

DEBENHAMS

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04 June 2009

Debenhams plc ("Debenhams" or the "Company")

Firm Placing and Placing and Open Offer to raise approximately £323 million gross proceeds

The Board of Debenhams today announces its intention to raise gross proceeds of approximately £323 million by means of a Firm Placing and a Placing and Open Offer of New Ordinary Shares (the "Capital Raising"). The New Ordinary Shares will be issued at the Issue Price determined by a market book build process which commences immediately and is expected to close no later than 4.30 p.m. today, however, the Joint Bookrunners reserve the right to close earlier if appropriate.

In conjunction with this, the Board also today announces proposed amendments to the terms of the Company's bank facilities (the "Covenant Amendments") and updates on current trading.

Transaction overview

The gross proceeds of approximately £323 million from the issue of New Ordinary Shares will comprise:

- Approximately 40% firm offer of New Ordinary Shares to Placees (the "Firm Placing"); and
- Approximately 60% offer, subject to clawback by existing shareholders, of New Ordinary Shares to Placees, each at the Issue Price (the "Placing and Open Offer").

The TPG Shareholder Group and the CVC Shareholder Group have confirmed their intention to vote in favour of the Capital Raising and have agreed to enter into customary lock up arrangements on their shareholdings for the duration of the open offer period. Their respective Board representatives have tendered their resignations from the Board with immediate effect.

Use of proceeds

The proceeds of the capital raise will be used in four ways to:

- Reduce Debenhams' absolute level of net debt and enhance the Company's ability to refinance in the future;
- Provide the opportunity to amend the existing debt covenant package providing greater covenant headroom and operational and financial flexibility;
- Increase Debenhams' flexibility to opportunistically buy back existing debt at below par; and
- Improve Debenhams' ability to pursue opportunistic acquisitions of retail assets which may become available if the economic downturn persists.

In addition, Debenhams has agreed to apply £50.0 million of the net proceeds of the Capital Raising to fund a partial pre-payment of the £150.0 million term loan amortisation payment which is due under the terms of the existing debt facilities in May 2010, leaving £100.0 million payable in May 2010.

Covenant amendments

The Directors have successfully negotiated amendments to the Company's financial covenants and certain other terms within the existing debt facilities, subject to the Capital Raising (together, the "Transaction"). Full details of the Covenant Amendments can be found below, but the main terms of the existing debt facilities following these amendments will be:

- the £700 million final payment of the outstanding term loan facility has not changed and its final maturity remains April 2011;
- the maturity of the £250 million multicurrency revolving credit facility also remains April 2011;
- the key financial covenants for both these facilities have been amended to provide greater headroom until the end of the existing term;
 - minimum fixed charge cover ratio (calculated as consolidated EBITDAR divided by the sum of net rent and net interest payable) of 1.60 times;
 - maximum leverage ratio (calculated as consolidated total net debt divided by EBITDA) of 3.75 times;
- the margin over LIBOR/EURIBOR in respect of each facility has been increased; and
- the Company's swap portfolio will be restructured following closing of the Transaction, reducing the effective net margin.

Trading update

Debenhams today released its Interim Management Statement for the 12 weeks to 23 May 2009.

The full announcement is available at Debenhams' website at www.debenhamsplc.com

Rob Templeman, Chief Executive of Debenhams, said:

"I believe that our trading for the year to date is a robust performance given the challenging nature of the market. The proposed capital raising together with the cash generation of this business will substantially reduce the Group's net debt position and it gives us operational and financial

flexibility for the future. We believe that the proposed transaction is the right thing for the Company and its shareholders.”

This summary should be read in conjunction with the full text of this announcement.

For further information, please contact:

Debenhams plc

Tel: + 44 (0) 207 408 4444

Rob Templeman, Chief Executive Officer

Chris Woodhouse, Finance Director

Lisa Williams, Head of Investor Relations

Citi

(Joint Global Co-ordinator, Joint Sponsor and Joint Bookrunner) Tel: + 44 (0) 207 986 4000

Michael Lavelle

Andrew Seaton

Jan Skarbek

Merrill Lynch

(Joint Global Co-ordinator, Joint Sponsor and Joint Bookrunner) Tel: + 44 (0) 207 628 1000

Rupert Hume-Kendall

Simon Fraser

Simon Mackenzie-Smith

Lazard

(Financial Adviser and Joint Sponsor)

Tel: + 44 (0) 207 187 2000

William Rucker

Paul Gismondi

Michael Grayer

A copy of the Prospectus, if and when published, will be available from the registered office of Debenhams plc at 1 Welbeck Street, London W1G 0AA and on the Debenhams website at www.debenhamsplc.com. The Prospectus (if published) will also be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London EC4Y 1HS up to and including the date of Admission.

This Announcement is not a prospectus but an advertisement and Qualifying Shareholders should not acquire any Firm Placed Shares and the Open Offer Shares referred to in this Announcement except on the basis of the information contained in the Prospectus and the Circular.

Neither the content of Debenhams' website nor any website accessible by hyperlinks to Debenhams' website is incorporated in, or forms part of, this Announcement. The distribution of this Announcement, the Prospectus and any other documentation associated with the Firm Placing and Open Offer and/or the transfer of the Firm Placed Shares and the Open Offer Shares into jurisdictions other than the United Kingdom may be restricted by law. Persons into whose possession these documents come should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction. In particular, such documents should not be distributed, forwarded to or transmitted, directly or indirectly, in whole or in part, in or into Australia, Canada, Japan, South Africa or the United States. No action has been taken by Debenhams that would permit an offer of the Firm Placed Shares or the Open Offer Shares or possession or distribution of this Announcement, the Prospectus or any other Capital Raising or publicity material or the Application Forms in any jurisdiction where action for that purpose is required, other than in the United Kingdom.

The Firm Placed Shares and the Open Offer Shares have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and in compliance with the securities laws of any state or other jurisdiction of the United States. No public Capital Raising of any of the Firm Placed Shares or the Open Offer Shares will be made in the United States. The Firm Placed Shares and the Open Offer Shares are being offered and sold outside the United States in reliance on Regulation S under the Securities Act and in the United States pursuant to an exemption from registration under the Securities Act in a transaction not involving any public Capital Raising. No public Capital Raising of the Firm Placed Shares or the Open Offer Shares will be made in the United States. The Firm Placed Shares and the Open Offer Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Capital Raising or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence. This Announcement may not be released, published or distributed, directly or indirectly, in whole or in part, in or into the United States.

The Firm Placed Shares and the Open Offer Shares also have not been and will not be registered under the securities laws of any Restricted Jurisdiction or any state, province or territory thereof and may not be offered, sold, taken up, exercised, resold, renounced, transferred or delivered, directly or indirectly, within such jurisdictions except pursuant to an applicable exemption from and in compliance with any applicable securities laws. There will be no public offer in any of the Restricted Jurisdictions.

This Announcement is for information purposes only and does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in any jurisdiction and should not be relied upon in connection with any decision to subscribe for or acquire any of the Firm Placed Shares or the Open Offer Shares. In particular, this Announcement does not constitute or form part of any offer to issue or sell, or the solicitation of an offer to acquire, purchase or subscribe for, any securities in the United States, Australia, Canada or Japan or South Africa,.

The Banks, which are authorised and regulated in the UK by the Financial Services Authority, are acting for Debenhams and no one else in connection with the Capital Raising and will not regard any other person (whether or not a recipient of this Announcement) as a client in relation to the Capital Raising and will not be responsible to anyone other than Debenhams for providing the protections afforded to their respective clients or for providing advice in relation to the Capital Raising or any matters referred to in this Announcement.

Apart from the responsibilities and liabilities, if any, which may be imposed on the Banks by the Financial Services and Markets Act 2000, none of the Banks accepts any responsibility whatsoever for the contents of this Announcement, and makes no representation or warranty, express or implied, for the contents of this Announcement, including its accuracy, completeness or verification, or for any other statement made or purported to be made by it, or on its behalf, in connection with Debenhams or the Firm Placed Shares or the Open Offer Shares or the Capital Raising, and nothing in this Announcement is or shall be relied upon as, a promise or representation in this respect whether as to the past or future. Each of the Banks accordingly disclaims to the fullest extent permitted by law all and any liability whether arising in tort, contract or otherwise (save as referred to above) which it might otherwise have in respect of this Announcement or any such statement.

No statement in this Announcement is intended to be a profit forecast and no statement in this Announcement should be interpreted to mean that earnings per share of Debenhams for the current or future financial years would necessarily match or exceed the historical published earnings per share of Debenhams.

This Announcement includes statements that are, or may be deemed to be, “forward looking statements”. These forward looking statements can be identified by the use of forward looking terminology, including the terms “believes”, “projects”, “estimates”, “anticipates”, “expects”, “intends”, “plans”, “goal”, “target”, “aim”, “may”, “will”, “would”, “could”, “should” or “continue” or, in each case, their negative or other variations or comparable terminology. These forward looking statements include all matters that are not historical facts. They appear in a number of places throughout this Announcement and include statements regarding the intentions, beliefs or current expectations of the Directors, the Company or the Group concerning, among other things, the results of operations, prospects, growth, strategies and dividend policy of the Group and the industry in which it operates.

By their nature, forward looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future and may be beyond the Company’s ability to control or predict. Forward looking statements are not guarantees of future performance. The Company’s or the Group’s actual results of operations, dividend policy and the development of the industry in which it operates may differ materially from the impression created by the forward looking statements contained in this Announcement. In addition, even if the results of operations and dividend policy of the Company or the Group (as the case may be), and the development of the industry in which it operates, are consistent with the forward looking statements contained in this Announcement, those results or developments may not be indicative of results or developments in subsequent periods. Important factors that could cause these differences include, but are not limited to: the effect of the Capital Raising on the Group; the Group’s ability to generate growth or profitable growth; the Group’s ability to generate sufficient cash over the longer term to service its debt; the Group’s ability to control its capital expenditure and other costs; changes in the competitive framework in which the Group operates and its ability to retain market share; industry trends; general local and global economic, political, business and market conditions; significant changes in exchange rates, interest rates and tax rates; significant

technological and market changes; future business combinations or dispositions; changes in government and other regulation, including in relation to the environment, health and safety and taxation; labour relations and work stoppages; changes in business strategy or development plans.

