

DEBENHAMS

www.debenhams.com

This document (and the information contained herein) is not for publication or distribution in or into the United States, Australia, Canada and Japan.

This announcement is an advertisement and not a prospectus and investors should not subscribe for or purchase any shares referred to in this announcement except on the basis of information in the prospectus to be published by Debenhams plc (the "Company") in due course in connection with the admission of the ordinary shares in the capital of the Company to the Official List of the Financial Services Authority and to trading on London Stock Exchange plc's main market for listed securities (the "Prospectus"). Copies of the Prospectus will, following publication, be available from Debenhams plc's registered office.

20 April 2006

DEBENHAMS

Initial Public Offering and Intention to List on the London Stock Exchange

Summary of financials for 26 weeks to 4 March 2006, update on current trading and appointment of Non-Executive Directors

Debenhams plc ("Debenhams") announces its intention to proceed with an initial public offering of its shares (the "Offer") and to be admitted to the Official List of the UK Listing Authority and to trading on the main market of the London Stock Exchange ("Admission").

The price range of its initial public offering has been set at 195p - 250p per ordinary share, implying a market capitalisation of approximately £1,675 million to £1,950 million. Bookbuilding will commence today.

Debenhams:

- Debenhams is a leading multi-category retailer with a well-recognised brand and a long-term track record of profitable growth and market share gains
- Debenhams is the UK's second largest department store chain; has 123 stores, including three "Desire by Debenhams" stores, in the UK and Ireland; employs approximately 20,000 people and was visited by approximately 16 million customers during the 2005 financial year. In addition, Debenhams has 29 international franchise stores in 14 countries
- Debenhams targets a wide customer base and differentiates itself from its competitors through its mix of exclusive own brands, especially its "Designers at Debenhams" offering, and third-party brands. It has 55 own brands including 25 Designers at Debenhams such as Jasper Conran, Julien Macdonald, John Rocha and Matthew Williamson

- Since 2003, under its current management team, growth has been accelerated and profitability transformed:
 - Sales increased by 15.3% to over £2 billion
 - Department store market share has increased from 15.2% to 18.6% (source: Verdict 2005)
 - Adjusted EBITDA margins increased from 12.0% to 15.8%
 - Adjusted EBITDA has grown by 51.4% from £218.0 million to £330.1 million

- Over the same period, Debenhams has improved the efficiency of its capital expenditure programme, particularly that relating to refurbishments and new stores which, combined with the increase in operating performance, has resulted in significantly increased returns

- Substantial investments have been made in opening new department stores, modernising and refurbishing its existing department stores and establishing a new small store concept, Desire by Debenhams. Gross capital expenditure between 31 August 2003 and 4 March 2006 has totalled £266.7 million, during which period 18 new stores have been opened. These new store openings include two Desire by Debenhams stores and the acquisition of eight former Alders' stores. Subsequently, a further two department stores and one Desire store have been opened

- Debenhams operates a flexible business model focused on optimising its product, brand and space mix, allowing it to respond rapidly to changes in customer trends and ensuring greater consistency of performance

The Directors believe that:

- The business has considerable opportunity to continue to grow sales and margin organically through improvements in its product and brand offer, supply chain transformation and store refurbishment programme

- A significant opportunity exists to grow the department store portfolio, doubling from its current size of 120 up to 240 locations across the UK

- The Desire by Debenhams format, a new small store concept featuring a mix of women's fashion, accessories, lingerie and cosmetics, is being successfully trialled. There is potential to roll-out up to 100 Desire by Debenhams stores across the UK

- There are significant opportunities to grow the number of international stores, which are operated through a franchise model

Summary of financials for the 26 weeks to 4 March 2006 and 53 weeks ended 3 September 2005:

IFRS:

