

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

If you are in any doubt as to what action you should take, you are recommended to seek immediately your own financial advice from your stockbroker, bank manager, solicitor, accountant, fund manager or other appropriate independent financial adviser, who is authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

If you sell or otherwise transfer or have sold or otherwise transferred all of your Existing Ordinary Shares (other than ex-entitlement) in Debenhams plc (the “Company”) held in certificated form before the close of business on 2 June 2009, please forward this document, together with the accompanying Form of Proxy, at once to the purchaser or transferee or the stockbroker, bank or other agent through whom the sale or transfer is/was effected for onward transmission to the purchaser or transferee.

Neither this document nor the Form of Proxy should, however, be distributed, forwarded to or transmitted in, or into, any jurisdiction where to do so might constitute a violation of local securities laws or regulations, including but not limited to the United States and the Restricted Jurisdictions. If you sell or otherwise transfer or have sold or otherwise transferred only part of your holding of Existing Ordinary Shares (other than ex-entitlement), please immediately contact your stockbroker, bank or other agent through whom the sale or transfer was effected.

DEBENHAMS

Debenhams plc

(incorporated in England and Wales under the Companies Act 1985 with registered number 05448421)

Firm Placing of 161,592,513 New Ordinary Shares at 80 pence per New Ordinary Share

and

Placing and Open Offer of 242,388,770 New Ordinary Shares at 80 pence per New Ordinary

Share

Notice of General Meeting

THIS DOCUMENT DOES NOT CONSTITUTE OR FORM PART OF ANY OFFER OR INVITATION TO SELL OR ISSUE, OR A SOLICITATION OF AN OFFER TO PURCHASE OR SUBSCRIBE FOR THE NEW ORDINARY SHARES IN ANY JURISDICTION.

This document is not a prospectus but a shareholder circular. The Prospectus containing details of the Capital Raising (including details of the New Ordinary Shares) will be published on the Company’s website at www.Debenhamsplc.com on or around 5 June 2009. Investors should not subscribe for or apply to acquire any New Ordinary Shares referred to in this document except on the basis of the information, and the terms and conditions of the Capital Raising, contained in the Prospectus and, in the case of Qualifying Non-CREST Shareholders, the Application Form. The distribution of this document and the Form of Proxy into any jurisdiction other than the United Kingdom may be restricted by law. Neither this document nor any copy of it may be taken or transmitted into the United States, its territories or possessions, or distributed, directly or indirectly, in or into the United States, its territories or possessions. Persons into whose possession this document and/or the accompanying Form of Proxy comes 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, subject to certain exceptions, this document, the Form of Proxy and any other such documents should not be distributed, forwarded to or transmitted in or into the United States or the Restricted Jurisdictions.

Notice of a General Meeting of the Company to be held at the offices of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London EC4Y 1HS at 11:00 a.m. on Tuesday 23 June 2009 is set out at the end of this document. A Form of Proxy for use at the General Meeting is enclosed and, to be valid, should be completed, signed and returned so as to be received by the Company’s registrars, Equiniti Limited, of Aspect House, Spencer Road, Lancing, BN99 6DA, as soon as possible but, in any event, so as to arrive no later than 11:00 a.m. on 21 June 2009. Completion and return of a Form of Proxy will not prevent members from attending and voting in person should they wish to do so. Voting directions and proxy appointments may also be completed electronically and details are given in the Notice of General Meeting set out at the end of this document.

Each of the Banks is authorised and regulated by the Financial Services Authority in the United Kingdom and is acting for the Company and no-one else in relation to the Capital Raising and is not, and will not be, responsible to anyone other than the Company for providing the protections afforded to its clients or for providing advice in relation to the Capital Raising or any other matters referred to in this document or the Prospectus.

The New Ordinary Shares have not been approved or disapproved by the United States Securities and Exchange Commission (“SEC”), any state’s securities commission in the United States or any US regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the New Ordinary Shares or the Capital Raising or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offence in the United States.

CONTENTS

	<i>PAGE</i>
Part 1: Letter from the Chairman of Debenhams plc	6
Part 2: Some Questions and Answers on the Capital Raising.....	16
Definitions	24
Notice of General Meeting	30

FORWARD-LOOKING STATEMENTS

This document 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 document and the information incorporated by reference into this document 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 document. 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 document, 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, those identified as “Risk Factors” in the Prospectus.

You are advised to read this document and the Prospectus in their entirety, and, in particular, the sections of the Prospectus entitled “Risk Factors”, which are incorporated by reference into this document, Part 1 (“Letter from the Chairman of Debenhams plc”) and Part 7 (“Operating and Financial Review”) for a further discussion of the factors that could affect the Group’s future performance and the retail sector. In light of these risks, uncertainties and assumptions, the events described in the forward looking statements in this document may not occur. For the avoidance of doubt, nothing in this paragraph qualifies the working capital statement set out in this document.

The forward looking statements contained in this document speak only as of the date of this document.

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 and the Prospectus which could cause actual results to differ before making an investment decision.

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

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 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 a.m. 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	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)	Monday 29 June

Notes:

- (1) References to times in this document are to London time unless otherwise stated.
- (2) CREST Shareholders should inform themselves of CREST's requirements in relation to electronic proxy appointments.
- (3) Subject to certain restrictions relating to Shareholders with a registered address outside the UK, details of which are set out in Part 3 ("Terms and Conditions of the Open Offer") of the Prospectus.

This document does not contain or constitute or form a part of any offer for sale or the solicitation of an offer to purchase or subscribe for any securities in the United States or any other jurisdiction. The securities referred to herein have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and may not be offered or sold in the United States absent registration under the Securities Act or an available exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

If you have any questions, please telephone the Shareholder Helpline on the numbers set out below. This helpline is available from 8.30 am to 5.30 pm Monday to Friday (except public holidays) and will remain open until 6 July 2009.

Shareholder Helpline

0871 384 2766 (from inside the United Kingdom)

or +44 121 415 7047 (from outside the United Kingdom)

(calls to this number from the UK are charged at eight pence per minute from a BT landline, other telephone provider costs may vary).

Please note that, for legal reasons, the Shareholder Helpline will only be able to provide information contained in this document or the Prospectus and information relating to Debenhams’ register of members. The Shareholder Helpline will be unable to give advice on the merits of the Capital Raising or to provide legal, financial, tax or investment advice.

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.

If you hold your Shares through a nominee, depending on the arrangements made on your behalf by that nominee, the latest time and date for giving instructions to that nominee may be set earlier.

PART 1

LETTER FROM THE CHAIRMAN OF DEBENHAMS PLC

DEBENHAMS

Debenhams plc

(incorporated in England and Wales under the Companies Act 1985 with registered number 05448421)

Directors:

John Lovering (*Chairman*)
Rob Templeman (*Chief Executive*)
Michael Sharp (*Deputy Chief Executive*)
Chris Woodhouse (*Finance Director*)
Adam Crozier (*Independent Non-Executive Director*)
Peter Long (*Independent Non-Executive Director*)
Dennis Millard (*Independent Non-Executive Director*)
Paul Pindar (*Senior Independent Non-Executive Director*)

*Registered Office
and Head Office:*

1 Welbeck Street
London
W1G 0AA

5 June 2009

Dear Shareholder

PROPOSED FIRM PLACING OF 161.6 MILLION NEW ORDINARY SHARES AND PLACING AND OPEN OFFER OF 242.4 MILLION NEW ORDINARY SHARES AT 80 PENCE PER NEW ORDINARY SHARE

1 Introduction

Debenhams plc (the “Company”) proposes to raise approximately £306.4 million (net of expenses) through the issue of New Ordinary Shares at an Issue Price of 80 pence per New Ordinary Share (the “Capital Raising”). 161.6 million New Ordinary Shares will be issued through the Firm Placing and 242.4 million New Ordinary Shares will be issued through the Placing and Open Offer.

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.

The purpose of this letter is to set out the background to, and reasons for, the Capital Raising and to explain why the Directors believe the proposed issue of the New Ordinary Shares is in the best interests of the Company and the Shareholders as a whole and to explain the amendment of the existing debt covenant package. Paragraph 16 of this letter sets out the action to be taken by Qualifying Shareholders.