The forward looking statements contained in this document speak only as of the date of this Announcement. Other than in accordance with their legal or regulatory obligations (including under the Listing Rules and/or the Prospectus Rules and/or the Disclosure and Transparency Rules) and as required by the FSA, the London Stock Exchange or the City Code, neither of the Company or the Banks undertakes any obligation to update or revise publicly any forward looking statement, whether as a result of new information, future events or otherwise. All subsequent written and oral forward looking statements attributable to the Group or individuals acting on behalf of the Group are expressly qualified in their entirety by this paragraph. Prospective investors should specifically consider the factors identified in this document which could cause actual results to differ before making an investment decision.

Appendix I contains the Terms and Conditions of the Offer

Appendix II contains an expected timetable of principal events.

Appendix III contains the definitions of certain terms used in this announcement.

Capital Raising

1 Introduction

The Board of Debenhams announces today its intention to raise gross proceeds of approximately £323 million by means of a Firm Placing and a Placing and Open Offer of New Ordinary Shares (the "Capital Raising"). The New Ordinary Shares will be issued at an Issue Price determined by a market book build process which commences immediately and will close no later than 4.30 p.m. today.

The TPG Shareholder Group and the CVC Shareholder Group have confirmed their intention to vote any shares held by them in favour of the Capital Raising at the General Meeting to be held at 11.00 a.m. on 23 June 2009 and have agreed to enter into customary lock up arrangements on their shareholdings for the duration of the open offer period.

As a result of the Capital Raising, the TPG Shareholder Group and the CVC Shareholder Group will both have a shareholding below the level at which they have a right to a Board representative. Accordingly, Jonathan Feuer and Philippe Costeletos, the Board representatives of the CVC Shareholder Group and the TPG Shareholder Group respectively, have tendered their resignations from the Board with immediate effect.

The Capital Raising is conditional upon, among other things, the approval of Shareholders at the General Meeting and upon the Placing Agreement becoming unconditional in all respects.

2 Background to and reasons for the Capital Raising

Debenhams is the second largest department store chain in the UK with 154 stores in the UK and Republic of Ireland. It has a strong and well-recognised brand and significant market share across all key categories, including womenswear, menswear, homeware, health and beauty, accessories, lingerie and childrenswear. In addition, Debenhams has 50 international franchise stores in 17

countries and a growing online business through Debenhams Direct. The Directors believe that Debenhams is clearly differentiated from its competitors through its mix of exclusive own brands, especially its “Designers at Debenhams” offering, with a focus on quality and design, and third-party brands. The Directors believe that Debenhams benefits from a proven business model which has delivered a long-term track record of sales growth and market share gains.

The Directors have been pleased with Debenhams’ performance over the past 18 months. The Group has continued to grow its sales and to take market share even though market conditions have been challenging as the global financial crisis has developed and the UK and Republic of Ireland have moved into recession. The Group reported strong half year results for the 26 week period ended 28 February 2009 in terms of gross transaction value and profitability. This creditable financial performance was driven by new store openings, which continue to deliver high returns on investment; an increasing gross margin, through greater own bought sales contribution and tighter stock control; disciplined management of resources which has resulted in a successful cost saving programme, lower capital expenditure, more efficient working capital usage and short-term changes to the Company’s dividend policy; and an increase in Debenhams’ total market share as consumers respond to improvements made to Debenhams’ offering in terms of product quality and value. The Directors believe that, while the current trading environment remains challenging, consumer spending should recover over the medium to long term and there are strong drivers for the continued growth of Debenhams, including further developments in its own bought product ranges, planned new store openings and increasing multi-channel sales through Debenhams Direct and its international franchise stores.

Notwithstanding the Directors’ confidence about the growth prospects for Debenhams over the medium to long term, they also believe that the business will benefit from the Capital Raising in four ways.

- (i) *Reduces absolute level of debt and enhances ability to refinance the facilities that mature in April 2011*

Even though progress is being made in improving profits and cash flow generated by the business, the Directors recognise that the level of indebtedness continues to have an ongoing negative impact on investor sentiment towards Debenhams, which has in turn impacted on the equity value of the Group. Further, the challenging economic environment and tightening of global credit markets have led the Directors to consider Debenhams’ options in relation to its current capital structure and any future refinancing of its existing debt facilities. Given the limited visibility on the outlook for the global credit markets, and taking the Group’s encouraging recent operational performance into account, the Directors believe that now is an appropriate time to reduce net debt in order to strengthen the Group’s capital structure and provide increased financial and operational flexibility. In particular, the net proceeds of the Capital Raising will reduce significantly Debenhams’ net indebtedness and the Directors believe that this will substantially improve the Company’s ability to refinance its existing debt facilities, which mature in April 2011, and provide access to potentially more attractive terms upon refinancing than would otherwise be available. On 29 May 2009, Debenhams made the scheduled £100.0 million amortisation payment on its term loan, due under the terms of its existing debt facilities.

- (ii) *Provides opportunity to amend existing debt covenant package providing greater operational and financial flexibility*

In light of the economic environment, the Directors have created additional financial covenant headroom within the Company’s existing facilities by successfully negotiating

amendments to the Company's financial covenants and certain other terms within the existing debt facilities.

The main terms of the existing debt facilities following these amendments will be:

- the £700 million final payment of the outstanding term loan facility has not changed and its final maturity remains April 2011;
- the maturity of the £250 million multicurrency revolving credit facility also remains April 2011;
- the key financial covenants for both these facilities have been amended to provide greater headroom until the end of the existing term and now comprise (i) a minimum fixed charge cover ratio (calculated as consolidated EBITDAR divided by the sum of net rent and net interest payable) of 1.60 times and (ii) a maximum leverage ratio (calculated as consolidated total net debt divided by EBITDA) of 3.75 times. All financial covenants are tested every quarter on a last twelve months rolling basis and are calculated in accordance with UK GAAP as adjusted for covenant purposes;
- the initial margin over LIBOR/EURIBOR in respect of each facility has been increased to 3.00% per annum until September 2009 and thereafter will be in a range of 2.50% to 3.25% per annum, depending on the leverage ratio. The Directors expect this margin to fall to 2.75% at the first testing date, effective on or before October 2009 and, once the Group's swap portfolio is restructured following closing of the Transaction, the effective net margin is expected to fall as a consequence; and
- as part of the amendment, Debenhams has agreed to pay up-front fees equivalent to 58 basis points on the debt facilities.

The restructuring of the existing swap portfolio to accommodate the reduction in net debt will result in a fall in the underlying cost of funds to partially offset the rise in margin and provide protection against future interest rate movements. The revised portfolio will have the effect of reducing the margin payable on the drawn debt.

The amendments to the terms and conditions of the debt facilities are conditional on at least £200 million being raised in the Capital Raising and on payment of all applicable fees by the Company to the lenders.

(iii) Increases Debenhams' flexibility to opportunistically buy back existing debt at below par

Debenhams' debt has traded below par consistently over the past three years despite the Company's strong operational performance. If the Company is able to take advantage of current credit market conditions to buy back debt opportunistically in the market at below par value, the Directors believe this would be to the benefit of the Company and the shareholders and would result in a reduction in the net indebtedness and interest expense of the Group. In the past month, debt with par value of £2.8 million has been bought back in the market at 83% of par.

(iv) Improves Debenhams' ability to pursue opportunistic acquisitions of retail assets which may become available if the downturn persists

In the current economic climate, the Directors believe that distressed retail assets may become available for purchase. These assets could include packages of stock, such as that acquired from the administrators of Principles in March 2009, or entire businesses. The Directors believe that if assets or businesses become available for acquisition in

these circumstances they may provide opportunities to create value for Debenhams and to improve Debenhams' credit ratios. Debenhams has a highly experienced management team with a proven track record of value-creating acquisitions both within the retail sector and for Debenhams, the latter including the acquisition of stores from Allders in the UK and Roches Stores in the Republic of Ireland.

3 Use of Proceeds

The Directors intend to use the net proceeds of the Capital Raising in accordance with (i) through (iv) above. Until utilised, approximately £250.0 million of the amount received will remain in cash on Debenhams' balance sheet. In addition, Debenhams has agreed to apply £50.0 million of the net proceeds of the Capital Raising to fund a partial pre-payment of the £150.0 million term loan amortisation payment which is due under the terms of the existing debt facilities in May 2010, leaving £100.0 million payable in May 2010.

4 Financial effects of the Capital Raising

The Directors expect the increased number of Ordinary Shares in issue following the Capital Raising to have a negative effect on Debenhams' reported earnings per share for the financial year ended 29 August 2009. This statement does not constitute a profit forecast and should not be interpreted to mean that the earnings per share in any financial period will necessarily match or be lesser or greater than those for the relevant preceding period.

The Capital Raising, together with the amendments to the Company's financial covenants, will provide increased flexibility and headroom to fund value-enhancing acquisitions.

In setting the Issue Price, the Directors will consider the price at which the New Ordinary Shares should be offered to investors to ensure a successful Capital Raising and also raise sufficient proceeds.

5 Dividend Policy

The Directors have recently reviewed Debenhams' near term dividend policy. While the Directors did not propose an interim dividend for 2009, there is an intention to return to paying a dividend when they believe it is financially prudent to do so.