(£ in millions, except as otherwise indicated)	26 weeks ended 4 March 2006	26 weeks ended 26 February 2005	% change	53 weeks ended 3 September 2005
Sales	1,216.8	1,113.3	+ 9.3%	2,086.8
Like-for-like sales growth	0.6%	4.2%		2.8%
Adjusted EBITDA	198.2	176.3	+ 12.4%	307.2
Adjusted EBITDA Margin %	16.3%	15.8%	+50bps	14.7%

UK GAAP:

(£ in millions, except as otherwise indicated)	26 weeks ended 4 March 2006	26 weeks ended 26 February 2005	% change	53 weeks ended 3 September 2005
Sales	1,216.8	1,113.3	+ 9.3%	2,086.8
Like-for-like sales growth	0.6%	4.2%		2.8%
Adjusted EBITDA	217.0	186.4	+ 16.4%	330.1
Adjusted EBITDA Margin %	17.8%	16.7%	+110bps	15.8%

Current Trading:

The Directors believe that Debenhams' performance since the end of the last financial year compares favourably with other UK retailers, with Debenhams continuing to grow market share, sales, gross merchandise margin and EBITDA margin demonstrating the resilience of the business in challenging trading conditions.

For the 26-week period ended 4 March 2006, Debenhams achieved like-for-like sales growth of 0.6% and for the 32-week period ended 15 April 2006 like-for-like sales growth of 1.7%. Sales growth during both periods has been achieved with improved gross margins.

The prospects for Debenhams' trading for the financial year ending August 2006 remain in line with management expectations.

Summary of the Offer ⁽¹⁾:

- | | |
|---|----------------|
| Price range | 195p to 250p |
| Number of Shares in the Offer | 449.4 million |
| - to be issued by the Company ⁽²⁾ | 314.6 million |
| - to be sold by the Selling Shareholders ^{(3) (4)} | 134.8 million |
| Number of Existing Shares subject to the Over-allotment Option | 44.9 million |
| Percentage of the enlarged issued share capital in the Offer ^{(2) (3) (4)} | 55% |
| Expected market capitalisation | £1,813 million |
- Net debt on Admission is expected to be £1.2 billion, equivalent to 3.3x Net Debt/EBITDA ⁽⁵⁾
 - Announcement of Offer Price and Allocation is expected to be 4 May
 - John Lovering, Rob Templeman and Chris Woodhouse may sell up to 30 per cent of their shares in the Offer and will retain significant shareholdings in Debenhams post-IPO and will commit not to sell any of their remaining holdings for at least 365 days
 - Texas Pacific Group, CVC Capital Partners and Merrill Lynch Global Private Equity will retain significant shareholdings in Debenhams post-IPO and will commit not to sell any of their remaining holdings for at least 180 days
 - Citigroup and Merrill Lynch have been appointed Joint Global Co-ordinators of the Offer. Citigroup, Merrill Lynch, Credit Suisse and Morgan Stanley have been appointed Joint Bookrunners for the Offer
 - Citigroup has been appointed Sole Sponsor

⁽¹⁾ = All of the above figures are based on an Offer Price at the mid point of the price range

⁽²⁾ = The Company intends to issue New Shares to raise proceeds of approximately £700 million before expenses of approximately £20m. The number of New Shares to be sold is dependent on the Offer Price and may be higher or lower than this number

⁽³⁾ = The number of Existing Shares to be sold is dependent on the Offer Price and may be higher or lower than this number

⁽⁴⁾ = Assuming no exercise of the over-allotment option

⁽⁵⁾ = Based on LTM UK GAAP

Appointment of Non-Executive Directors:

Debenhams announces the appointment of five Non-Executive Directors to the Board:

- Adam Crozier is chief executive of the Royal Mail. He was formerly chief executive of the Football Association and, before that, chief executive of Saatchi & Saatchi UK
- Richard Gillingwater is currently a director of Faber Music Holdings Limited, Faber Music Limited and Rights Worldwide Limited. His past directorships include Homebase Limited, Kidde plc, The Peninsular and Oriental Steam Navigation Company and Qinetiq. He is Head of the Shareholder Executive, the body responsible for the Government's shareholdings in major, publicly-owned businesses
- Peter Long is chief executive of First Choice Holidays plc and was previously chief executive of Sunworld Holidays. He is currently a Non-Executive Director of Rentokil Initial plc
- Dennis Millard was group finance director of Cookson Group plc from 1996 to 2005. He is currently a non-executive director of Xchanging Limited
- Paul Pindar is chief executive of The Capita Group

Rob Templeman, Chief Executive, Debenhams, said:

“The current management team has achieved a step change in profitability, at the same time as changing the culture of the business.