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 debt facilities following these amendments will be:

- the £700.0 million final repayment of the outstanding term loan facility has not changed and its final maturity remains April 2011;
- the maturity of the £250.0 million multicurrency revolving credit facility also remains April 2011;
- the key financial covenants for both 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 further; and

- as part of the amendment, Debenhams has agreed to pay upfront 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 £200.0 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 83.0% 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, £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 have considered the price at which the New Ordinary Shares should be offered to investors to ensure a successful Capital Raising and also raise sufficient proceeds. The Directors believe that the Issue Price, including the discount to the current market price of the Ordinary Shares, is appropriate.

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 and these results are incorporated by reference into Part 9 of the Prospectus.

The Company released 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 Working capital

The Company is of the opinion that, taking into account the net proceeds of the Capital Raising and the bank facilities available to the Group, the Group has sufficient working capital for its present requirements, that is for at least 12 months from the date of publication of this document.

10 Principal terms of the Capital Raising

Debenhams is proposing to raise approximately £306.4 million (net of expenses) by way of the Capital Raising. 161.6 million New Ordinary Shares will be issued through the Firm Placing and 242.4 million New Ordinary Shares will be issued through the Placing and Open Offer.

Principal terms of the Placing and Open Offer

The Issue Price of 80 pence per Open Offer Share represents a discount of 12.3 pence (13.3%) to the Closing Price of 92.3 pence per Ordinary Share on 3 June 2009 (being the last dealing day prior to announcement of the intention to do the Capital Raising). The Issue Price of the New Ordinary Shares was determined through a market bookbuilding process undertaken by the Managers on behalf of the Company. The Directors believe that the level of discount at which New Ordinary Shares were placed and at which New Ordinary Shares are being offered in the Open Offer is appropriate with regard to the net proceeds that will be raised and the level of demand from investors.

Qualifying Shareholders, on and subject to the terms and conditions of the Open Offer, are being 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 the basis of:

2.745604 Open Offer Shares for every 10 Existing Ordinary Shares

Fractions of Open Offer Shares will not be allotted to Qualifying Shareholders in the Open Offer and fractional entitlements under the Open Offer will be rounded down to the nearest whole number of Open Offer Shares.

Qualifying Shareholders may apply for any whole number of Open Offer Shares up to their maximum entitlement which, in the case of Qualifying Non-CREST Shareholders, is equal to the number of Open Offer Entitlements as shown in Box 2 on their Application Form, or, in the case of Qualifying CREST Shareholders, is equal to the number of Open Offer Entitlements standing to the credit of their stock account in CREST. Qualifying CREST Shareholders will receive a credit to their appropriate stock accounts in CREST in respect of their Open Offer Entitlements at 8.00 a.m. on 8 June 2009. Qualifying Shareholders with holdings of Existing Ordinary Shares in both certificated and uncertificated form will be treated as having separate holdings for the purpose of calculating their entitlements under the Open Offer, as will Qualifying Shareholders with holdings under different designations or in different accounts.

The aggregate number of Open Offer Shares available for subscription pursuant to the Open Offer will not exceed 242.4 million New Ordinary Shares.

The Placing and Open Offer is fully underwritten by the Underwriters pursuant to the Placing Agreement, the principal terms and conditions of which are summarised in paragraph 15.1 of Part 8 (“Additional Information”) of the Prospectus.

Application has been made for the Open Offer Entitlements to be admitted to CREST. It is expected that the Open Offer Entitlements will be admitted to CREST at 8.00 a.m. on 8 June 2009. The Open Offer Entitlements will also be enabled for settlement in CREST at 8.00 a.m. on 8 June 2009. Applications through the CREST system may only be made by the Qualifying Shareholder originally entitled or by a person entitled by virtue of a *bona fide* market claim.

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, are set out in Part 3 (“Terms and Conditions of the Open Offer”) of the Prospectus and, where relevant, on the applicable Application Form.

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.

Application has been made to the UKLA for the Open Offer Shares to be admitted to the Official List and to the London Stock Exchange for the Open Offer 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.

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 are 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

Debenhams is proposing to issue 161.6 million Ordinary Shares pursuant to the Firm Placing. The Firm Placing has been fully underwritten by Citi UK and Merrill Lynch pursuant to the Placing Agreement, the principal terms and conditions of which are summarised in paragraph 15.1 of Part 8 ("Additional Information") of the Prospectus.

The Firm Placed Shares are not subject to clawback and do not form part of the Open Offer. The Firm Placing is expected to raise approximately £129.3 million, before expenses. The Firm Placing is 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.

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.

11 Structure of the Capital Raising

The Capital Raising has been 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, a company majority-owned by the Company. Citi UK will pay monies that it receives from Placees and the Receiving Agent will pay monies that it receives from Qualifying Shareholders, in each case taking up New Ordinary Shares under the Capital Raising, to an account with the Receiving Agent, which proceeds, after commissions have been deducted, will be used to subscribe for 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. For a description of the Open Offer structure, see Part 3 (“Terms and Conditions of the Open Offer”) of the Prospectus.

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.

12 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 provides an opportunity for all Qualifying Shareholders to participate in the fundraising by subscribing for Open Offer Shares *pro rata* to their current holding of Shares.

Upon completion of the Capital Raising, the New Ordinary Shares will represent approximately 45.8% of the Company’s existing issued ordinary share capital and approximately 31.4% of the Company’s Enlarged Issued Share Capital. New Ordinary Shares issued through the Placing and Open Offer and New Ordinary Shares issued through the Firm Placing will account for approximately 60% and 40%, respectively, of the total New Ordinary Shares to be issued. The Resolutions set out in the notice attached to this Circular must be passed at the General Meeting in order for the Capital Raising to proceed.

Following the issue of the New Ordinary Shares to be allotted pursuant to the Capital Raising, Qualifying Shareholders who take up their full entitlements in respect of the Open Offer will suffer a dilution of up to 12.6% to their interests in the Company. Qualifying Shareholders who do not take up any of their entitlements in respect of the Open Offer will suffer a more substantial dilution of approximately 31.4% to their interests in the Company.

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.

13 Proposals to be voted on at the General Meeting

For the purposes of effecting the Capital Raising, the Resolutions will be proposed at a General Meeting. You will find enclosed with this Circular a notice convening a General Meeting of the Company, which is to be held at 11.00 a.m. at the offices of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London EC4Y 1HS on 23 June 2009. The full text of the Resolutions is set out in that notice.

Subject to and conditional on the passing of the second, third and fourth resolutions, the first resolution proposes that Debenhams’ authorised share capital be increased from £128,846.15 to £167,284.82 by the creation of 384,386,650 additional Ordinary Shares (representing an increase of approximately 29.8%). The purpose of the first Resolution is to enable Debenhams to allot sufficient New Ordinary Shares to satisfy its obligations in connection with the Capital Raising and for Debenhams to retain sufficient authorised but unissued share capital for its purposes generally.

Subject to and conditional upon the passing of the first, third and fourth resolutions, the second resolution seeks a new authority to enable the Directors to allot relevant securities up to a maximum nominal amount of £167,284.82. This represents approximately 189.5% of Debenhams' existing issued ordinary share capital as at the date of this Circular and will leave headroom of approximately 30% of the Enlarged Issued Share Capital (assuming no further exercise of options granted pursuant to the Debenhams Share Plans). The Directors currently have no specific plans to allot relevant securities other than in connection with the Capital Raising and pursuant to the Debenhams Share Plans.

Subject to and conditional upon the passing of the first, second and fourth resolutions, the third resolution seeks a new authority to disapply statutory pre-emption rights in relation to the allotment of equity securities. If approved, this resolution will authorise the Directors to allot shares for cash in connection with a rights issue, placing and open offer or other pre-emptive offer and otherwise to allot shares for cash up to a maximum nominal amount of £6,434. This represents approximately 5% of Debenhams' Enlarged Issued Share Capital (assuming no further exercise of options granted pursuant to the Debenhams Share Plans).

Further details of Debenhams' authorised and issued share capital, at present and as it will be following the completion of the Capital Raising, are set out in paragraph 3 of Part 8 ("Additional Information") of the Prospectus.

Subject to and conditional upon the passing of the first, second and third resolutions, the fourth resolution seeks approval for the issue of the New Ordinary Shares on the terms set out in the Prospectus at a price of 80 pence per New Ordinary Share (which represents a discount of 13.3% to 92.3 pence, being the Closing Price on the last dealing day before the announcement of the terms of the Capital Raising). The purpose of this resolution is to approve the Capital Raising generally as required under the Listing Rules because the Issue Price represents a discount of greater than 10% to the middle-market price of the Existing Ordinary Shares.