6 Pensions

Debenhams and its pension trustees have recently completed a triennial valuation of the Company's two defined benefit pension schemes. The Debenhams Executive Pension Plan was closed to new entrants in September 2002 and the Debenhams Retirement Scheme was closed to new entrants in October 2006. Both schemes have been closed to future accruals since October 2006. The result of the triennial valuation is that the rate of employer contributions payable under the agreed schedule of contributions will remain at the same level as agreed for the last three years until the effective date of the next valuation, 31 March 2011. The trustees have also confirmed that the schemes will have no call on funds raised from the Capital Raising, subject to any intervention by the Pensions Regulator, and to review only if there were to be a material decline in investment values or a significant change to Debenhams' covenant. The Directors have no reason to believe that the trigger points for any of these events are likely to occur.

7 Current trading and prospects

The Company announced its interim results for the 26 week period ended 28 February 2009 on 23 April 2009.

The Company today releases an interim management statement for the 12 weeks to 23 May 2009 on 4 June 2009. For this 12 week period, gross transaction value was 3.0% higher than the same period last year. Like-for-like sales were 0.8% lower than last year (excluding VAT). Debenhams has continued to gain total fashion market share* as customers find favour with its ongoing strategy of increasing the quality and value of its products (*source: TNS Worldpanel Fashion 26 weeks market share data to 26 April 2009 versus 2008).

The Directors' focus in running the business has continued to be on the levers which drive cash margin. The improvements made over the past 18 months to the design, quality and value of own bought product ranges – particularly “Designers at Debenhams” – have led to continued good performance in these areas, resulting in a 90 basis point gross margin gain for the 12 weeks compared with the same period last year. This, alongside the ongoing disciplined management of costs, stocks and the balance sheet, has contributed to profit before tax and EBITDA for the 12 weeks to 23 May 2009 both being ahead of the prior year. Although the outlook for consumer confidence for the remainder of the 2009 financial year is uncertain, given the performance of the business so far this year the Directors remain confident in the Company's trading strategy and the outturn for the full year.

8 Capitalisation and indebtedness

As at 28 February 2009, the Company's total capitalisation was £162.6 million. As at 25 April 2009, net financial indebtedness was £971.1 million.

9 Principal terms of the Capital Raising

Debenhams is proposing to raise gross proceeds of approximately £323 million by way of the Capital Raising. 40% of New Ordinary Shares will be issued through the Firm Placing and 60% of New Ordinary Shares will be issued through the Placing and Open Offer.

Principal terms of the Placing and Open Offer

Qualifying Shareholders, on and subject to the terms and conditions of the Open Offer, will be given the opportunity to apply for the Open Offer Shares at the Issue Price, *pro rata* to their holdings of Existing Ordinary Shares on the Record Date, on a basis to be determined after the market book build process.

Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST and be enabled for settlement, applications in respect of entitlements under the Open Offer may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim raised by Euroclear's Claims Processing Unit. Qualifying Non-CREST Shareholders should note that their Application Form is not a negotiable document and cannot be traded.

Further information on the Open Offer and terms and conditions on which it is made, including the procedure for application and payment, will be set out in the Prospectus.

If Admission does not take place on or before 26 June 2009 (or such later time and/or date as the Company, Citi UK and Merrill Lynch may determine, not being later than 24 July 2009), the Open Offer will lapse, any Open Offer Entitlements admitted to CREST will thereafter be disabled and application monies under the Open Offer will be refunded to the applicants, by cheque (at the applicant's risk) in the case of Qualifying Non-CREST Shareholders and by way of a CREST payment in the case of Qualifying CREST Shareholders, without interest as soon as practicable thereafter. In these circumstances, the Placing to the Placees will not proceed.

The Placing and Open Offer is conditional, among other things, upon:

- the passing, without amendment, of the Resolutions at the General Meeting (and not, except with the prior written agreement of the Joint Sponsors, at any adjournment of such meeting not on the same day);
- Admission taking place by no later than 8.00 a.m. on 26 June 2009 (or such later time and date as the Company, Citi UK and Merrill Lynch may agree); and
- the Placing Agreement otherwise having become unconditional in all respects (save for the condition relating to Admission) and not having been terminated in accordance with its terms prior to Admission.

Any Qualifying Shareholder who has sold or transferred all or part of his or her registered holding(s) of Ordinary Shares prior to the close of business on 2 June 2009 is advised to consult his or her stockbroker, bank or other agent through or to whom the sale or transfer was effected as soon as possible since the invitation to apply for Open Offer Shares under the Open Offer may be a benefit which may be claimed from him/her by the purchasers under the rules of the London Stock Exchange.

The Open Offer Shares, when issued and fully paid, will be identical to and rank in full for all dividends or other distributions declared, made or paid after Admission and in all respects will rank *pari passu* with the Existing Ordinary Shares. No temporary documents of title will be issued.

The commitments of the Placees will be subject to clawback in respect of valid applications for Open Offer Shares by Qualifying Shareholders pursuant to the Open Offer.

Principal terms of the Firm Placing

The Firm Placed Shares will not be subject to clawback and do not form part of the Open Offer. The Firm Placing will be subject to the same conditions and termination rights that apply to the Placing and Open Offer.

Application will be made to the UK Listing Authority for the Firm Placed Shares to be admitted to the Official List and to the London Stock Exchange for the Firm Placed Shares to be admitted to trading on the London Stock Exchange's main market for listed securities. It is expected that Admission will become effective on 26 June 2009 and that dealings for normal settlement in the Open Offer Shares will commence at 8.00 a.m. on the same day.

The Firm Placed Shares, when issued and fully paid, will be identical to, and rank in full with, the Ordinary Shares for all dividends or other distributions declared, made or paid after Admission and will rank *pari passu* in all respects with the Existing Ordinary Shares as at the date of issue.

10 Structure of the Capital Raising

The Capital Raising is being structured in a way that is expected to have the effect of realising distributable reserves approximately equal to the net proceeds of the Capital Raising less the par value of the New Ordinary Shares issued by the Company. The Company and Citi UK have agreed to subscribe for ordinary shares in Kylie (Jersey) Limited. Citi UK will pay monies that they receive from Qualifying Shareholders or Placees taking up New Ordinary Shares under the Capital Raising, after deducting commissions, to an account with Equiniti Limited, which proceeds will be used to acquire redeemable preference shares in Kylie (Jersey) Limited.

The Company will allot and issue the New Ordinary Shares to those persons entitled thereto in consideration of Citi UK transferring its holdings of ordinary shares and redeemable preference shares in Kylie (Jersey) Limited to the Company. Accordingly, instead of receiving cash as

consideration for the issue of the New Ordinary Shares, at the conclusion of the Capital Raising the Company will own the entire issued share capital of Kylie (Jersey) Limited whose only asset will be its cash reserves, which will represent an amount equivalent to the net proceeds of the Capital Raising. The Company will be able to utilise this amount by redeeming the redeemable preference shares it holds in Kylie (Jersey) Limited and, during any interim period prior to redemption, by procuring that Kylie (Jersey) Limited lends the amount to the Company.

The realisation of distributable reserves will facilitate any potential return of cash to Shareholders.

The Firm Placing and the Placing and Open Offer are interconditional and conditional, among other things, on Shareholder approval, which will be sought at a General Meeting convened for 23 June 2009.

11 Effect of the Capital Raising

In structuring the Capital Raising, the Directors have given consideration to how to structure the proposed equity fundraising, having regard to the current market conditions, the composition of the Company's shareholder register, the level of the Company's share price and the importance of pre-emption rights to Shareholders. After considering these factors, the Directors have concluded that the Capital Raising is the most suitable option available to the Company and its Shareholders. The Open Offer will provide an opportunity for all Qualifying Shareholders to participate in the fundraising by acquiring Open Offer Shares *pro rata* to their current holding of Shares.

Shareholders should note that the Open Offer is not a rights issue. Qualifying Shareholders should be aware that in the Open Offer, unlike in a rights issue, any Open Offer Shares not applied for will not be sold in the market on behalf of, or placed for the benefit of, Qualifying Shareholders who do not apply under the Open Offer but will be issued to the Places for the benefit of the Company.

12 Directors' intentions

The Directors currently beneficially own, in aggregate, 37,735,581 Existing Ordinary Shares, representing 4.20% of the issued share capital of the Company. Subject to the sentence that follows, each of the Directors intends to acquire in the Capital Raising a number of New Ordinary Shares equal to his full entitlement in the Open Offer and such New Ordinary Shares will be issued to each Director or members of his family. Certain directors will only acquire New Ordinary Shares if they can sell sufficient of their Existing Ordinary Shares in the market at a net price per share that covers the cost of acquiring New Ordinary Shares in the Capital Raising at the Issue Price.

APPENDIX 1

TERMS AND CONDITIONS

IMPORTANT INFORMATION ON THE PLACINGS FOR INVITED PLACEES ONLY

MEMBERS OF THE PUBLIC ARE NOT ELIGIBLE TO TAKE PART IN THE PLACINGS. THIS ANNOUNCEMENT, THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN ARE FOR INFORMATION PURPOSES ONLY AND ARE DIRECTED ONLY AT PERSONS WHOSE ORDINARY ACTIVITIES INVOLVE THEM IN ACQUIRING, HOLDING, MANAGING AND DISPOSING OF INVESTMENTS (AS PRINCIPAL OR AGENT) FOR THE PURPOSES OF THEIR BUSINESS AND WHO HAVE PROFESSIONAL EXPERIENCE IN MATTERS RELATING TO INVESTMENTS AND ARE PERSONS WHO: (A) FALL WITHIN ARTICLE 19(5) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000 (FINANCIAL PROMOTION) ORDER 2005, AS AMENDED ("**THE ORDER**") OR ARE PERSONS FALLING WITHIN ARTICLE 49(2)(a) TO (d) ("**HIGH NET WORTH COMPANIES, UNINCORPORATED ASSOCIATIONS, ETC**") OF THE ORDER; AND (B) ARE QUALIFIED INVESTORS WITHIN THE MEANING OF SECTION 86(7) OF THE FINANCIAL SERVICES AND MARKETS ACT 2000, AS AMENDED ("**FSMA**"); AND (C) HAVE BEEN INVITED TO PARTICIPATE IN THE PLACINGS BY THE PLACING AGENTS (ALL SUCH PERSONS TOGETHER BEING REFERRED TO AS "**RELEVANT PERSONS**").

