

## Press Release

### **Woolworth Deutschland goes into preliminary insolvency administration**

**- Retail business will continue as normal in all 320 branches – 11,000 staff are affected in Germany and Austria – Insolvency administrator is trying to secure insolvency funds**

**Frankfurt a. M. 14 April 2009.** For reasons of imminent insolvency DWW Woolworth Deutschland GmbH & Co. KG has filed for insolvency proceedings with the Frankfurt local court over the Easter weekend. Lawyer Ottmar Hermann was appointed as preliminary insolvency administrator for the Frankfurt-based retail chain. Sluggish Christmas sales, increasing competition, falling sales in the discount-store segment and a lack of cash resources had finally led to insolvency. Retail business for the customers of the approximately 300 branches in Germany and around 20 branches in Austria will continue as usual despite the application for insolvency proceedings. The latter will affect a total of 11,000 employees. The preliminary insolvency administrator is trying to secure wages and salaries by way of an insolvency fund. "In this extremely difficult situation, we want to try everything to secure jobs and maintain as many sites as possible," Hermann said. A company meeting will be convened in the course of which Hermann will inform staff about the next steps to be taken. At the same time, he will try to secure the company's liquidity in order to continue the trust-based cooperation with existing suppliers.

DWLogistics GmbH & Co. KG, the sister company with head office in Böhnen, and the Austrian companies are not affected by the insolvency proceedings. Business at these locations will continue as normal.

In October 2007, the London-based British investor Argyll Partners purchased DWW Woolworth Deutschland from the investor Electra. Since then the retail chain had been subjected to a stringent reorganisation concept. Despite a number of cost-cutting programmes which cut back the company's range of products, closed some of its branches and reduced staff by 1,000 to the current number of 11,000, a request for the opening of insolvency proceedings could no longer be avoided. Argyll Partners, when taking over the company, had already sold the majority of Woolworth Deutschland's most attractive inner-city real estate to the investor Cerberus Capital Partners and had focussed its attention on the retailer's operating business.

In the process, the 110 branches owned by Woolworth Deutschland were leased back to Argyll Partners. The German and Austrian Woolworth branches offer most of the non-food items such as stationary, textile, household articles, shoes, leather ware and sweets.

HERMANN Lawyers, Chartered Accountants, Tax Advisers is a law firm which specialises primarily in Insolvency Law, Reconstruction & Reorganisation and Company Law. The firm has eight national offices which have a longstanding cooperation with international law firms and partnerships in Zurich, Milan, Amsterdam and London. It is a member of Lawyers Associated Worldwide (LAW).

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