the affairs of the Company, insofar as such information is required to make an informed decision regarding an item of the meeting agenda and there is no reason to refuse it. The right to information also extends to the legal and business relationships of the Company with an affiliated company, and to the situation of the Group and the companies included in the consolidated financial statements.

Publications on the Company's website

Additional information on the above-mentioned rights of shareholders and the information required pursuant to Section 124a AktG will be posted immediately on the Company's website at www.arques.de. The adopted voting results will also be published on the website after the General Meeting.

The documents to be made accessible will also be available for inspection during the General Meeting on **December 20, 2010**.

Any counter-motions, election proposals and requests for additional agenda items received by the Company that are subject to the publication requirement will also be published on the above-mentioned website.

Queries and counter-motions of shareholders

For queries concerning the General Meeting, counter-motions and election proposals of shareholders, we have set up the following communication addresses:

ARQUES Industries Aktiengesellschaft
Investor Relations – General Meeting 2010
Arnulfstr. 37-39
80636 Munich

Fax: +49 (0) 89 2555 00 200

E-mail: hv2010@arques.de

Publication in the electronic version of the Bundesanzeiger [*German Federal Gazette*]

The invitation to the General Meeting was published in the electronic version of the Federal Gazette on **November 12, 2010** and was also submitted for publication to such media about which it can be assumed that they will disseminate the information throughout the entire European Union.

Disclosures pursuant to Section 30b of the WpHG [*German Securities Trading Act*]

Pursuant to Section 30b (1) (1) WpHG, we hereby disclose the following:

At the time of convening the General Meeting in December 2010, ARQUES Industries Aktiengesellschaft had issued a total of **39,666,670** shares conferring **39,666,670** votes. The Company holds **48,118** non-voting treasury shares.

The times indicated in this invitation refer to the time in effect at the place of the Company's head office on the respective date.

Sincerely,

ARQUES Industries Aktiengesellschaft
The Management Board