THIS ANNOUNCEMENT AND THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN MUST NOT BE ACTED ON OR RELIED ON BY PERSONS WHO ARE NOT RELEVANT PERSONS. ANY PERSON DISTRIBUTING THIS ANNOUNCEMENT AND THIS APPENDIX MUST SATISFY THEMSELVES THAT IT IS LAWFUL TO DO SO. ANY INVESTMENT OR INVESTMENT ACTIVITY TO WHICH THIS APPENDIX AND THE TERMS AND CONDITIONS SET OUT HEREIN RELATES IS AVAILABLE ONLY TO RELEVANT PERSONS AND WILL BE ENGAGED IN ONLY WITH RELEVANT PERSONS. THIS ANNOUNCEMENT AND THIS APPENDIX DO NOT THEMSELVES CONSTITUTE AN OFFER FOR SALE OR SUBSCRIPTION OF ANY SECURITIES IN THE COMPANY. THE SECURITIES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE "**SECURITIES ACT**") OR UNDER THE LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES, AND MAY NOT BE OFFERED, SOLD, TRANSFERRED OR DELIVERED, DIRECTLY OR INDIRECTLY, WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM OR IN A TRANSACTION NOT SUBJECT TO THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND IN COMPLIANCE WITH THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES. NO MONEY, SECURITIES OR OTHER CONSIDERATION FROM ANY PERSON INSIDE THE UNITED STATES IS BEING SOLICITED BY THIS ANNOUNCEMENT AND THIS APPENDIX AND IF SENT IN RESPONSE TO INFORMATION CONTAINED IN THIS ANNOUNCEMENT OR THIS APPENDIX, WILL NOT BE ACCEPTED.

THIS ANNOUNCEMENT AND THIS APPENDIX IS ONLY ADDRESSED TO AND DIRECTED AT PERSONS IN MEMBER STATES OF THE EUROPEAN ECONOMIC AREA WHO ARE 'QUALIFIED INVESTORS' WITHIN THE MEANING OF ARTICLE 2(1)(E) OF THE PROSPECTUS DIRECTIVE.

If a Placee indicates to the Placing Agents that it wishes to participate in the Placings by making an oral offer to acquire Placing Shares it will be deemed to have read and understood this Appendix and the announcement of which it forms part in their entirety and to be making such offer on the terms and conditions, and to be providing the representations, warranties, indemnities, agreements and acknowledgements, contained in this Announcement. In particular each such Placee represents, warrants and acknowledges that it is a Relevant Person and undertakes that it will acquire, hold, manage and dispose of any of the Placing Shares that are allocated to it for the purposes of its business only. Further, each such Placee represents, warrants and agrees that (a) if it is a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive, that the Firm Placed Shares and Open Offer Placed Shares acquired by and/or purchased by it in the Capital Raising will not be acquired on a non-discretionary basis on behalf of, nor will they be acquired with a view to their offer or resale to, persons in circumstances which may give rise to an

offer of securities to the public other than an offer or resale in a member state of the EEA which has implemented the Prospectus Directive to Qualified Investors, or in circumstances in which the prior consent of the Placing Agents has been given to each such proposed offer or resale; and (b) it is either (i) outside the United States and is acquiring for the Firm Placed Shares and/or the Open Offer Placed Shares in an offshore transaction pursuant to Regulation S under the Securities Act for its own account or is purchasing the Firm Placed Shares and/or the Open Offer Placed Shares for an account with respect to which it exercises sole investment discretion and who will sign and return the Regulation S Form of Acceptance in the Placing Letter which will be provided to each Placee by the Placing Agents which the Placee is obliged to complete and sign; or (ii) a "qualified institutional buyer" (as defined in Rule 144A under the Securities Act) or purchasing Placing Shares on behalf of a QIB, and who will sign and return the QIB Form of Acceptance in the Placing Letter. This Announcement does not constitute an offer to sell or issue or the invitation or solicitation of an offer to buy or acquire Placing Shares in any jurisdiction including, without limitation, the United States, Australia, Canada, Japan or South Africa. This Announcement and the information contained herein are not for release, publication or distribution, directly or indirectly, in whole or in part, to persons in the United States, Australia, Canada, Japan or South Africa or any jurisdiction in which the same is unlawful.

In particular, the Placing Shares referred to in this Announcement have not been and will not be registered under the Securities Act and may not be offered, sold or transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Subject to certain limited exceptions, no offering of the Placing Shares will be made in the United States. The Placing Shares have not been approved or disapproved by the US Securities and Exchange Commission, any state securities commission in the United States or any other regulatory authority in the United States, nor have any of the foregoing authorities passed upon or endorsed the merits of the Placings or the accuracy or adequacy of this Announcement. Any representation to the contrary is a criminal offence in the United States.

The distribution of this Announcement and the offer and/or placing of Placing Shares in certain other jurisdictions may be restricted by law. No action has been taken by the Placing Agents or the Company that would permit an offer of the Placing Shares or possession or distribution of this Announcement or any other offering or publicity material relating to the Placing Shares in any jurisdiction where action for that purpose is required. Persons into whose possession this Announcement comes are required by the Placing Agents and the Company to inform themselves about and to observe any such restrictions.

Each Placee's commitments will be made solely on the basis of the information set out in the Placing Letter and the information publicly announced to a Regulatory Information Service by or on behalf of the Company on the date of this Announcement. Each Placee, by participating in the Placings, agrees that it has neither received nor relied on any other information, representation, warranty or statement made by or on behalf of any of the Placing Agents or the Company and none of the Placing Agents, the Company or any person acting on such person's behalf nor any of their affiliates has or shall have liability for any Placee's decision to accept this invitation to participate in the Placings based on any other information, representation, warranty or statement. Each Placee acknowledges and agrees that it has relied on its own investigation on the business, financial or other position of the Company in accepting a participation in the Placings. Nothing in this paragraph shall exclude the liability of any person for fraudulent misrepresentation.

No representation or warranty, express or implied, is or will be made as to, or in relation to, and no responsibility or liability will be accepted by any of the Placing Agents or any of their respective employees, affiliates, advisers or agents or any other person as to or in relation to, the accuracy or completeness of any of the Prospectus, the Circular or this Announcement or any other written or oral information made available to or publicly available to any Placee, any person acting on such Placee's behalf or any of their respective advisers, and any liability therefor is expressly disclaimed.

Proposed Firm Placing of New Ordinary Shares and Placing of Open Offer Placed Shares subject to clawback in respect of valid applications by Qualifying Shareholders

Placees are referred to this Announcement and the Prospectus, which the Company intends to publish once finalised, containing details of, inter alia, the Capital Raising. This Announcement and the Prospectus, have been prepared and issued, or will be issued, by the Company, and each of these documents is and will be the sole responsibility of the Company.

Subject to, amongst other conditions contained in the Placing Agreement, the Banks and the Company executing a Pricing Supplement following the institutional Bookbuild in connection with the Placings, Qualifying Shareholders on the Register at close of business on 2 June 2009 (or, in each case, such later date as may be agreed between the Company and the Placing Agents) will be offered the right to acquire at the Issue Price, payable in full on acceptance, for their pro rata entitlement of the Open Offer Shares. Entitlements to fractions of Open Offer Shares will not be allotted and each Qualifying Shareholder's entitlement will be rounded down to the nearest whole number. The fractional entitlements will be aggregated and sold to the Placees in the Placing for the ultimate benefit of the Company.

Application for listing and admission to trading

Application will be made to (i) the UK Listing Authority for the New Ordinary Shares to be admitted to the Official List and (ii) the London Stock Exchange for the New Ordinary Shares to be admitted to trading on its main market for listed securities. Application will also be made to Euroclear UK & Ireland Limited for the entitlements to the Open Offer Shares to be admitted as separate participating securities within CREST.

Subject to satisfaction of the conditions referred to herein and to be set out in the Prospectus, it is expected that the Application Form will be despatched on 5 June 2009 to Shareholders who hold their Ordinary Shares in certificated form (other than, subject to certain exceptions, shareholders in the United States and the Restricted Jurisdictions). It is expected that Open Offer Entitlements will be credited to stock accounts in CREST around 8.00 a.m. on 8 June 2009 to Qualifying Shareholders who hold their Ordinary Shares in uncertificated form (other than, subject to certain exceptions, shareholders in the United States and other Restricted Jurisdictions) and dealings in the New Ordinary Shares will commence at 8.00 a.m. on the day which is three Business Days following the General Meeting. The latest time and date for acceptance and payment in full in respect of the New Ordinary Shares is expected to be 11.00 a.m. on 22 June 2009. The Company and the Banks have agreed that if a Supplementary Prospectus is issued by the Company two Business Days or fewer prior to the date specified in the expected timetable for the Capital Raising as the latest date for acceptance and payment in full, such date shall be extended to the date which is three Business Days after the date of issue of the Supplementary Prospectus.

The New Ordinary Shares will be issued subject to the memorandum and articles of association of the Company and will, when issued and fully paid, rank *pari passu* in all respects with the existing issued Ordinary Shares, (including the right to receive all dividends or other distributions declared after the date of the issue of the New Ordinary Shares).

Bookbuild

Commencing today, the Placing Agents will be conducting the Bookbuild to determine demand for participation in the Placings. The Placing Agents will seek to procure Placees as part of this Bookbuild. This Announcement gives details of the terms and conditions of, and the mechanics of participation in, the Bookbuild and Placings. A commission of 1.75% of the value of the Open Offer Placed Shares initially allocated to each Placee by the Placing Agents will be paid to such Placee on the date of Admission subject to payment in full by such Placee for the Placing Shares allocated to such Placee in accordance with this Announcement and such Placee's Placing Letter (as defined below).

