

Karstadt sets the course for a sharper focus of its activities

Essen, May 18 2011 – Karstadt has set the course for a sharper focus of its activities. Today the Supervisory Board of Karstadt Warenhaus GmbH approved by the majority the strategy of a further specialization of the Group's divisions. Key element of this strategy is the formation of three legally independent entities for the Department Store, the Sports and the Premium activities. On a mid- to long-term basis, the specialization shall contribute to improving the performance and the market position of the three divisions.

The decision to manage the divisions as independent entities reflects the different maturity and dynamics of the three market segments. The specialization will enable the divisions to enhance their profile in their target customer segments, to better differentiate their brand and offer and to fully align their business development strategies with their target markets. While the divisions will operate independently, they will be supported by shared services in the finance, IT, human resources and other central departments.

Jared Bluestein, Chairman of the Supervisory Board of Karstadt Warenhaus GmbH, commented: "The new structure of the Group will be an excellent base for the further long-term development of the Department Store, Sports and Premium activities. It reflects the simple fact that customers, competition and opportunities are quite different in the three target markets. The divisions will not only be in a position to better focus their strategies on these markets but they will also be able to pursue different growth opportunities which may require a legally separate entity. Our shareholder remains fully committed to systematically develop all three divisions on a long-term basis."

Andrew Jennings, Chief Executive Officer of Karstadt Warenhaus GmbH, said: "The new structure has the customer at the heart of everything we are doing. It sets a good long-term framework for the comprehensive group strategy which is currently being developed by the management team and which we expect to present in a few weeks. While we will certainly map out strategies for all three divisions, the new structure will also enable us to put a specific focus on the Department Store business."

The implementation of the legal separation will start immediately and is expected to be completed during the second half of this year.

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