14 Overseas shareholders

The attention of Overseas Shareholders who have registered addresses outside the United Kingdom, or who are citizens of, or residents, or located in countries other than the United Kingdom, or who are holding Ordinary Shares for the benefit of such persons (including without limitation, nominees, custodians and trustees) or have a contractual or legal obligation to forward this document, the Prospectus, the Form of Proxy or (when issued) the Application Form to such persons, is drawn to the information which appears in paragraph 6 of Part 3 ("Terms and Conditions of the Open Offer") of the Prospectus.

In particular, Qualifying Shareholders who have registered addresses outside the United Kingdom, or who are citizens of or resident or located in countries other than the United Kingdom (including, without limitation, the United States or any of the Restricted Jurisdictions) should consult their professional advisers as to whether they require any governmental or other consent or need to observe any other formalities to enable them to take up their entitlements in the Open Offer.

15 UK and US taxation

Certain information about UK and US taxation in relation to the Placing and Open Offer is set out in paragraphs 17 and 18 of Part 8 ("Additional Information") of the Prospectus. **If you are in any doubt as to your tax position, or you are subject to tax in a jurisdiction other than the United Kingdom or the United States, you should consult your own independent tax adviser without delay.**

16 Action to be taken

You will find enclosed with this Circular a Form of Proxy for use at the General Meeting or at any adjournments thereof. Whether or not you intend to be present in person at the General Meeting, you are requested to complete and sign the Form of Proxy in accordance with the instructions printed on it and return it as soon as possible, but in any event so as to be received no later than 11.00 a.m. on 21 June

2009 by the Company's registrars, Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. The lodging of the Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting at the General Meeting in person if you so wish.

The latest time for acceptance by Qualifying Shareholders under the Open Offer is 11.00 a.m. on 22 June 2009. The procedure for acceptance and payment is set out in Part 3 ("Terms and Conditions of the Open Offer") of the Prospectus. Further details will also appear in the Application Form that is being sent to all Qualifying Non-CREST Shareholders (other than Qualifying Non-CREST Shareholders with a registered address in the United States or, subject to certain exceptions, the Restricted Jurisdictions).

Qualifying CREST Shareholders who are CREST-sponsored members should refer to their CREST sponsors regarding the action to be taken in connection with this document, the Prospectus and the Placing and Open Offer.

If you have any doubt what action you should take, you should seek your own financial advice from your stockbroker, solicitor or other independent financial adviser duly authorised under the FSMA who specialises in advice on the acquisition of shares and other securities immediately.

17 Further information and risk factors

Your attention is drawn to the further information set out in this document and the Prospectus. In particular, your attention is drawn to the section in the Prospectus entitled "Risk Factors". You are advised to read the whole of this document and the Prospectus and the documents incorporated by reference and not to rely solely on the information contained in this letter.

18 Importance of vote

The Resolutions must be passed by Shareholders at the General Meeting in order for the Capital Raising to proceed and, due to the conditionality described above, in order for the amendments to the terms of the Company's existing debt facilities to take effect. Should the Resolutions not be passed, and therefore the amendment to the terms of the Company's existing debt facilities not take effect, the Directors believe there is a risk that, were the economic environment or trading performance of Debenhams to deteriorate materially, it is possible that the Company may breach certain covenants in its existing debt facilities in February 2010.

Without the proceeds of the Capital Raising, the Company would still have available to it a range of options to deal with any potential covenant breach, which it would seek to start implementing immediately if the Resolutions were not passed at the General Meeting. Such actions would be likely to include reducing the Company's cost base further, reducing capital expenditure further and conserving cash through stricter working capital management. If such actions were insufficient to address the risk of a covenant breach, the Company would seek to agree with its current lenders, who have been supportive in the context of the Company's current request to amend the existing debt facilities, that the relevant covenants be relaxed or that any breach of such covenants be waived. The Directors believe it is likely that the Company would be able to secure such an amendment or waiver but that such an amendment or waiver would be likely to require the payment of additional fees and potentially result in the imposition of more onerous obligations and restrictions on the Company than those which the Company has negotiated to date. However, it is possible that the Company may not be able to secure such an amendment or waiver and, in those circumstances, the Company would consider taking immediate steps, such as disposing of certain of the Company's assets or seeking alternative sources of financing, for example, equity fundraising.

Accordingly, in order to avoid these actions, it is important that Shareholders vote in favour of the Resolutions in order that the Transaction can proceed.

19 Recommendation

The Board has received financial advice from Lazard in relation to the Transaction. In giving its financial advice, Lazard has relied upon the Directors' commercial assessment of the Transaction.

The Board considers the Transaction and the Resolutions to be in the best interests of the Company and its Shareholders as a whole.

Accordingly, the Board unanimously recommends that Shareholders vote in favour of the Resolutions to be put to the General Meeting as they intend to do in respect of their own beneficial holdings, amounting to approximately 37,735,581 Ordinary Shares, representing approximately 4.27% of the Existing Ordinary Shares.

20 TPG Shareholder Group and CVC Shareholder Group

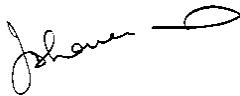
The Company has been informed that the CVC Shareholder Group has sold 51.0 million Existing Ordinary Shares at the Issue Price, which will reduce its holding to 33.5 million Existing Ordinary Shares. CVC has entered into a lock-up agreement with the Managers, in which it agreed not to sell any of the Existing Ordinary Shares it has retained, until the closing of the Placing and Open Offer. TPG has also entered into a lock-up arrangement on the same terms in respect of its 120.2 million Existing Ordinary Shares.

The TPG Shareholder Group and the CVC Shareholder Group have confirmed their intention to vote in favour of the Capital Raising. Their respective Board representatives have tendered their resignations from the Board with immediate effect.

21 Directors' intentions

The Directors currently beneficially own, in aggregate, 37,735,581 Existing Ordinary Shares, representing approximately 4.27% of the issued share capital of the Company. Subject to the sentence that follows, each of the Directors intends to acquire a number of New Ordinary Shares in the Capital Raising 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 subscribing for New Ordinary Shares in the Capital Raising at the Issue Price.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Lovering', with a long horizontal flourish extending to the right.

John Lovering
Chairman

PART 2

SOME QUESTIONS AND ANSWERS ABOUT THE PLACING AND OPEN OFFER

The questions and answers set out in this Part 2 (“Some Questions and Answers about the Placing and Open Offer”) are intended to be in general terms only and, as such, you should read Part 3 (“Terms and Conditions of the Open Offer”) of the Prospectus for full details of what action you should take. If you are in any doubt as to what action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank, fund manager, solicitor, accountant or other appropriate independent financial adviser, who is authorised under the FSMA if you are resident in the United Kingdom, or, if not, from another appropriately authorised independent financial adviser.

This Part 2 (“Some Questions and Answers about the Placing and Open Offer”) deals with general questions relating to the Placing and Open Offer and more specific questions relating principally to Existing Ordinary Shares held by persons resident in the United Kingdom who hold their Existing Ordinary Shares in certificated form only. If you are an Overseas Shareholder, you should read paragraph 6 of Part 3 (“Terms and Conditions of the Open Offer”) of the Prospectus and you should take professional advice as to whether you are eligible and/or you need to observe any formalities to enable you to take up your Open Offer Entitlements. If you hold your Existing Ordinary Shares in uncertificated form (that is, through CREST) you should read Part 3 (“Terms and Conditions of the Open Offer”) of the Prospectus for full details of what action you should take. If you are a CREST sponsored member, you should also consult your CREST sponsor. If you do not know whether your Existing Ordinary Shares are in certificated or uncertificated form, please call the Shareholder Helpline on 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 providers may vary) or +44 121 415 7047 (from outside the United Kingdom). Please note the Shareholder Helpline will be open from 8.30 a.m. to 5.30 p.m. on any Business Day. Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in the Prospectus and information relating to the Company’s register of members and is unable to give advice on the merits of the Placing and Open Offer or to provide legal, business, financial, tax or investment advice.