Principal terms of the Bookbuild

- (a) By participating in the Bookbuild and the Placings, Placees will be deemed to have read and understood this Announcement in its entirety and to be participating and making an

offer for any Placing Shares on the terms and conditions, and to be providing the representations, warranties, indemnities, acknowledgements and undertakings, contained in this Announcement and pursuant to the Placing Letter.

- (b) The Placing Agents are arranging the Placings as agents of the Company.
- (c) Participation in the Placing will only be available to persons who may lawfully be and are invited to participate by the Placing Agents. The Banks and their respective affiliates are entitled to enter bids as principal in the Bookbuild.
- (d) Any bid should state the total number of Placing Shares which the person wishes to acquire or the total monetary amount which it is offering to acquire Placing Shares at the Issue Price which is ultimately established by the Company and the Placing Agents, or at a price up to a price limit specified in its bid.
- (e) The Placing Agents reserve the right not to accept bids or to accept bids in part rather than in whole. The acceptance of bids shall be at the Placing Agents' absolute discretion.
- (f) The Bookbuild will establish a single price for the Firm Placed Shares, the Open Offer Placed Shares and the Open Offer Shares. The Issue Price will be jointly agreed between the Placing Agents and the Company following completion of the Bookbuild and will be payable to the Placing Agents by the Placees in respect of the Placing Shares allocated to them. Any discount to the market price of the Ordinary Shares will be determined in accordance with the Listing Rules as published by the FSA pursuant to Part IV of FSMA, and approved by the Company at the General Meeting.
- (g) The Bookbuild is expected to close no later than 4.30 p.m. on 4 June 2009. The timing of the closing of the books, pricing and allocations is at the discretion of the Placing Agents and the Company. The Placing Agents may, at their sole discretion, accept bids that are received after the Bookbuild has closed.
- (h) If successful, each Placee's allocation will be confirmed to it by the Placing Agents following the close of the Bookbuild, and a Placing Letter will be dispatched as soon as possible thereafter. Oral or written confirmation (at the Placing Agents' discretion) from the Placing Agents to such Placee, following completion of the Bookbuild, will constitute a legally binding commitment upon such Placee, in favour of the Placing Agents and the Company to acquire the number of Placing Shares allocated to it on the terms and conditions set out in this Announcement, the Placing Letter and in accordance with the Company's Memorandum and Articles of Association. Each Placee will confirm such legally binding commitment by completing, signing and returning a Placing Letter in accordance with the instructions therein, and should a Placee fail to do so the Placing Agents will retain the right to cancel their allocation or terminate such legally binding commitment. Each Placee will have an immediate, separate, irrevocable and binding obligation, owed to the Placing Agents to pay to the Placing Agents (or as the Placing Agents may direct) in cleared funds an amount equal to the product of the Issue Price and the sum of the number of Firm Placed Shares and once apportioned (in accordance with the procedure described in the paragraph entitled 'Placing Procedure' below), the Open Offer Placed Shares, which such Placee has agreed to acquire.
- (i) The Company will make a further announcement following the close of the Bookbuild detailing the Issue Price and the number of New Ordinary Shares to be issued (the "**Pricing Announcement**"). It is expected that such Announcement will be made as soon as practicable after the close of the Bookbuild.
- (j) A bid in the Bookbuild will be made on the terms and conditions in this Announcement and will be legally binding on the Placee by which, or on behalf of which, it is made and will not be capable of variation or revocation after the close of the Bookbuild.
- (k) Subject to paragraphs (g) and (i) above, the Placing Agents may choose to accept bids, either in whole or in part, on the basis of allocations determined at its discretion and may scale down any bids for this purpose on such basis as they may determine.
- (l) Irrespective of the time at which a Placee's allocation(s) pursuant to the Placings is/are confirmed, settlement for all Placing Shares to be acquired pursuant to the Placings will be required to be made at the same time, on the basis explained below under the paragraph "Registration and Settlement".

All obligations under the Placings will be subject to the fulfilment of the conditions referred to below under the paragraph "Conditions of the Placings and Termination of the Placing Agreement".

Conditions of the Placings and Termination of the Placing Agreement

Placees will only be called on to acquire Placing Shares if the obligations of the Placing Agents under the Placing Agreement have become unconditional in all respects and the Placing Agents have not terminated the Placing Agreement prior to Admission.

The Banks' obligations under the Placing Agreement are conditional upon, inter alia:

- the Company having performed all its obligations under the Placing Agreement which are to be performed on or prior to Admission;
- the representations, warranties, undertakings or covenants of the Company contained in the Placing Agreement shall as at the time of Admission being true, accurate and not misleading by reference to the facts and circumstances then existing and no matter having arisen prior to the time of Admission which might reasonably be expected to give rise to a claim under the indemnity in the Placing Agreement;
- Admission having occurred by not later than 8.00 a.m. on the third Business Day after the date of the General Meeting or such later time and/or date as the Company and the Placing Agents may agree;
- the Resolutions having been passed without amendment on the date of the General Meeting (and not, except with the prior written agreement of the Placing Agents, at any adjournment of such meeting);
- the Issue Price being determined and the Pricing Supplement being executed by the Company no later than 5.00 p.m. on 4 June 2009 (or such later date and/or time as the Company and the Placing Agents may agree),

(all such conditions included in the Placing Agreement being together the "**Conditions**").

The Placing Agents may terminate the Placing Agreement at any time before Admission or on the occurrence of certain events, including, (i) in the opinion of the Placing Agents there has been a material adverse change, (ii) the Placing Agents become aware that any of the warranties or representations given by the Company under the Placing Agreement are or would be untrue, incorrect or misleading or a matter has arisen which might reasonably be expected to give rise to a claim under the indemnity in the Placing Agreement, (iii) the Placing Agents become aware that any offer document (or any amendment or supplement thereto) is or has become untrue, inaccurate or misleading in any material respect, (iv) a force majeure event as specified in the Placing Agreement has occurred, or (v) the application of the Company for Admission is withdrawn or is refused by the FSA or the London Stock Exchange for any reason.

If any Condition has not been satisfied, has not been waived by the Placing Agents or has become incapable of being satisfied (and is not waived by the Placing Agents as described below) or if the Placing Agreement is terminated, all obligations under these terms and conditions and/or any Placing Letters will automatically terminate. By participating in the Bookbuild and the Placings, each Placee agrees that its rights and obligations hereunder are conditional upon the Placing Agreement becoming unconditional in all respects and that its rights and obligations will terminate only in the circumstances described above and will not be capable of rescission or termination by it after oral or written confirmation by the Placing Agents (at the Placing Agents' discretion) following the close of the Bookbuild.

The Placing Agents may, following consultation with Lazard, (for themselves and on behalf of the other Banks) in their absolute discretion and upon such terms as they think fit waive fulfilment of any of the conditions (in whole or part) in the Placing Agreement or extend the time provided for fulfilment of any such conditions. Any such extension or waiver will not affect Placees' commitments as set out in this Announcement. None of the Placing Agents nor the Company shall have any liability to any Placee (or to any other person whether acting on behalf of a Placee or otherwise) in respect of any decision made as to whether or not to waive or to extend the time and/or date for the fulfilment of any condition in the Placing Agreement.

By participating in the Placings each Placee agrees that the exercise by the Company or the Placing Agents of any right or other discretion under the Placing Agreement shall be within the absolute discretion of the Company and the Placing Agents (as the case may be) and that neither the Company nor the Placing Agents need make any reference to such Placee and that neither the Company nor the Placing Agents shall have any liability to such Placee (or to any other person whether acting on behalf of a Placee or otherwise) whatsoever in connection with any such exercise.

Withdrawal Rights

Placees acknowledge that their acceptance of any of the Placing Shares is not by way of acceptance of the public offer to be made in the Prospectus and Application Forms but is by way of a collateral contract and as such section 87Q of the FSMA does not entitle Placees to withdraw in the event that the Company publishes a supplementary prospectus in connection with the Capital Raising. If, however, a Placee is entitled to withdraw, by accepting the offer of a placing participation, the Placee agrees to confirm their acceptance of the offer on the terms contained in the Placing Letter on the same terms immediately after such right of withdrawal arises.

Placing Procedure

Any Open Offer Shares offered pursuant to the Capital Raising and not subject to valid applications from Qualifying Shareholders received by 11.00 a.m. on 22 June 2009 (or such other time and/or date as the Company and the Placing Agents may agree), or if not otherwise deemed to be valid in accordance with the Prospectus, will be deemed to have been declined and the entitlement to such shares will lapse.

Placees shall acquire the Firm Placed Shares and Open Offer Placed Shares and any allocation of the Firm Placed Shares and Open Offer Placed Shares will be notified to them by 4.30 p.m. on 4 June 2009 (or such other time and/or date as the Company and the Placing Agents may agree).

Placees will be called upon to acquire, and shall acquire, the Open Offer Placed Shares only if valid applications from Qualifying Shareholders for such shares have not been received by 11.00 a.m. on 22 June 2009 (or such other time and/or date as the Company and the Placing Agents may agree), or if applications have otherwise not been deemed to be valid in accordance with the Prospectus, and any allocation of the Open Offer Placed Shares to Placees will be notified to them by no later than 4.30 p.m. on the date of the General Meeting (or such other time and/or date as the Company and the Placing Agents may agree). Any allotment of Open Offer Placed Shares to Placees will be in proportion to their allocation of Firm Placed Shares relative to the aggregate of the Firm Placed Shares.

Payment in full for any Firm Placed Shares and Open Offer Placed Shares so allocated at the Issue Price must be made by no later than midday (or such other time as shall be notified to each Placee by the relevant Placing Agent) on the Closing Date (or such other time and/or date as the Company and the Placing Agents may agree). The Placing Agents will notify Placees if any of the dates in this Announcement should change, including as a result of delay in the posting of the Circular, the Prospectus, the Application Forms or the crediting of the Open Offer Entitlements in CREST or the production of a supplementary prospectus or otherwise.