“Debenhams continues to grow market share, sales, gross margin, and profit, and to drive strong cash generation. Our positive half-year performance demonstrates the strength of the business and positive current trading remains in line with expectations.

“We believe there are significant opportunities for further growth both organically and through store openings, including Desire by Debenhams stores.”

-ends-

Enquiries:

Debenhams

Rob Templeman

Chris Woodhouse

Tel: + 44 (0)20 7190 1703/4

Citigroup

Michael Lavelle

Theodore Kuh

Jan Skarbek

Tel: +44 (0)20 7986 4000

Merrill Lynch

Rupert Hume-Kendall

Simon Mackenzie-Smith

Tel: +44 (0)20 7628 1000

Gainsborough Communications

Andy Cornelius

Duncan Murray

Tel: + 44 (0)20 7190 1703/4

High resolution images are available for UK media to view and download free of charge from www.vismedia.co.uk and www.prshots.com/Debenhams

Notes to Editors:

Debenhams is a leading multi-category retailer in the United Kingdom and has a strong presence in key product categories, such as womenswear, menswear, homeware and health and beauty.

The first Debenhams department store opened in 1905 and the Debenhams brand name is widely recognised in the United Kingdom.

Debenhams was acquired by Texas Pacific Group, CVC Capital Partners, Merrill Lynch Global Private Equity and the management team, comprising John Lovering, Rob Templeman and Chris Woodhouse, during December 2003 and ceased trading on the London Stock Exchange.

Debenhams has 123 stores in the UK and Ireland, including three Desire by Debenhams stores, which is a new and small store concept store featuring a mix of women's fashion, accessories, lingerie and cosmetics.

Debenhams is the second largest department store chain in the UK with approximately 18.6% of total UK department store sales (source: Verdict 2005), having increased its market share by 3.4% from 15.2% in 2003.

According to TNS, Debenhams was one of the largest market share gainers amongst all UK retailers in 2005 in the womenswear and menswear segments. Debenhams' market share increased by 0.5% in the year to 8 January 2006 to a 4.5% share of the UK womenswear market and by 0.4% to a 3.9% share of the UK menswear market.

Designers at Debenhams include Nigel Cabourn, Jasper Conran, Theo Fennell, Pearce Fionda, Frost French, Betty Jackson, Ben de Lisi, Julien Macdonald, John Richmond, John Rocha and Matthew Williamson.

The contents of this announcement, which have been prepared by and are the sole responsibility of Debenhams, have been approved solely for the purposes of section 21(2)(b) of the Financial Services and Markets Act 2000 by Citigroup Global Markets Limited of Citigroup Centre, Canada Square, London E14 5LB. Citigroup Global Markets U.K. Equity Limited, Citigroup Global Markets Limited, Credit Suisse Securities (Europe) Limited, Merrill Lynch International and Morgan Stanley Securities Limited are authorised and regulated by the Financial Services Authority and are acting for Debenhams and funds managed or advised by Texas Pacific Group, CVC Capital Partners Group Sarl and Merrill Lynch Global Private Equity (the “Principal Shareholders”) in connection with the Offer and for no one else and will not be responsible to anyone other than Debenhams and the Principal Shareholders for providing the protections afforded to their respective clients or for providing advice in relation to the Offer, the contents of this announcement or any matters referred to herein.

