

## Denise Smith Amos Of The Post-Dispatch

The highest bid apparently wasn't the best bid in the opinion of creditors auctioning off Woodward & Lothrop Inc., a bankrupt retail chain.

The Wall Street Journal reported Friday that St. Louis-based May Department Stores Co. and its bidding partner, J.C. Penney Co., offered slightly more for Woodward & Lothrop's department stores than did Federated Department Stores Inc.

Nevertheless, creditors gave the nod to Federated's bid because it reportedly promises to adopt the existing contract with the United Food and Commercial Workers union, which represents about 3,200 Woodward workers.

Thursday, Federated announced that creditors approved its plan to buy at least 11 of Woodward's 15 Washington, D.C., stores and possibly the flagship Wanamaker store in downtown Philadelphia. Retailers Strawbridge & Clothier and Boscov's Department Stores Inc. and real-estate developer Rubin Organization Inc. would divide the remaining 13 Wanamaker stores. Federated has said it would spend \$90 million remodeling the stores and converting them to Macy's and Bloomingdale's.

May Co. had hoped to buy Woodward's Philadelphia stores to gain a much-sought presence in that market.

But employee concerns were crucial, said Philip Abbenhaus, a retail analyst for Stifel, Nicolaus & Co. here.

"On the whole, (May and Penney) are union-free establishments," he said. "If you have two relatively similar bids, say, if they were \$5 million or even \$10 million apart, the potential outcry from workers may make it worth it. How can you put a price tag on that?"

The blow isn't a major one for May, he said, because May is still one of the best-run retailers in the country.

It also remains strong enough financially to spend an expected several billion dollars over the next few years on new stores and acquisitions, said Kurt Barnard, publisher of Barnard's Retail Marketing Reports.

Federated, by contrast, is "tapped out" of acquisition dollars, Abbenhaus said.

"They're almost 75 percent leveraged," he said. "I hope there isn't any significant economic downturn" in the near future.