Registration and Settlement

Settlement of transactions in the Placing Shares following Admission will take place within the CREST system, subject to certain exceptions. The Placing Agents and the Company reserve the right to require settlement for and delivery of the Placing Shares to Placees by such other means that they deem necessary if delivery or settlement is not possible within the CREST system within the timetable set out in this Announcement or would not be consistent with the regulatory requirements in the Placee's jurisdiction. Each Placee will be deemed to agree that it will do all things necessary to ensure that delivery and payment is completed in accordance with either the

standing CREST or certificated settlement instructions which they have in place with the relevant Placing Agent.

Each Placee allocated any Firm Placed Shares and conditionally allocated any Open Offer Placed Shares in the Placings will be sent a Placing Letter confirming the contract concluded upon acceptance of such Placee's earlier oral offer and also confirming the number of Firm Placed Shares and Open Offer Placed Shares conditionally allocated to it, the Issue Price and the aggregate amount owed by such Placee to the Placing Agents. Settlement will be on a T+3 and delivery versus payment basis and settlement is expected to take place on 26 June 2009. Interest is chargeable daily on payments to the extent that value is received after the due date from Placees at the rate of two percentage points above prevailing LIBOR. Each Placee is deemed to agree that if it does not comply with these obligations, the Placing Agents may sell any or all of the Placing Shares allocated to it on its behalf and retain from the proceeds, for its own account and benefit, an amount equal to the aggregate amount owed by the Placee plus any interest due. By communicating a bid for Placing Shares, each Placee confers on the Placing Agents all such authorities and powers necessary to carry out any such sale and agrees to ratify and confirm all actions which the Placing Agents lawfully take in pursuance of such sale.

The relevant Placee will, however, remain liable for any shortfall below the aggregate amount owed by it and may be required to bear any stamp duty or stamp duty reserve tax (together with any interest or penalties) which may arise upon any transaction in the Placing Shares on such Placee's behalf.

If Placing Shares are to be delivered to a custodian or settlement agent, Placees should ensure that the Placing Letter is copied and delivered immediately to the relevant person within that organisation.

Acceptance

By participating in the Placings and/or completing (as applicable), signing and returning the appropriate version of the Forms of Acceptance attached to the Placing Letter, a Placee:

- undertakes to the Placing Agents in consideration of its allocation of a placing participation to subscribe at the Issue Price for any Placing Shares comprised in its allocation for which it is required to subscribe pursuant to these terms and conditions and/or the Placing Letter, subject to clawback of the Open Offer Shares by Qualifying Shareholders in the Open Offer;
- confirms that it has read this Announcement and has not relied on any information given or any representations or statements made at any time by any person in connection with Admission, the Placings, the Company, the New Ordinary Shares, or otherwise, other than the information contained in this Announcement or the Draft Prospectus and that in accepting the offer of its placing participation it will be relying solely on the information contained in this Announcement or the Draft Prospectus, receipt of which is hereby acknowledged and undertakes not to redistribute such documents;
- represents and warrants that if it has received any confidential price sensitive information about the Company in advance of the Placings, it has not (i) dealt in the securities of the Company; (ii) encouraged or required another person to deal in the securities of the Company; or (iii) disclosed such information to any person, prior to the information being made generally available;
- confirms that it has taken or will take all appropriate action required under the Proceeds of Crime Act 2002 and has complied with the Money Laundering Regulations 2007 and any other applicable legislation concerning prevention of money laundering (the "**Regulations**") and, if it is making payment on behalf of a third party, it has obtained and recorded satisfactory evidence to verify the identity of the third party as may be required by the Regulations;
- represents and warrants that it is (i) if in the UK, a person of a kind described in articles 19(5) or 49(2) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended) and (ii) entitled to subscribe for the New Ordinary Shares comprised

in its allocation under the laws of all relevant jurisdictions which apply to it and that it has fully observed such laws and obtained all governmental and other consents which may be required thereunder and complied with all necessary formalities;

- represents and warrants that it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of FSMA) relating to the Placing Shares in circumstances in which section 21(1) of FSMA does not require approval of the communication by an authorised person;
- represents and warrants that it is not acting in concert (within the meaning given in the City Code on Takeovers and Mergers) with any other Placee or any other person in relation to the Company;
- represents and warrants that it has complied and will comply with all applicable provisions of FSMA with respect to anything done by it in relation to the Placing Shares in, from or otherwise involving the United Kingdom;
- represents and warrants that it has all necessary capacity and has obtained all necessary consents and authorities to enable it to commit to this participation and to perform its obligations in relation thereto (including, without limitation, in the case of any person on whose behalf it is acting, all necessary consents and authorities to agree to the terms set out or referred to in this Announcement);
- represents and warrants that it is not, and at the time the Placing Shares are subscribed for and purchased will not be, subscribing on behalf of a resident of Australia, Canada, Japan or South Africa;
- represents and warrants that it does not expect the Placing Agents to have any duties or responsibilities towards it for providing protections afforded to clients under the Rules of the FSA (the "**Rules**") or advising it with regard to the Placing Shares and that it is not, and will not be, a client of any of the Placing Agents as defined by the Rules. Likewise, any payment by it will not be treated as client money governed by the Rules;
- represents and warrants that any exercise by the Placing Agents of any right to terminate the Placing Agreement or of other rights or discretions under the Placing Agreement or the Placings or the terms of the Placing Letter shall be within the Placing Agents' absolute discretion and the Placing Agents shall not have any liability to it whatsoever in relation to any decision to exercise or not to exercise any such right or the timing thereof;
- represents and warrants that it is not, and it is not applying as nominee(s) or agent(s) for, a person/person(s) who is (are) or may be a person mentioned in sections 67, 70, 93 and 96 of the Finance Act 1986 (depository receipts and clearance services);
- if it is in the EEA, represents and warrants that it is a qualified investor as defined in section 86(7) of the FSMA, as amended, being a person falling within Articles 2.1(e)(i), (ii) or (iii) of Directive 2003/71/EC;
- confirms that the person who it specifies for registration as holder of the Placing Shares will be (i) the Placee or (ii) a nominee of the Placee, as the case may be, and acknowledges that the Placing Agents and the Company will not be responsible for any liability to pay stamp duty or stamp duty reserve tax resulting from a failure to observe this requirement; it agrees to acquire any Placing Shares pursuant to the Placings on the basis that the Placing Shares will be allotted to a CREST stock account of one of the Placing Agents who will hold them as nominee on behalf of the Placee until settlement in accordance with its standing settlement instructions with it;
- acknowledges that where it is acquiring Placing Shares for one or more managed accounts, it represents and warrants that it is authorised in writing by each managed account to acquire Placing Shares for that managed account;
- if it is a pension fund or investment company, acknowledges that its acquisition of any Placing Shares is in full compliance with applicable laws and regulations;
- it has not offered or sold and will not offer or sell any Placing Shares to persons in the United Kingdom prior to Admission except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in the United Kingdom within the meaning of section 85(1) of the FSMA;
- it has not offered or sold and will not offer or sell any New Ordinary Shares to persons in the EEA prior to Admission except to persons whose ordinary activities involve them

acquiring, holding, managing or disposing of investments (as principal or agent) for the purpose of their business or otherwise in circumstances which have not resulted and which will not result in an offer to the public in any member state of the EEA within the meaning of the Prospectus Directive (which means Directive 2003/71/EC and includes any relevant implementing measure in any member state);

- acknowledges that participation in the Placings is on the basis that, for the purposes of the Placings, it is not and will not be a client of either Merrill Lynch or Citi UK and that none of Merrill Lynch or Citi UK have any duties or responsibilities to it for providing the protections afforded to their clients nor for providing advice in relation to the Placings nor in respect of any representations, warranties, undertakings or indemnities contained in the Placing Agreement or the contents of this Announcement;
- acknowledges that any agreements entered into by it pursuant to these terms and conditions shall be governed by and construed in accordance with the laws of England and Wales and it submits (on its behalf and on behalf of any Placee on whose behalf it is acting) to the exclusive jurisdiction of the English courts as regards any claim, dispute or matter arising out of any such contract, except that enforcement proceedings in respect of the obligation to make payment for the Placing Shares (together with any interest chargeable thereon) may be taken by the Placing Agents in any jurisdiction in which the relevant Placee is incorporated or in which any of its securities have a quotation on a recognised stock exchange;
- agrees that the Placing Agents and the Company will rely upon the truth and accuracy of the foregoing representations and warranties which are irrevocable;
- agrees to fully and effectively indemnify and hold harmless the Company and the Banks and each of their respective Affiliates (as defined in Rule 501(b) under the Securities Act) and each person, if any, who controls any Bank within the meaning of Section 15 of the Securities Act or Section 20 of the US Securities Exchange Act of 1934, as amended (the "Exchange Act") and any such person's respective affiliates, subsidiaries, branches, associates and holding companies and the subsidiaries of such subsidiaries, branches, affiliates, associates and holding companies, and in each case their respective directors, employees, officers and agents from and against any and all losses, claims, damages and liabilities (i) arising from any breach by such Placee of any of the provisions of this Announcement, the Placing Letter and (ii) incurred by the Banks and/or the Company arising from the performance of the Placee's obligations as set out in this Announcement; and
- agrees to indemnify and hold the Company and the Banks harmless from any and all losses, claims, damages, liabilities and expenses (including legal fees and expenses) arising out of or in connection with any breach of the representations, warranties, acknowledgements, agreements and undertakings in this Announcement and further agrees that the provisions of this Announcement shall survive after completion of the Capital Raising.