The contents of this document and the Prospectus should not be construed as legal, business, accounting, tax, investment or other professional advice. Each prospective investor should consult his, her or its own appropriate professional advisers for advice. This document and the Prospectus are for your information only and nothing in this document or the Prospectus is intended to endorse or recommend a particular course of action.

1 What is a placing and open offer?

A placing and open offer is a way for companies to raise money. Companies may do this by giving their existing shareholders a right to acquire further shares at a fixed price in proportion to their existing shareholdings (the open offer) and providing for new investors to acquire any shares not bought by the company’s existing shareholders (the placing). The fixed price is normally at a discount to the market price of the existing ordinary shares prior to the announcement of the placing and open offer.

This Open Offer is an invitation by the Company to Qualifying Shareholders to apply to acquire an aggregate of 242.4 million Open Offer Shares at a price of 80 pence per New Ordinary Share. If you hold Existing Ordinary Shares (provided you hold 5 or more shares) on the Record Date or have a *bona fide* market claim, other than, subject to certain exceptions, where you are a Shareholder with a registered address or located in the United States or any Restricted Jurisdiction, you will be entitled to buy Open Offer Shares under the Open Offer.

The Open Offer is being made on the basis of 2.745604 Open Offer Shares for every 10 Existing Ordinary Shares held by Qualifying Shareholders on the Record Date. If your entitlement to Open Offer Shares is not a whole number, you will not be entitled to buy an Open Offer Share in respect of any fraction of an Existing Ordinary Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of New Ordinary Shares will be aggregated and placed for the benefit of the Company.

Open Offer Shares are being offered to Qualifying Shareholders in the Open Offer at a discount to the Closing Price on the last dealing day before the details of the Capital Raising were announced on 4 June 2009. The Issue Price of 80 pence per Open Offer Share represents a 13.3% discount to the Closing Price of 92.3 pence per Ordinary Share on 3 June 2009 (the last dealing day before the intention to do the Capital Raising was announced). Due to this discount, and while the market value of an Ordinary Share exceeds the Issue Price, the right to buy the Open Offer Shares is potentially valuable.

Applications by Qualifying Shareholders will be satisfied in full up to the amount of their individual Open Offer Entitlement.

To the extent that Open Offer Shares are not taken up under the Open Offer (whether by way of Qualifying Shareholders' Open Offer Entitlements or placed with any Placees), then, subject to the terms of the Placing Agreement, the Underwriters have agreed to procure purchasers for such Open Offer Shares at the Issue Price pursuant to the Placing.

In addition to the Open Offer and the Placing, the Managers, as agents of the Company, have made arrangements to conditionally place Firm Placed Shares (being 161.6 million New Ordinary Shares) with the Firm Placees at the Issue Price. These Firm Placed Shares are not subject to clawback and therefore do not form part of the Open Offer.

Unlike in a rights issue, Application Forms are not negotiable instruments and neither they nor the Open Offer Entitlements can themselves be traded.

2 I hold my Existing Ordinary Shares in certificated form. How do I know if I am able to acquire Open Offer Shares under the Open Offer?

If you receive an Application Form and, subject to certain exceptions, are not a holder with a registered address or located in the United States or any Restricted Jurisdiction, then you should be eligible to acquire Open Offer Shares under the Open Offer, as long as you have not sold all of your Existing Ordinary Shares before 8.00 a.m. on 5 June 2009 (the time when the Existing Ordinary Shares are expected to be separated to be marked "ex-entitlement" by the London Stock Exchange). Application Forms are expected to be posted to Qualifying Non-CREST Shareholders on or around 5 June 2009.

3 I hold my Existing Ordinary Shares in certificated form. How do I know how many Open Offer Shares I am entitled to take up?

Subject to Shareholders approving the Resolutions at the General Meeting to be held on 23 June 2009, if you hold your Existing Ordinary Shares in certificated form and, subject to certain exceptions, do not have a registered address and are not located in the United States or any Restricted Jurisdiction, you will be sent an Application Form that shows:

- how many Existing Ordinary Shares you held at 5.00 p.m. on 2 June 2009 (the Record Date for the Open Offer);
- how many Open Offer Shares are comprised in your Open Offer Entitlement; and
- how much you need to pay if you want to take up your right to buy all your entitlement to the Open Offer Shares.

If you have a registered address in the United States or, subject to certain exceptions, one of the Restricted Jurisdictions, you will not receive an Application Form.

If you would like to apply for any of or all the Open Offer Shares comprised in your Open Offer Entitlement you should complete the Application Form in accordance with the instructions printed on it and the information provided in the Prospectus. Please return the completed form in the reply-paid envelope provided with the Application Form along with a cheque or banker's draft for the number of Open Offer Shares you want to apply for and allow at least four Business Days for delivery if sent by first-class post from within the United Kingdom. Please also see questions 4 and 11 for further help in completing the Application Form.

4 I am a Qualifying Shareholder with a registered address in the UK and I hold my Ordinary Shares in certificated form. What are my choices in relation to the Open Offer and what should I do with the Application Form?

(a) *If you want to take up all of your Open Offer Entitlement*

If you want to take up all of the Open Offer Shares to which you are entitled, all you need to do is send the Application Form, together with your cheque or banker's draft for the amount (as indicated in Box 3 of your Application Form), payable to "Equiniti Limited re: Debenhams Open Offer" and crossed "A/C payee only", in the reply-paid envelope provided, by post or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA to arrive by no later than 11:00 a.m. on 22 June 2009, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the reply-paid envelope which will be enclosed with the Application Form. You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part 3 ("Terms and Conditions of the Open Offer") of the Prospectus and will be set out in the Application Form.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you on or about 29 June 2009.

(b) *If you want to take up some but not all of your Open Offer Entitlement*

If you want to take up some but not all of the Open Offer Shares to which you are entitled, you should write the number of Open Offer Shares you want to take up in Box 4 of your Application Form; for example, if you are entitled to take up 50 shares but you only want to take up 25 shares, then you should write '25' in Box 4.

To work out how much you need to pay for the Open Offer Shares, you need to multiply the number of Open Offer Shares you want (in this example '25') by £0.8, which is the price in pounds of each Open Offer Share (giving you an amount of £20 in this example). You should write this amount in Box 5, rounding down to the nearest whole pence and this should be the amount your cheque or banker's draft is made out for. You should then return your Application Form together with your cheque or banker's draft for that amount, payable to "Equiniti Limited re: Debenhams Open Offer" and crossed "A/C payee only", in the reply-paid envelope provided, by post or by hand (during normal business hours only) to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA to arrive by no later than 11:00 a.m. on 22 June 2009, after which time the Application Form will not be valid. Within the United Kingdom only, you can use the reply-paid envelope which will be enclosed with the Application Form. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope within the United Kingdom. If posting from outside the United Kingdom, postage will be payable when using the reply-paid envelope. Full instructions are set out in Part 3 ("Terms and Conditions of the Open Offer") of the Prospectus and will be set out in the Application Form.

A definitive share certificate will then be sent to you for the Open Offer Shares that you take up. Your definitive share certificate for Open Offer Shares is expected to be despatched to you on or about 29 June 2009.

(c) *If you do not want to take up your Open Offer Entitlement*

If you do not want to take up the Open Offer Shares to which you are entitled, you do not need to do anything. In these circumstances, you will not receive any Open Offer Shares. You will also not receive any money when the Open Offer Shares you could have taken up are sold, as would happen under a rights issue. You cannot sell your Application Form or your Open Offer Entitlement to anyone else.

If you do not return your Application Form subscribing for the Open Offer Shares to which you are entitled by 11:00 a.m. on 22 June 2009, we have made arrangements under which the Managers will try to find investors to take up your entitlements and the entitlements of others who have not taken them up, or take them up themselves.

If you do not take up your Open Offer Entitlement then following the issue of the Open Offer Shares pursuant to the Open Offer, your interest in the Company will be diluted by approximately 31.4% If you do take up your Open Offer Entitlement in full, your interest in the Company will be diluted by approximately 12.6% as a result of the Firm Placing.

5 I hold my Existing Ordinary Shares in uncertificated form in CREST. What do I need to do in relation to the Open Offer?

CREST members should follow the instructions set out in Part 3 (“Terms and Conditions of the Open Offer”) of the Prospectus. Persons who hold Existing Ordinary Shares through a CREST member should be informed by such CREST member of the number of Open Offer Shares they are entitled to take up or apply for under their Open Offer Entitlement, and should contact their CREST member should they not receive this information.

