

FILENE'S
BASEMENT

Michael Valentine
4020 East Fifth Ave
P.O. Box 1618
Columbus, 43216
May 15, 2009

RECEIVED
OHIO DEPARTMENT
JOB & FAMILY SERVICES

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OFFICE OF
WORKFORCE DEVELOPMENT

Re: **Federal and State Worker Adjustment and Retraining Act (WARN) Notice**
Employer Federal identification Number 31-1698237

Dear Mr. Valentine:

This notice is being issued pursuant to the federal Worker Adjustment and Retraining Notification Act and similar state law, including the New York State Worker Adjustment and Retraining Notification Act and the Illinois Worker Adjustment and Retraining Notification Act (collectively the "WARN Act"). While Filene's Basement (the "Company") does not concede that the WARN Act will apply in this situation, this notice is being issued to your office (and similar notices are being given to all potentially affected employees) so that employees may begin to consider plans and options.

The Company is engaged in efforts to sell a substantial portion of its business and assets and has entered into an agreement with a potential "stalking horse" buyer, which is subject to overbidding by other potential buyers at an auction and approval by the Bankruptcy Court. At the present time, the Company does not know who will prevail at the auction, what portion of the Company's business and/or assets the successful bidder may purchase or whether the successful bidder will elect to shut down the business or continue to operate as a going concern. We hope to be able to provide your office with additional information on or about June 10, 2009 when the Bankruptcy Court hearing on the approval of any proposed sale is currently set to occur.

In the event the Bankruptcy Court auction results in the sale of all of the Company's assets, all of the Company's approximately 1664 employees will be terminated in connection with the closing of the sale transaction. If less than all of the assets of the Company are purchased at the Bankruptcy Court auction, only some employees will be terminated in connection with the closing of the sale transaction. Employees who will be terminated in this event will be those who work at the Company locations or with assets that are sold in the auction. A purchaser that elects to continue operations may rehire certain of the Company's current employees, but the purchaser is under no obligation to do so and we cannot give you any assurance that you will be hired by the purchaser. All other employees will remain employed with the Company for a brief period of time as the Company's operations at any remaining locations are discontinued. In any of these situations, no employees who are laid off will have the right to bump into other positions.

None of our active employees are represented by a union.

Based on information currently available to us, it is anticipated that layoffs for employees terminated in connection with a sale of assets will begin on or about June 15 and will continue over the subsequent 14 day period. For employees who might remain after a sale of a portion of the Company's assets, their

employment will be terminated over the course of a 14 day period commencing on July 17, 2009. Whether these layoffs actually occur on these dates, or are permanent, will depend on the on whether the sale can be completed, what portion of the Company's business and or assets are sold, and the operational plans of any purchaser of the Company's business.

While the Company would have preferred to provide earlier notice of these circumstances to you, we were unable to do so because the Company was actively seeking new capital or a potential buyer to enable it to avoid a potential shutdown and we believed that the giving of notice of a potential shut down would have prevented the Company from obtaining the needed capital or locating a potential buyer. In addition, the agreement with the "stalking horse" buyer had not been finalized and, as indicated above, the Company could not predict or foresee the business plan of the potential purchaser.

As a result of the process described above, the facilities located at the following locations may be permanently shut down resulting in employment loss:

Harvard Park Shopping Center-4045 Richmond Rd	Warrensville Heights, OH 44122
3704 W. Dublin Granville Road	Columbus, OH 43235

We regret the necessity of this announcement. Additional information will be communicated to you as required by law as it becomes available. If you have additional questions, please feel free to contact me at 617-348-7177.

Sincerely,



Ann M. Keefe
Senior Vice President, Human Resources

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