Please also note that the agreement to allot and issue Placing Shares to Placees (or the persons for whom Placees are contracting as agent) free of stamp duty and stamp duty reserve tax in the UK relates only to their allotment and issue to Placees, or such persons as they nominate as their agents, direct from the Company for the Placing Shares in question. Such agreement assumes that such Placing Shares are not being acquired in connection with arrangements to issue depositary receipts or to transfer such Placing Shares into a clearance service. If there were any such arrangements, or the settlement related to other dealing in such Placing Shares, stamp duty or stamp duty reserve tax may be payable, for which neither the Company nor the Placing Agents would be responsible. If this is the case, it would be sensible for Placees to take their own advice and they should notify the relevant Bank accordingly. In addition, Placees should note that they will be liable for any capital duty, stamp duty and all other stamp, issue, securities, transfer, registration, documentary or other duties or taxes (including any interest, fines or penalties relating thereto) payable outside the UK by them or any other person on the acquisition by them of any Placing Shares or the agreement by them to acquire any Placing Shares.

Selling Restrictions

In taking up an allocation of a placing participation a Placee:

- represents and warrants that it is not a person who has a registered address in, or is a resident, citizen or national of, a country or countries, in which it is unlawful to make or accept an offer to subscribe for Placing Shares;
- represents and warrants that, if it is a person (including without limitation, nominees and trustees of such a person) with a registered address outside the United Kingdom or a citizen or resident of a country other than the United Kingdom, it has fully observed and will fully observe the applicable laws of any relevant territory, including complying with the selling restrictions set out herein and obtaining any requisite governmental or other consents and it has fully observed and will fully observe any other requisite formalities and pay any issue, transfer or other taxes due in such territories;
- confirms that it is a person whose ordinary activities involve it (as principal or agent) in acquiring, holding, managing or disposing of investments for the purpose of its business and it undertakes that it will (as principal or agent) acquire, hold, manage or dispose of any Placing Shares that are allocated to it for the purposes of its business;
- confirms that it is either (i) outside the United States purchasing in an offshore transaction pursuant to Regulation S of the Securities Act who will sign and return the Regulation S Form of Acceptance in the Placing Letter or (ii) a QIB or purchasing Placing Shares on behalf of a QIB, and who will sign and return the QIB Form of Acceptance, and who understands (or, if it is acting for the account of another person, such person has confirmed that such person understands) that (a) any Placing Shares are "restricted securities" (within the meaning of Rule 144(a)(3) of the Securities Act), and that, for so long as the Placing Shares are restricted securities, it will segregate such Placing Shares from any other shares that it holds that are not restricted securities, will not deposit the Placing Shares into any unrestricted depository facility established or maintained by a depository bank and will only transfer such Placing Shares in accordance with Section (b) herein; (b) the Placing Shares may not be reoffered, resold, pledged or otherwise transferred except (i) in an offshore transaction in accordance with Rule 903 or 904 of Regulation S under the Securities (ii) pursuant to Rule 144 under the Securities Act (if available), (iii) in the United States to QIBs pursuant to Rule 144A under the Securities Act or (iv) pursuant to an effective registration statement under the Securities Act, and that in each case, such offer, sale, pledge or transfer must be made in accordance with all applicable securities laws in the United States; (c) whether or not it currently holds the Company's American Depositary Receipts ("**ADRs**"), it will receive the Placing Shares in the form of ordinary shares and not in the form of ADRs and (d) until one year after the latest date on which the Placing Shares are delivered in the Placings (which is currently expected to be 26 June 2009), no depository will accept deposits of the Placing Shares in the Company's ADR facility or permit pre-releases of the Company's American Depositary Shares from its ADR facility unless it (or a broker on its behalf) certifies, among other things, that the shares to be deposited were not subscribed or purchased pursuant to the Placings, and that it has not borrowed shares to be deposited with the intention of replacing them with Placing Shares subscribed or purchased pursuant to the Placings;
- (a) confirms that it is not registered and is not required to be registered as a broker or a dealer under the Exchange Act 1934 and that it has not been granted, nor shall it accept, any selling concession, discount or other allowance from a participant in the Placings that is a member of the Financial Industry Regulatory Authority, Inc; and (b) acknowledges that the Placing Agents may utilize the services of one or more affiliates that are US-registered broker-dealers to effect the transactions with you contemplated hereby, but any such broker-dealer will be acting solely as agent and not as principal in connection with such transactions and will have no responsibility or liability to me/us or the Placing Agents arising from any failure by either of them to pay or perform any obligation in connection with this letter or any such transaction.
- acknowledges that none of the Placing Shares have been or will be registered under the Securities Act;
- acknowledges that none of the Placing Shares may be offered, sold, taken up or delivered directly or indirectly, in or into or within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- acknowledges and agrees that it is not acquiring any of the Placing Shares as a result of any form of general solicitation or general advertising (within the meaning of Rule 502(c)

- of Regulation D under the Securities Act) or directed selling efforts (as defined in Regulation S under the Securities Act); and
- represents and warrants it has fully observed the laws of all relevant jurisdictions which apply to it, obtained all governmental and other consents which may be required and complied with all relevant formalities and that it has not taken any action which will or may result in the Company or the Placing Agents (or any of them) being in breach of a legal or regulatory requirement of any territory in connection with the Placings and that it has obtained all other necessary consents and authorities required to enable it to give its commitment to subscribe for the relevant Placing Shares and to perform its obligations under the terms contained in this Announcement and in the Placing Letter.

Miscellaneous

If a Placee is entitled to participate in the Open Offer by virtue of being a Qualifying Placee it will be able to apply to subscribe for Open Offer Shares under the Open Offer. Any participation by a Qualifying Placee in the Open Offer will not reduce its commitment in respect of the Firm Placed Shares and Open Offer Placed Shares that make up that Placee's placing participation. The Company reserves the right to treat as invalid any application or purported application for Open Offer Shares that appears to the Company or its agents to have been executed, effected or dispatched from the United States or an Excluded Territory or in a manner that may involve a breach of the laws or regulations of any jurisdiction or if the Company or its agents believe that the same may violate applicable legal or regulatory requirements or if it provides an address for delivery of the share certificates of Open Offer Shares or in the case of a credit of Open Offer Entitlements to a stock account in CREST, to a CREST member whose registered address would be in a Restricted Territory or the United States, or any other jurisdiction outside the United Kingdom in which it would be unlawful to deliver such share certificates or make such a credit.

A Placee shall, and shall procure that its affiliates shall, not enter into any transaction involving the Company's ordinary shares or securities or derivatives relating to the Company's ordinary shares (other than derivatives referencing a sector or market index in which the Company's ordinary shares do not exceed 10 per cent. of the weighting of any such index) that has the economic effect of a short sale of the Company's ordinary shares or of hedging or otherwise mitigating the economic risk associated with its placing participation. Without prejudice to the foregoing sentence, the foregoing restrictions do not apply to (i) transactions to facilitate client orders from clients that are not affiliates (other than any independently run asset management affiliates); (ii) transactions constituting ordinary course market marking activity; (iii) proprietary positions in the Company's securities or derivatives relating to the Company's securities entered into by a Placee prior to the date of this Agreement; and (iv) any transaction undertaken by an independently run asset management affiliate of a Placee, and any such transactions shall be undertaken in compliance with applicable securities laws and regulations.

Each Placee agrees to provide the Placing Agents with such relevant documents as they may reasonably request to comply with requests or requirements from the Placing Agents resulting from requests that the Company may receive from relevant regulators in relation to the Placings, subject to its legal, regulatory and compliance requirements and restrictions.

Times

Unless the context otherwise requires, all references to time are to London time. All times and dates in this Announcement may be subject to amendment. The Placing Agents will notify Placees and any persons acting on behalf of the Placees of any changes.

APPENDIX 2

EXPECTED TIMETABLE

The following is the expected timetable of principal events in relation to the Capital Raising:

2009

Record Date for entitlements under the Open Offer	5.00 p.m. on Tuesday 2 June
Announcement and commencement of the Capital Raising	Thursday 4 June
Ex-entitlement date for the Open Offer	8.00 a.m. on Friday 5 June
Despatch of Prospectus and Circular and, to Qualifying Non-CREST Shareholders only, the Application Forms	Friday 5 June
Open Offer Entitlements credited to stock accounts of Qualifying CREST Shareholders in CREST	8:00 am on Monday 8 June
Recommended last time and date for withdrawing Open Offer Entitlements from CREST	4.30 p.m. on Tuesday 16 June
Latest time and date for depositing Open Offer Entitlements into CREST	3.00 p.m. on Wednesday 17 June
Latest time and date for splitting Application Forms (to satisfy <i>bona fide</i> market claims only)	3.00 p.m. on Thursday 18 June
Expected latest time and date for receipt of Forms of Proxy and receipt of electronic proxy appointments via the CREST system	11.00 a.m. on Sunday 21 June
Latest time and date for receipt of completed Application Forms and payment in full under the Open Offer and settlement of relevant CREST instructions (as appropriate)	11.00 a.m. on Monday 22 June
General Meeting of Shareholders	11.00 a.m. on Tuesday 23 June
Expected date of announcement of results of the Capital Raising through a Regulatory Information Service	11.00 a.m. on Tuesday 23 June
Expected date of Admission and commencement of dealings in New Ordinary Shares on the London Stock Exchange and New Ordinary Shares credited to CREST stock accounts (uncertificated holders only)	8.00 a.m. on Friday 26 June
Expected date of despatch of definitive share certificates for New Ordinary Shares (to Qualifying non-CREST Shareholders only)	By Monday 29 June

The times and dates set out in the expected timetable of principal events above and mentioned throughout this document are indicative only and subject to change. If any of the times and/or dates change, the revised times and/or dates will be notified by announcement through a Regulatory Information Service.

Different deadlines and procedures may apply in certain cases. For example, Shareholders that hold their Ordinary Shares through a CREST member or other nominee may be set earlier deadlines by the CREST member or other nominee than the times and dates noted above.