6 I acquired my Existing Ordinary Shares prior to the Record Date and hold my Existing Ordinary Shares in certificated form. What if I do not receive an Application Form or I have lost my Application Form?

If you do not receive an Application Form but hold your Ordinary Shares in certificated form, this probably means that you are not able to acquire New Ordinary Shares under the Open Offer. Some Qualifying Non-CREST Shareholders, however, will not receive an Application Form but may still be eligible to acquire New Ordinary Shares under the Open Offer, namely:

- Qualifying CREST Shareholders who held their Ordinary Shares in uncertificated form on 2 June 2009 and who have converted them to certificated form prior to 4:30 p.m. on 16 June 2009;
- Shareholders who bought Ordinary Shares before or on 5 June 2009 and who hold such Ordinary Shares in certificated form but were not registered as the holders of those Shares at the close of business on 2 June 2009; and
- certain Overseas Shareholders.

If you do not receive an Application Form but think that you should have received one or you have lost your Application Form, please contact the Shareholder Helpline on 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 (from outside the United Kingdom) between 8.30 a.m. and 5.30 p.m. on any Business Day. For legal reasons, the Shareholder Helpline will only be able to provide information contained in the Prospectus or this document (and in addition information relating to the Company’s register of members) and will be unable to give advice on the merits of the Open Offer or to provide financial, tax or investment advice.

7 If I buy Existing Ordinary Shares after the Record Date will I be eligible to participate in the Open Offer?

If you bought Existing Ordinary Shares after the Record Date you are unlikely to be able to participate in the Open Offer, as the Existing Ordinary Shares are expected to start trading ex-entitlement on the London Stock Exchange at 8:00 a.m. on 5 June 2009.

If you are in any doubt, please consult your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement.

If you buy Existing Ordinary Shares at or after 8.00 a.m. on 5 June 2009, you will not be eligible to participate in the Open Offer in respect of those Existing Ordinary Shares.

8 I am a Qualifying Shareholder, do I have to apply for all the New Ordinary Shares I am entitled to apply for?

You can take up any number of the Open Offer Shares allocated to you under your Open Offer Entitlement. Your Open Offer Entitlement is detailed in Box 2 on the Application Form. Any applications by a Qualifying Shareholder for a number of Open Offer Shares which is equal to or less

than that person's Open Offer Entitlement will be satisfied, subject to the Open Offer becoming unconditional. If you decide not to take up all of the Open Offer Shares comprised in your Open Offer Entitlement, then your proportion of the ownership and voting interest in the Company will be reduced. Please refer to answers (b) and (c) of Question 4 for further information.

Qualifying Shareholders should be aware that the Open Offer is not a rights issue. As such, Qualifying Non-CREST Shareholders should also note that their Application Forms are not negotiable documents and cannot be traded. Qualifying CREST Shareholders should note that, although the Open Offer Entitlements will be admitted to CREST they will have limited settlement capabilities (for the purposes of market claims only), and the Open Offer Entitlements will not be tradable or listed, and applications in respect of the Open Offer may only be made by the Qualifying Shareholders originally entitled or by a person entitled by virtue of a *bona fide* market claim.

Open Offer Shares for which application has not been made under the Open Offer will not be sold in the market for the benefit of those who do not apply under the Open Offer and Qualifying Shareholders who do not apply to take up their Open Offer Entitlement will have neither rights under the Open Offer nor receive any proceeds from it. Any Open Offer Shares for which application has not been made in respect of the Open Offer will be acquired by those Placees who participate in the Placing and, to the extent they are not acquired by such Placees, will, subject to the terms of the Placing Agreement, be acquired by the Underwriters, with the net proceeds being retained for the benefit of the Company.

9 What if I change my mind?

Once you have sent your Application Form and payment to the Registrar, you cannot withdraw your application or change the number of Open Offer Shares you have applied for, except in the very limited circumstances which are set out in paragraph 4.4 of Part 3 ("Terms and Conditions of the Open Offer") of the Prospectus.

10 What if the number of Open Offer Shares to which I am entitled is not a whole number: am I entitled to fractions of Open Offer Shares?

Your entitlement to Open Offer Shares will be calculated at the Record Date. If the result is not a whole number, you will not receive an Open Offer Share in respect of the fraction of each Existing Share and your entitlement will be rounded down to the nearest whole number. The resulting fractions of New Ordinary Shares will be aggregated and placed for the benefit of the Company.

11 I hold my Existing Ordinary Shares in certificated form. What should I do if I want to spend more or less than the amount set out in Box 3 of the Application Form?

You cannot spend more than the amount set out in Box 3, as you may only apply for Open Offer Shares up to a maximum of your Open Offer Entitlement.

If you want to spend less than the amount set out in Box 3, you should divide the amount you want to spend by £0.8 (being the price, in pounds, of each Open Offer Share under the Open Offer). This will give you the number of Open Offer Shares you should apply for. You can only apply for a whole number of Open Offer Shares. For example, if you want to spend £100 you should divide £100 by £0.8. You should round that down to the nearest whole number (in this example, 125), to give you the number of shares you want to take up. Write that number (in this example, 125) in Box 4. To then get an accurate amount to put on your cheque or banker's draft, you should multiply the whole number of Open Offer Shares you want to apply for (in this example 125) by £0.8 and then fill in that amount rounded down to the nearest whole pence (in this example being, rounded down to the nearest whole pence, £100) in Box 5 and on your cheque or banker's draft accordingly.

12 What if I hold options and awards under one of the Company's share schemes?

If the Directors consider it appropriate in the circumstances, options and awards under the Debenhams Share Plans may be adjusted to take account of the New Ordinary Shares issued pursuant to the Open Offer. If this is the case, participants will be contacted separately. Such adjustments will be made subject to the rules of the Debenhams Share Plans. Shareholder approval is not required for any adjustments.

13 I hold my Existing Ordinary Shares in certificated form. What should I do if I have sold some or all of my Existing Ordinary Shares?

If you held shares in the Company directly and you have sold some or all of your Existing Ordinary Shares before or on 2 June 2009, you should contact the buyer or the person/company through whom you sold your shares. The buyer may be entitled to apply for Open Offer Shares under the Open Offer. If you sell any of your Existing Ordinary Shares on or after 5 June 2009, you may still take up and apply for the Open Offer Shares as set out on your Application Form.

14 I hold my Existing Ordinary Shares in certificated form. How do I pay?

You should return your Application Form with a cheque or banker's draft drawn in pounds sterling on a UK bank or building society account in the reply-paid envelope enclosed (from within the United Kingdom). You should allow at least four Business Days for delivery if using first-class post within the United Kingdom. It is recommended that cheques should be drawn on a personal account of the Qualifying Shareholder who is applying for the Open Offer Shares or you may be required to supply additional documentation to satisfy money laundering requirements. The funds should be made payable to "Equiniti Limited re: Debenhams Open Offer". In each case, the cheque should be crossed "A/C Payee only". Payments via CHAPS, BACS or electronic transfer will not be accepted.

15 Will the Existing Ordinary Shares that I hold now be affected by the Open Offer?

Your proportionate ownership and voting interest in the Company will be reduced as a result of the Firm Placing. If you decide not to apply for any of the Open Offer Shares to which you are entitled under the Open Offer, or only apply for some of your entitlement, your proportionate ownership and voting interest in the Company will be further reduced.

16 I hold my Existing Ordinary Shares in certificated form. Where do I send my Application Form?

You should send your completed Application Form and monies by post in the enclosed reply-paid envelope (from within the United Kingdom) by post or by hand (during normal business hours only) to: Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. You should allow at least four Business Days for delivery if using first-class post within the United Kingdom.

If you do not want to take up or apply for Open Offer Shares then you need take no further action.

17 I hold my Existing Ordinary Shares in certificated form. When do I have to decide if I want to apply for Open Offer Shares?

The Registrar must receive your completed Application Form and cheque or banker's draft by 11:00 a.m. on 22 June 2009. You should allow at least four Business Days for delivery if using first-class post or the reply-paid envelope included with the Application Form within the United Kingdom.

18 I hold my Ordinary Shares in certificated form. If I take up my entitlements, when will I receive the certificate representing my Open Offer Shares?

It is expected that the Registrar will post all new share certificates on or about 29 June 2009.

