

Press Release

Insolvency administrator successfully places numerous Woolworth stores and employees

- First contracts have already been concluded - Trade chains to take over up to 100 stores -
- Number of stores which will continue in business increases to 160 stores -
- Positive development of sales according to plan -

Frankfurt a. M., on 01 September 2009. Following intensive negotiations, insolvency administrator Ottmar Hermann has succeeded in concluding initial contracts with two retail chains regarding the takeover of up to 100 Woolworth stores. In the coming weeks, contracts for the remaining stores are planned to be concluded with other well-known trade chains. It was agreed to keep the names and details confidential, due to the ongoing tender process. The majority of the approximately 140 stores which, due to their size, did not fit into the Woolworth continuation concept, are projected to be handed over to the operators of store chains in the autumn. These among others include stores which, with sales areas of 750 square meters are too small, or, with areas of far more than 2,000 square meters, are too big. Insolvency administrator Hermann has thus managed to reach a breakthrough regarding the question of the further fate of the stores and, in particular, the employees, hardly six months after the insolvency application was filed. The first two trade chains are prepared to offer new jobs to several hundred employees. "I am particularly happy for the employees, because for them, these takeovers will lead to new job perspectives", Hermann says.

Since the opening of the insolvency proceedings at the beginning of July, the family discounter Woolworth has experienced an increasing stabilisation of its operative business. The restructuring measures initiated by the insolvency administrator, the lowering of personnel costs, adjustment of the product range and new contracts, are making an impact. The constructive and positive negotiations with the participants now also make it possible to increase the number of stores which will continue in business from 150 to over 160. This means that more than half of the total of 310 Woolworth stores will continue in business. The more than 160 stores will be redesigned by the end of October, with more than 10 million Euro of investment, in accordance with the new family discount concept, and will be substantially modernised. A new store concept, new product presentation, wide aisles and the consistent segmentation into hardware, a sales promotion passage in the centre and a textile section offer the customer a new, attractive appearance. "The investment is a clear, positive sign for the employees and for the customers showing that Woolworth is alive and faces the competition with a new, uniform appearance", Heinz Thünemann, manager of the newly founded Deutsche Woolworth GmbH emphasises. The customers have already started to welcome the refurbished stores, as can be seen from the sales figures. Sales, in particular in the refurbished stores, have developed positively. "We are progressing according to plan with our restructuring process, and are working at full capacity to prepare for the profitable Christmas quarter", trade expert Thünemann says. The goods for the Christmas trade have already been ordered and safeguarded.

Security for the Christmas trade and for their jobs has now also been provided for the employees, after insolvency administrator Hermann prematurely extended until 31 March 2010 the employment contracts for the staff members in the stores which will continue in business. Provided that sales continue to be stable, and provided that the Christmas trade takes a successful course, Woolworth will probably get out of red figures for the first time in years. Insolvency administrator Hermann is targeting to sell Woolworth to an investor after its successful reorganisation.

HERMANN Rechtsanwälte, Wirtschaftsprüfer, Steuerberater is a law firm specialising in insolvency law, re-organisation and company law, and, with its ten domestic offices, has been cooperating with international law firms in Zurich, Milan, Amsterdam and London for years. The law firm also is a member of the independent network Lawyers Associated Worldwide (LAW).

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