Pursuant to the Placing Agreement, the Company and the Banks have agreed that if a supplementary prospectus is issued by the Company two or fewer Business Days prior to the date specified in the expected timetable of principal events above as the expected latest time and date for acceptance and payment in full under the Open Offer (or such later date as may be agreed by the Company and the Banks), such date shall be deemed to be the date which is three Business Days after the date of issue of the supplementary prospectus (and the dates and times of principal events due to take place following such date will be adjusted accordingly).

If you have any queries on the procedure for acceptance and payment, you should contact the Registrar at Equiniti Limited, telephone 0871 384 2766 (from inside the United Kingdom, for which calls are charged at eight pence per minute from a BT landline, and other telephone provider costs may vary), or +44 121 415 7047 (international calls). The helpline is available between the hours of 8.30 a.m. and 5.30 p.m. (London time) on Monday to Friday excluding public holidays in the UK.

APPENDIX 3

DEFINITIONS

In this Announcement the following expressions have the following meaning unless the context otherwise requires:

“Admission”	the admission of the New Ordinary Shares to the Official List becoming effective in accordance with the Listing Rules (LR 3.2.7G) and of such shares to trading on the market for listed securities of the London Stock Exchange becoming effective in accordance with the requirements contained in paragraph 2.1 of the publication “Admission and Disclosure Standards” dated November 2007, published by the London Stock Exchange and as amended from time to time containing among other things the admission requirements to be observed by companies seeking admission to trading on the London Stock Exchange’s market for listed securities.
“Announcement”	this announcement and the Appendix.
“Application Form(s)”	the personalised application form on which Qualifying Non-CREST Shareholders (other than Qualifying Non-CREST Shareholders with, subject to certain exceptions, a registered address in the United States or, the Restricted Jurisdictions) who are registered on the register of members of the Company may apply for Open Offer Shares under the Open Offer.
“Articles”	the articles of association of Debenhams plc in force at the date of this document.
“Banks”	Merrill Lynch, Citi, Citi UK, Lazard, Barclays Capital, LloydsTSB Corporate Markets and RBS Hoare Govett.
“Bookbuild”	the process through which the Placing Agents determine the demand for the Placing Shares and the Issue Price.
“Business Day”	a day (other than a Saturday or Sunday and public holidays) on which banks generally are open for normal banking business in the City of London.
“Capital Raising”	the Firm Placing and the Placing and Open Offer.
“Circular”	the circular to be issued by the Company in connection with the General Meeting dated 5 June 2009.
“Citi”	Citigroup Global Markets Limited of Citigroup Centre, 33 Canada Square, Canary Wharf, London E14 5LB
“Citi UK”	Citigroup Global Markets U.K. Equity Limited of Citigroup Centre, 33 Canada Square, Canary Wharf, London E14 5LB
“Closing Date”	26 June 2009, being the date for settlement of subscriptions, as the case may be, under the Capital Raising, or such other date as the Company and the Placing Agents may agree.
“Company”	Debenhams plc, a public limited company incorporated in England and Wales with registered number 05448421, having its registered office at 1 Welbeck Street, London W1G 0AA.
“CREST”	the relevant system (as defined in the CREST Regulations) for paperless settlement of sale and purchases of securities and the holding of shares in uncertificated form in respect of which Euroclear UK & Ireland Limited is the operator (as defined in the CREST Regulations).
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended from time to time.
“CVC”	CVC Capital Partners SICAV–FIS S.A. and its subsidiaries and affiliates.

“Draft Prospectus”	the draft of the Prospectus expected to be provided to Placees on or around 4 June 2009.
“EBITDA”	EBITDA is calculated as Group operating profit before deemed disposal of subsidiaries and before exceptional items plus depreciation of tangible fixed assets, amortisation of intangible assets plus profits or losses on the disposal of fixed assets where these are included in operating profit.
“EBITDAR”	EBITDAR is calculated as Group operating profit before deemed disposal of subsidiaries and before exceptional items plus depreciation of tangible fixed assets, amortisation of intangible assets and profits or losses on the disposal of fixed assets where these are included in operating profit, plus property lease rental costs.
“EEA”	the European Economic Area, being the European Union, Iceland, Norway and Liechtenstein.
“EURIBOR”	the Euro Interbank Offered Rate.
“Existing Ordinary Shares”	the Ordinary Shares in issue immediately prior to the Capital Raising.
“Firm Placed Shares”	the New Ordinary Shares which the Placing Agents have made arrangements to place firm conditionally on a non- pre-emptive basis with the Placees, the number of which will be set out in the Pricing Supplement.
“Firm Placing”	the conditional placing to the Firm Placees of the Firm Placed Shares.
“Form of Acceptance”	the form attached to the Placing Letter by which Placees acknowledge their acceptance of the terms and conditions of the Placing.
“Form of Proxy”	the form of proxy accompanying the Circular for use by the Shareholders in respect of the General Meeting.
“FSA”	the Financial Services Authority of the United Kingdom.
“FSMA”	the Financial Services and Markets Act 2000, as amended.
“General Meeting”	the general meeting of the Company convened for 23 June 2009 (including any adjournment thereof), notice of which is set out in the Circular.
“Issue Price”	the price determined by the Placing Agents and the Company for each Open Offer Share and for each Firm Placed Share.
“Joint Book Runners”	Citi and Merrill Lynch
“Joint Sponsors”	Citi, Lazard, Merrill Lynch
“Lazard”	Lazard & Co., Limited.
“LIBOR”	London Interbank Offered Rate.
“Listing Rules”	the rules and regulations made by the Financial Services Authority in its capacity as the UK Listing Authority under the Financial Services Markets Act 2000, and contained in the UK Listing Authority’s publication of the same name.
“London Stock Exchange”	London Stock Exchange plc.
“Memorandum”	the memorandum of association of Debenhams plc.
“Merrill Lynch”	Merrill Lynch International of the Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ.
“New Ordinary Shares”	the Firm Placed Shares, the Open Offer Placed Shares and/or the Open Offer Shares, as the context requires

“Notice of General Meeting”	the notice of the General Meeting set out in the Circular.
“Official List”	the Official List maintained by the UK Listing Authority of the FSA pursuant to Part VI of FSMA.
“Open Offer”	the invitation by the Company to Qualifying Shareholders to apply for Open Offer Shares on the term and conditions set out in the Prospectus and in the case of Qualifying non-CREST shareholders, in the Application Form.
“Open Offer Entitlement”	the entitlement of a Qualifying Shareholder to apply for an Open Offer Share for every specified number of Existing Ordinary Shares held by him on the Record Date.
“Open Offer Placed Shares”	the Open Offer Shares to be offered to the Placees in the Placing and for which valid applications are not received in the Open Offer.
“Open Offer Shares”	the New Ordinary Shares which will be offered to Qualifying Shareholders in pursuant to the Open Offer.
“Ordinary Shares or Shares”	the ordinary shares of 0.01p each in the share capital of the Company.
“Placee or Placees”	investors to which Firm Placed Shares are to be placed.
“Placing”	the conditional placing of the Open Offer Shares to Placees at the Issue Price which will be subject to clawback in respect of valid applications by Qualifying Shareholders for such New Ordinary Shares.
“Placing Agents”	Merrill Lynch and Citi UK.
“Placing Agreement”	the placing agreement entered into between the Company and the Banks, in connection with the Capital Raising.
“Placing Letter”	the letter which will be provided to each Placee by the Placing Agents by which Placees make required representations, warranties, indemnities, acknowledgements and undertakings, which the Placee is obliged to complete and sign as formal acceptance of its allocation in the Placings.
“Placing Shares”	the Firm Placed Shares and the Open Offer Placed Shares.
“Placings”	the Firm Placing and the Placing.
“Pricing Supplement”	the pricing supplement proposed to be issued by the Company confirming the Issue Price and the number of New Ordinary Shares.
“Prospectus”	the Prospectus proposed to be published on 5 June 2009 by the Company containing full details of the Capital Raising, which will be made available to Qualifying Shareholders eligible to participate in the Open Offer free of charge, at the Company's registered office and on the Company's website at www.debenhamsplc.com .
“QIB”	a qualified institutional buyer as defined in Rule 144A under the Securities Act.
“QIB Form of Acceptance”	a form which will be provided to Placees in the United States as an appendix to the Placing Letter, which the Placee is obliged to complete and sign to confirm formal acceptance of their allocation in the Placings.
“Qualifying CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares in uncertificated form.
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders holding Ordinary Shares in certificated form.

“Qualifying Placee”	a Placee entitled to participate in the Open Offer by virtue of being a Qualifying Shareholder.
“Qualifying Shareholders”	Shareholders on the register of members of the Company at 5.00 p.m. on the Record Date.
“Record Date”	5.00 p.m. (London time) on 2 June 2009.
“Register”	the register of members of the Company.
“Regulation S”	Regulation S under the Securities Act.
“Regulation S Form of Acceptance”	form which will be provided to Placees outside the United States as an appendix to the Placing Letter, which the Placee is obliged to complete and sign to confirm formal acceptance of their allocation in the Placings
“Regulatory Information Service”	one of the regulatory information services authorised by the Financial Services Authority to receive, process and disseminate regulatory information in respect of listed companies.
“Resolutions”	the resolutions to be set out in the Notice of General Meeting.
“Restricted Jurisdictions”	the Commonwealth of Australia, its territories and possessions, Japan, the Republic of South Africa, and Canada, and “Restricted Jurisdiction” means any one of them.
“Securities Act”	the United States Securities Act of 1933, as amended.
“Shareholder”	holder of Ordinary Shares.
“Supplementary Prospectus”	any supplement to the Prospectus published by the Company pursuant to section 87G of FSMA.
“TPG”	Texas Pacific Group.
“UK Listing Authority”	the FSA acting in its capacity as the competent authority under Part VI of the Act.
“United Kingdom or UK”	the United Kingdom of Great Britain and Northern Ireland, its territories and dependencies
“United States”	the United States of America, its territories and possessions and any state of the United States and the District of Columbia.
“VAT”	value added tax.