19 What should I do if I think my holding of Existing Ordinary Shares (as shown in Box 1 on page 1 of the Application Form) is incorrect?

If you have bought or sold Ordinary Shares shortly before the Record Date, your transaction may not be entered on the register of members before the Record Date for the Open Offer. If you have bought Ordinary Shares before 5 June 2009 but were not registered as the holder of those shares on the Record Date for the Open Offer (2 June 2009), you may still be eligible to participate in the Open Offer. If you are in any doubt, please contact your stockbroker, bank or other appropriate financial adviser, or whoever arranged your share purchase, to ensure you claim your entitlement. You will not be entitled to Open Offer Entitlements in respect of any Ordinary Shares acquired on or after 8:00 a.m. on 5 June 2009.

Otherwise, if you are concerned about the figure in Box 1, please call the Shareholder Helpline on 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 (from outside the UK).

20 Will I be taxed if I take up my entitlements?

Information on taxation in the United Kingdom and the United States with regard to the Open Offer is set out in paragraphs 17 and 18, respectively, of Part 8 (“Additional Information”) of the Prospectus. **This information is intended to be only a general guide to the current tax position in the United Kingdom and Shareholders who are in any doubt as to their tax position or who are subject to tax in any other jurisdiction should consult an appropriate professional adviser immediately.**

21 What should I do if I live outside the United Kingdom?

Your ability to apply to acquire Open Offer Shares may be affected by the laws of the country in which you live and you should take professional advice as to whether you require any governmental or other consents or need to observe any other formalities to enable you to take up your Open Offer Entitlement. Shareholders with registered addresses or who are located in the United States or any Restricted Jurisdiction are, subject to certain exceptions, not eligible to participate in the Open Offer. Your attention is drawn to the information in paragraph 6 of Part 3 (“Terms and Conditions of the Open Offer”) of the Prospectus.

The Company has made arrangements under which the Managers will try to find investors to take up your entitlements and those of other Shareholders who have not taken up their entitlements. You will not receive any money when these Open Offer Shares are sold.

22 Will the Capital Raising affect the future dividends the Company pays?

Following completion of the Capital Raising, future dividend payments per New Ordinary Share will be adjusted for the Capital Raising. The adjustment will take account of the discount in the Issue Price to the share price at close of business on 3 June 2009, being the day prior to the announcement of the intention to do the Capital Raising.

23 How do I transfer my entitlements into the CREST system?

If you are a Qualifying Non-CREST Shareholder, but are a CREST member and want your Open Offer Shares to be in uncertificated form, you would complete the CREST deposit form (Box 9 on page 4 of the Application Form), and ensure they are delivered to CCSS to be received by 3:00 p.m. on 17 June 2009 at the latest. CREST sponsored members should arrange for their CREST sponsors to do this.

If you have transferred your rights into the CREST system, you should refer to paragraph 4 of Part 3 (“Terms and Conditions of the Open Offer”) of the Prospectus for details on how to pay for the Open Offer Shares.

24 Do I need to comply with the Money Laundering Regulations (as set out in paragraph 5 of Part 3 (“Terms and Conditions of the Open Offer”) of the Prospectus)?

If you are a Qualifying Non-CREST Shareholder, you do not need to follow these procedures if the value of the Open Offer Shares you are subscribing for is less than €15,000 (approximately £13,158 /US\$24,256) or if you pay for them by a cheque drawn on an account in your own name and that account is one which is held with an EU or United Kingdom regulated bank or building society. If you are a Qualifying CREST Shareholder, you will not generally need to comply with the Money Laundering Regulations unless you apply to take up all or some of your entitlement to Open Offer Entitlements as agent for one or more persons and you are not an EU or United Kingdom regulated financial institution.

Qualifying Non-CREST Shareholders should refer to paragraph 5.1 of Part 3 (“Terms and Conditions of the Open Offer”) of the Prospectus and Qualifying CREST Shareholders should refer to paragraph 5.2 of Part 3 (“Terms and Conditions of the Open Offer”) of the Prospectus for a fuller description of the requirements of the Money Laundering Regulations.

25 Further assistance

Should you require further assistance please call the Shareholder Helpline on 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 (from outside the United Kingdom), which is available between the hours of 8.30 a.m. and 5.30 p.m. on any Business Day. *Please note that, for legal reasons, the Shareholder Helpline is only able to provide information contained in this document, the Prospectus and information relating to the Company's register of members and is unable to give advice on the merits of the Open Offer or to provide legal, business, accounting, tax, investment or other professional advice.*

DEFINITIONS

“Admission”	the admission of the New Ordinary Shares to the Official List and to trading on the market for listed securities of the London Stock Exchange becoming effective;
“Application Form”	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;
“BACS”	banks automated clearing system;
“Banks”	Citi, Citi UK, Lazard, Merrill Lynch, Barclays Capital, LloydsTSB Corporate Markets and RBS Hoare Govett;
“Barclays Capital”	Barclays Bank PLC, of 5 The North Colonnade, Canary Wharf, London E14 4EY;
“Board”	the Executive Directors and Non-Executive Directors of Debenhams plc as at 5 June 2009;
“Business Day”	a day (other than a Saturday or Sunday and public holidays) on which banks are generally open for normal banking business in the City of London;
“Capital Raising”	the Firm Placing and the Placing and Open Offer;
“CCSS” or “CREST Courier and Sorting Service”	the CREST Courier and Sorting Service, established by Euroclear to facilitate, among other things, the deposit and withdrawal of certificated securities;
“certificated”	an Ordinary Share or other share or security (as appropriate) not in uncertificated form (that is, not in CREST);
“Chairman”	the chairman for the time being of Debenhams;
“CHAPS”	clearing house automated payment system;
“Citi”	Citigroup Global Markets Limited, of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB;
“Citi UK”	Citigroup Global Markets U.K. Equity Limited, of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB;
“Closing Price”	the closing middle-market quotation of an Ordinary Share as derived from the Daily Official List on a particular day;
“Companies Act”	the UK Companies Act 1985 (as amended) and the UK Companies Act 2006 (as amended), or either of them as the context shall so require;
“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 is the Operator (as defined in the CREST Regulations);