The Offer is being made in the United Kingdom and elsewhere outside the United States by means of an offer to institutional investors. The Offer and the distribution of this announcement and other information in connection with the Offer in certain jurisdictions may be restricted by law and persons into whose possession any document or other information referred to herein comes should inform themselves about and observe any such restriction. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This announcement does not constitute or form part of any offer or invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities and any purchase of or application for securities of Debenhams pursuant to the Offer should only be made on the basis of the information contained in the prospectus to be issued in connection with the Offer. The prospectus will contain information about the Company and its management, as well as financial statements and other financial data. The price and value of securities may go up as well as down. Persons needing advice should contact a professional adviser.

The information contained herein is not for publication or distribution in the United States of America. These materials do not contain or constitute an offer of securities for sale in the United States. The securities in Debenhams have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration under that Act or an available exemption from it. The Company and the selling security holders do not intend to register the securities or conduct a public offering in the United States.

Securities in Debenhams have not been and will not be registered under the applicable securities laws of Australia, Canada or Japan and may not be offered or sold within Australia, Canada or Japan or to, or for the account or benefit of, citizens or residents of Australia, Canada or Japan.

This announcement includes statements that are, or may be deemed to be, “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including the terms “believes”, “estimates”, “plans”, “projects”, “anticipates”, “expects”, “intends”, “may”, “will”, or “should” or, in each case, their negative or other variations or comparable terminology. These

forward-looking statements include matters that are not historical facts and include statements regarding Debenhams' intentions, beliefs or current expectations concerning, among other things, Debenhams' results of operations, financial condition, liquidity, prospects, growth, strategies and the retail industry.

By their nature, forward-looking statements involve risk and uncertainty because they relate to future events and circumstances. A number of factors could cause actual results and developments to differ materially from those expressed or implied by the forward-looking statements including, without limitation, the factors to be described in the risk factors section of the Prospectus and the factors to be described in the operating and financial review section of the Prospectus.

Forward-looking statements may and often do differ materially from actual results. Any forward-looking statements in this announcement reflect Debenhams' view with respect to future events as at the date of this announcement and are subject to risks relating to future events and other risks, uncertainties and assumptions relating to the Debenhams group's operations, results of operations, growth strategy and liquidity. Save as required by law or by the Listing Rules of the Financial Services Authority, Debenhams undertakes no obligation publicly to release the results of any revisions to any forward-looking statements in this announcement that may occur due to any change in its expectations or to reflect events or circumstances after the date of this announcement.

In connection with the Offer, Citigroup Global Markets U.K. Equity Limited, as stabilising manager, or any of its agents, may (but will be under no obligation to), to the extent permitted by law, over allot or effect other transactions intended to enable it to satisfy any over allotments or which stabilise, maintain or otherwise affect the market price of the Shares or any options, warrants or rights with respect to, or interests in, the Shares or other securities of the Company, in each case at levels which might not otherwise prevail in the open market. The stabilising manager is not required to enter into such transactions and such transactions may be effected on the London Stock Exchange and any other securities market, over the counter market or otherwise. Such transactions, if commenced, may be discontinued at any time and may only be entered into between commencement of conditional trading of the Shares on the London Stock Exchange and 30 days thereafter. In connection with the Offer, the stabilising manager may, for stabilisation purposes, over allot Shares up to a maximum of 15% of the total number of Shares comprised in the Offer. For the purposes of allowing it to cover short positions resulting from any such over-allotments and/or from sales of Shares effected by it during the stabilisation period, the stabilising manager will enter into an over-allotment option with certain of the selling shareholders pursuant to which the stabilisation manager may purchase or procure purchasers for additional Shares up to a maximum of 10% of the total number of Shares comprised in the Offer at the Offer Price. The over-allotment option will be exercisable in whole or in part, upon notice by the stabilisation manager, at any time on or before the thirtieth day after the commencement of conditional trading of the Shares on the London Stock Exchange.

Information in this announcement or any of the documents relating to the Offer cannot be relied upon as a guide to future performance.