“CREST Manual”	the rules governing the operation of CREST, consisting of the CREST Reference Manual, CREST International Manual, CREST Central Counterparty Service Manual, CREST Rules, Registrars Service Standards, Settlement Discipline Rules, CCSS Operations Manual, Daily Timetable, CREST Application Procedures and CREST Glossary of Terms (all as defined in the CREST Glossary of Terms promulgated by Euroclear);
“CREST member”	a person who has been admitted by Euroclear as a system-member (as defined in the CREST Regulations);
“CREST participant”	a person who is, in relation to CREST, a system-participant (as defined in the CREST Regulations);
“CREST Regulations”	the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755) as amended from time to time;
“CREST Shareholders”	Shareholders holding Ordinary Shares in uncertificated form;
“CREST sponsor”	a CREST participant admitted to CREST as a CREST sponsor;
“CREST sponsored member”	a CREST member admitted to CREST as a sponsored member;
“CVC”	CVC Capital Partners SICAV-FIS S.A. and its subsidiaries and affiliates;
“CVC Shareholder Group”	Capital Investors 2002 Limited, Citi Europe Co Invest LP, Citicorp Capital Investors Europe Limited, CVC Europe Enterprise (Cayman) LP, CVC Europe Enterprise (Domestic) LP, CVC European Equity Partners III LP., CVC European Equity Partners III Parallel Fund - A L.P. and CVC European Equity Partners III Parallel Fund - B L.P.;
“Daily Official List”	the daily record setting out the prices of all trades in shares and other securities conducted on the London Stock Exchange;
“Debenhams”	Debenhams plc and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings, from time to time;
“Debenhams Share Plans”	the Debenhams Performance Share Plan, the Debenhams 2006 Executive Share Option Plan, the Debenhams Deferred Bonus Matching Plan, the Debenhams 2006 Sharesave Scheme, the Debenhams 2006 Sharesave Scheme (Ireland) and the Debenhams 2008 Share Incentive Plan;
“Directors” or “Debenhams Directors” or “Board” or “Board of Directors” or “board” or “board of directors”	the Executive Directors and Non-Executive Directors of Debenhams plc as at 5 June 2009;
“Disclosure and Transparency Rules”	the disclosure and transparency rules relating to the disclosure of information in respect of financial instruments which have been admitted to trading on a regulated market or for which a request for admission to trading on such a market has been made, as published by the Financial Services Authority of the United Kingdom;
“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;
“Enlarged Issued Share Capital”	the issued ordinary share capital of the Company as it will be immediately following the issue of the New Ordinary Shares under the Capital Raising;
“EU”	the European Union;
“Euro” or “€”	the lawful currency of the member states of the European Union who adopted the Euro in Stage Three of the Treaty establishing Economic and Monetary Union on 1 January 1999, as amended;
“Euroclear”	Euroclear UK & Ireland Limited (formally known as CRESTCo Limited), the operator of CREST;
“Executive Directors”	the executive Directors of Debenhams, at the date of the Prospectus being Rob Templeman, Michael Sharp and Chris Woodhouse;
“Existing Ordinary Shares”	the Ordinary Shares in issue immediately prior to the Capital Raising;
“Firm Placed Shares”	the 161.6 million New Ordinary Shares which the Managers have made arrangements to place firm conditionally on a non-pre-emptive basis with the Firm Placees pursuant to the Firm Placing;
“Firm Placees”	investors to which Firm Placed Shares are to be placed;
“Firm Placing”	the conditional placing to the Firm Placees of the Firm Placed Shares;
“Form of Proxy”	the form of proxy accompanying this Circular for use by the Shareholders in respect of the General Meeting;
“FSMA”	the Financial Services and Markets Act 2000, as amended;
“General Meeting”	the general meeting of the Company convened for Tuesday 23 June 2009 (including any adjournment thereof), notice of which is set out herein;
“gross transaction value”	revenue on a gross basis, including the gross revenue (excluding VAT) from concessions rather than just the portion of those concession revenues received as commission by the Group;
“Group”	Debenhams plc and its subsidiaries and subsidiary undertakings and, where the context requires, its associated undertakings, from time to time;
“Issue Price”	80 pence for each Open Offer Share and for each Firm Placed Share;
“Joint Lead Managers”	Barclays Capital, LloydsTSB Corporate Markets and RBS Hoare Govett;
“Joint Sponsors”	Citi, Lazard and Merrill Lynch;
“Lazard”	Lazard & Co., Limited;
“like-for-like”	comparative gross transaction value for stores that have been trading for 53 weeks or longer. Like-for-like is aggregated on a weekly basis to the extent a store was trading throughout the same financial week during both financial years and is reported inclusive of VAT;

“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;
“LloydsTSB Corporate Markets”	LloydsTSB Bank Plc, of 25 Gresham Street, London EC2V 7HN;
“London Stock Exchange”	London Stock Exchange Group plc;
“Managers”	Citi UK and Merrill Lynch;
“Merrill Lynch”	Merrill Lynch International of the Merrill Lynch Financial Centre, 2 King Edward Street, London EC1A 1HQ;
“Money Laundering Regulations”	the Money Laundering Regulations 2007 (SI 2007/2157), as amended;
“Newco Subscriber”	Citi UK or a third party nominated by the Company;
“New Ordinary Shares”	the Firm Placed Shares and the Open Offer Shares;
“Non-Executive Directors”	the non-executive Directors of Debenhams, at the date of the Prospectus being Adam Crozier, Peter Long, Dennis Millard and Paul Pindar;
“Notice of General Meeting”	the notice of the General Meeting set out in this Circular;
“Official List”	the official list maintained by the UK Listing Authority pursuant to Part VI of the FSMA;
“Open Offer”	the invitation by the Company to Qualifying Shareholders to apply for Open Offer Shares on the terms 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 2.745604 Open Offer Shares for every 10 Existing Ordinary Shares held by him on the Record Date;
“Open Offer Shares”	the 242.4 million New Ordinary Shares being offered to Qualifying Shareholders pursuant to the Open Offer;
“Ordinary Shares” or “Shares”	ordinary shares of 0.01 pence each in the capital of Debenhams;
“Overseas Shareholders”	Qualifying Shareholders with registered addresses in, or who are citizens, residents or nationals of, incorporated in, registered in or otherwise resident in, jurisdictions outside the United Kingdom;
“Placees”	the persons with whom a conditional placing of New Ordinary Shares (subject, where applicable, to the entitlements of Shareholders under the Open Offer) has been or will be made;
“Placing”	the conditional placing of the Open Offer Shares with institutional investors at the Issue Price subject to clawback in respect of valid applications made by Qualifying Shareholders under the Open Offer;
“Placing Agreement”	the Placing Agreement expected to be entered into on 4 June 2009 between the Company and the Banks, described in paragraph 15.1 of Part 8 of the Prospectus;
“Prospectus”	the prospectus published by the Company in respect of the Capital Raising on or about the date of this document and available on its website at www.debenhamsplc.com ;

“Prospectus Rules”	the rules made for the purposes of Part VI of the FSMA in relation to offers of transferable securities to the public and admission of transferable securities to trading on a regulated market and brought into effect on 1 July 2005 pursuant to Commission Regulation (EC) No. 809/2004;
“Qualifying CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company, on the Record Date, in uncertificated form;
“Qualifying Non-CREST Shareholders”	Qualifying Shareholders whose Existing Ordinary Shares on the register of members of the Company, on the Record Date, in certificated form;
“Qualifying Shareholders”	Shareholders on the register of members of the Company on the Record Date;
“RBS Hoare Govett”	RBS Hoare Govett Limited, of 250 Bishopsgate, London EC2M 4AA;
“Record Date”	5.00 p.m. (London time) on 2 June 2009;
“Resolutions”	the resolutions set out in the Notice of General Meeting included in this Circular;
“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;
“Shareholders”	holders of Ordinary Shares;
“sterling” or “pence” or “£”	the lawful currency of the United Kingdom;
“stock account”	an account within a member account in CREST to which a holding of a particular share or other security in CREST is credited;
“TPG”	Texas Pacific Group;
“TPG Shareholder Group”	TPG Delta Holdco II LLC, TPG Delta Holdco III and TPG Delta Holdco LLC;
“Transaction”	the Capital Raising and the renegotiation of Debenhams’ financial covenants within its existing debt facilities;
“UK Listing Authority” or “UKLA”	the Financial Services Authority in its capacity as competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000;
“uncertificated”	in relation to a share or other security, a share or other security title to which is recorded on the relevant register of the share or security concerned as being held in uncertificated form in CREST and title to which, by virtue of the CREST Regulations, may be transferred by means of CREST;
“Underwriters”	Citi UK, Merrill Lynch, Barclays Bank PLC of 5 The North Colonnade, Canary Wharf, London E14 4EY, LloydsTSB Bank Plc of 25 Gresham Street, London EC2V 7HN and RBS Hoare Govett Limited of 250 Bishopsgate, London EC2M 4AA;
“UK” or “United Kingdom”	the United Kingdom of Great Britain and Northern Ireland, its territories and dependencies;

**“US” or “USA” or
“United States”**

the United States of America, its territories and possessions and any state of the United States and the District of Columbia; and

“VAT”

value added tax.

NOTICE OF GENERAL MEETING

Debenhams plc

(incorporated in England and Wales under the Companies Act 1985 with registered number 05448421)

NOTICE IS HEREBY GIVEN that a **GENERAL MEETING** of Debenhams plc (the “**Company**”) will be held at the office of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London EC4Y 1HS on Tuesday 23 June 2009 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions. Resolutions 1 and 2 will be proposed as ordinary resolutions and Resolutions 3 and 4 will be proposed as special resolutions.

The results of the voting at the general meeting will be announced through a Regulatory Information Service and will appear on the Company’s website www.Debenhamsplc.com.

Resolution 1:

THAT, subject to and conditional upon Resolutions 2, 3 and 4 set out in this Notice of General Meeting being passed, the authorised share capital of the Company be and is hereby increased from £128,846.15 to £167,284.82 by the creation of 384,386,650 additional Ordinary Shares of 0.01 pence each ranking *pari passu* in all respects with the existing ordinary shares of 0.01 pence each in the capital of the Company.

Resolution 2:

THAT, subject to and conditional upon Resolutions 1, 3 and 4 set out in this Notice of General Meeting being passed, the Directors of the Company be and are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 to exercise all the powers of the Company to allot and issue relevant securities (within the meaning of section 80(2) of the Companies Act 1985) up to an aggregate nominal amount of £167,284.82 in connection with one or more issues of relevant securities under the Capital Raising (as described and defined in the circular of which this notice forms part), provided that this authority shall (unless previously renewed, varied or revoked) expire at the earlier of 15 months from the date of this Resolution and the conclusion of the next Annual General Meeting of the Company after the date on which this Resolution is passed, save that the Company may before such expiry make any offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of any such offers or agreements as if this authority had not expired. The authority granted by this Resolution shall be in addition, and without prejudice, to all existing authorities to allot relevant securities granted to the Directors.

Resolution 3:

THAT, subject to and conditional upon Resolutions 1, 2 and 4 set out in this Notice of General Meeting being passed, the Directors of the Company be and are hereby empowered pursuant to section 95(1) of the Companies Act 1985 to allot equity securities (within the meaning of section 94(2) to section 94(3A) of the Companies Act 1985) wholly for cash pursuant to the authority conferred by Resolution 2, other than pursuant to the Capital Raising, as if sub-section (1) of section 89 of the Companies Act 1985 did not apply to any such allotment, provided that this power shall be limited to:

- (a) the allotment of equity securities in connection with a rights issue, open offer or any other pre-emptive offer in favour of ordinary shareholders (excluding any shareholder holding shares as treasury shares) (subject to such exclusions or other arrangements as the Directors of the Company may deem necessary or expedient to deal with fractional entitlements, legal or practical problems arising in any overseas territory, the requirements of any regulatory body or stock exchange or any other matter whatsoever);
- (b) the allotment (otherwise than pursuant to Resolution 3(a) above) of equity securities up to an aggregate nominal amount of £6,434 provided that this authority shall (unless previously renewed, varied or revoked) expire at the earlier of 15 months from the date of this Resolution and the

conclusion of the next Annual General Meeting of the Company after the date on which this Resolution is passed, save that the Company may before such expiry make any offers or agreements which would or might require relevant securities to be allotted after such expiry and notwithstanding such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements as if this authority had not expired. The authority granted by this Resolution shall be in addition, and without prejudice, to all existing authorities to allot relevant securities granted to the Directors.

Resolution 4:

THAT, subject to and conditional upon Resolutions 1, 2 and 3 set out in this Notice of General Meeting being passed, the terms of the Capital Raising set out in the Prospectus be and are hereby approved and the directors of the Company be and are hereby directed to implement the Capital Raising on the basis described in this Circular and in the Prospectus and generally and unconditionally authorised to exercise all the powers of the Company to the extent the Directors determine necessary to implement the Capital Raising.

Registered office:
1 Welbeck Street
London
W1G 0AA

By Order of the Board

Paul Eardley
Company Secretary

Dated 5 June 2009

Notes:

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders entered on the register of members of the Company as at 6.00 p.m. on 21 June 2009 or, in the event that this General Meeting is adjourned, in the register of members of the Company 48 hours before the time of any adjourned General Meeting will be entitled to attend or vote at the General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after 6.00 p.m. on 21 June 2009 or, in the event that this General Meeting is adjourned, in the register of members of the Company 48 hours before the time of any adjourned General Meeting will be disregarded in determining the rights of any person to attend or vote at the General Meeting.
2. A member of the Company entitled to attend, speak and vote at the General Meeting is entitled to appoint a proxy or proxies to exercise all or any of his or her rights to attend and to speak and vote instead of you and a form is enclosed for the use of members unable to attend the General Meeting. Members who have lodged Forms of Proxy are not thereby prevented from attending the General Meeting and voting in person if they so wish. A proxy need not be a member of the Company but must attend the General Meeting to represent you. Details of how to appoint the Chairman of the General Meeting or another person as your proxy using the Form of Proxy are set out in the notes to the Form of Proxy. You can only appoint a proxy using the procedures set out in these notes and the notes to the Form of Proxy. If you wish your proxy to speak on your behalf at the General Meeting, you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
3. A member may appoint more than one proxy in relation to the General Meeting provided that each proxy is appointed to exercise the rights attached to different shares held by a member. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy you should contact the Registrar's helpline on 0871 384 2766 (or +44 121 415 7047 if calling from outside the UK) to request additional proxy forms.
4. The statement of the rights of shareholders in relation to the appointment of proxies under the procedures set out in these notes does not apply to Nominated Persons as defined below. The rights described in these notes can only be exercised by shareholders.
5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the General Meeting.
6. To be effective, the completed and signed Form of Proxy (together with any power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority) must be lodged at the offices of Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, not later than 48 hours before the time appointed for the holding of the General Meeting or adjourned General Meeting or (in the case of a poll taken otherwise than at or on the same day as the General Meeting or adjourned General Meeting) for the taking of the poll at which it is to be used. As an alternative to completing the hard-copy proxy form, you can appoint a proxy electronically by following the instructions set out on the hard-copy proxy form. For an electronic proxy appointment to be valid, your appointment must be received by Equiniti Limited by no later than 11.00 a.m. on 21 June 2009.
7. CREST members who wish to appoint and/or give instructions to a proxy or proxies through the CREST electronic proxy appointment service may do so for the General Meeting and any adjournment(s) thereof by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

8. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (the "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("Euroclear") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Equiniti (CREST participant RA19) by the latest time(s) for receipt of proxy appointments specified in this Notice of General Meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
9. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s) to procure that his CREST sponsor or voting service provider(s) take(s) such action as is necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
10. In the case of joint holders, the signature of only one of the joint holders is required on the form of proxy. Where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the more senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the more senior).
11. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.
12. Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Registrar's helpline on 0871 384 2766 (or +44 121 415 7047 if calling from outside the UK).
13. If you submit more than one valid proxy appointment in respect of the same shares, the appointment received last before the latest time for the receipt of proxies will take precedence.
14. In order to revoke a proxy instruction, you will need to inform the Company by sending a signed notice clearly stating your intention to revoke your proxy appointment to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

The revocation notice must be received by Equiniti no later than 11.00 a.m. on 21 June 2009. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.
15. Appointment of a proxy does not preclude you from attending the General Meeting and voting in person. If you have appointed a proxy and attend the General Meeting in person in respect of shares for which you have appointed a proxy, your proxy appointment in respect of those shares will automatically be terminated.
16. In order to facilitate voting by corporate representatives at the General Meeting, arrangements will be put in place at the General Meeting so that (i) if a corporate shareholder has appointed the Chairman of the General Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all of the other corporate representatives for that shareholder at that General Meeting, then on a poll those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and (ii) if more than one corporate representative for the same corporate shareholder attends the General Meeting but the corporate shareholder has not appointed the Chairman of the General Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative. Corporate shareholders are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives, available from www.icsa.org.uk, for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representation letter to appoint the Chairman as a corporate representative.
17. At 4 June 2009 (being the latest practicable date prior to the printing of this Notice of General Meeting), the Company's issued share capital consists of 882,825,016 Ordinary Shares of 0.01 pence each. Each Ordinary Share carries the right to one vote at a general meeting of the Company. As at the date of this document, the Company does not hold any ordinary shares in Treasury. Therefore, the total number of voting rights in the Company as at 4 June 2009 was 882,825,016.
18. If you are a person who has been nominated under section 146 of the Companies Act 2006 to enjoy information rights ("Nominated Person"):
 - (a) You may have a right under an agreement between you and the member of the Company who has nominated you to have information rights ("Relevant Member") to be appointed or to have someone else appointed as a proxy for the General Meeting.
 - (b) If you either do not have such a right or if you have such a right but do not wish to exercise it, you may have a right under an agreement between you and the Relevant Member to give instructions to the Relevant Member as to the exercise of voting rights.

- (c) Your main point of contact in terms of your investment in the Company remains the Relevant Member (or, perhaps, your custodian or broker) and you should continue to contact them (and not the Company) regarding any changes or queries relating to your personal details and your interest in the Company (including any administrative matters). The only exception to this is where the Company expressly requests a response from you.
19. Except as provided above, members who wish to communicate with the Company in relation to the General Meeting should do so by writing to Equiniti Limited, Corporate Actions, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6DA. No other methods of communication will be accepted. In particular, you may not use any electronic address provided either in this Notice of General Meeting or in any related documents (including in the Chairman's letter and the Form of Proxy) to communicate with the Company for any purposes other than those expressly state.

