

# DEBENHAMS

## IPO PRICING INFORMATION

*This document (and the information contained herein) is not for publication or distribution in or into the United States, Australia, Canada or Japan, save in the United States for distribution to persons reasonably believed to be Qualified Institutional Buyers (as defined in Rule 144A under the US Securities Act of 1933, as amended).*

*The information in this document is supplemental to the preliminary document dated 24 April 2006. This document is an advertisement and not a prospectus. Copies of the prospectus to be published by Debenhams plc (the "Company") in connection with the admission of the ordinary shares 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") will, following publication, be available from the Company's registered office.*

**Certain capitalised terms used in this document are defined in "Definitions" at the end of this document.**

### Offer details

Number of Shares in the Offer .....	487,179,488
– to be issued by the Company .....	358,974,359
– to be sold by the Selling Shareholders <sup>(1)</sup> .....	128,205,129
Number of Existing Shares subject to the Over-allotment Option.....	48,717,948
Percentage of the enlarged issued share capital in the Offer <sup>(1)</sup> .....	56.7%
Number of Shares in issue following the Offer .....	858,974,359
Market capitalisation of the Company .....	£1,675 million

Note:

<sup>(1)</sup> Assuming no exercise of the Over-allotment Option.

### The Selling Shareholders

The number of Existing Shares held and expected to be sold by each of the Selling Shareholders (assuming no exercise of the Over-allotment Option) is as follows:

<u>Selling Shareholders</u>	<u>Number of Existing Shares held</u>	<u>Number of Existing Shares to be sold</u>
CVC European Equity Partners III L.P.....	104,735,700	26,454,474
CVC Europe Enterprise (Cayman) LP.....	5,397,550	1,363,330
CVC Europe Enterprise (Domestic) LP.....	1,570,550	396,694
CVC European Equity Partners III Parallel Fund A LP .....	2,133,050	538,773
CVC European Equity Partners III Parallel Fund B LP .....	2,133,050	538,773
TPG Delta Holdco II LLC.....	87,209,250	22,027,588
TPG Delta Holdco III LLC .....	8,302,900	2,097,173

TPG Delta Holdco LLC .....	83,015,100	20,968,216
ML Global Private Equity Fund, L.P.....	81,755,050	20,649,949
Merrill Lynch Ventures L.P. 2001.....	15,669,850	3,957,940
Capital Investors 2002 Limited .....	1,421,500	359,047
Citicorp Capital Investors Europe Limited.....	6,713,550	1,695,730
Citi Europe Co-Invest L.P.....	1,343,500	339,345
ESP Co-Investment L.P. ....	38,000	9,598
ESP II Conduit L.P. ....	7,834,900	1,978,964
European Strategic Partners Scottish B L.P. ....	1,088,500	274,937
European Strategic Partners Scottish C L.P. ....	942,500	238,060
European Strategic Partners-1 L.P.....	2,209,000	557,956
European Strategic Partners L.P.....	9,255,400	2,337,758
TCW/Crescent Mezzanine Partners III L.P.....	4,761,950	1,202,788
TCW/Crescent Mezzanine Trust L.P.....	742,000	187,417
TCW/Crescent Mezzanine Partners III Netherlands L.P.....	194,000	49,002
John Lovering.....	8,575,400	2,572,620
Rob Templeman .....	16,788,850	4,197,212
Chris Woodhouse .....	16,426,850	4,928,055
Debenhams Retail Employee Trust .....	11,325,550 <sup>(1)</sup>	8,283,730
Baroness Employee Limited Partnership .....	18,416,500 <sup>(2)</sup>	0
Total.....	<u>500,000,000</u>	<u>128,205,129</u>

**Note:**

(1) This represents the number of Shares the trustee of the Debenhams Retail Employee Trust is expected to sell on behalf of participants in the Employee Option Plan. The Shares held by the Trust include 121,515 Shares over which Michael Sharp has been granted an option under the Employee Option Plan (of which he intends to sell 60,757 Shares on Admission) and also includes a number of Shares representing the gain on a fixed income loan note and the redemption of a deep discount bond and the award of Bonus Shares.

The Debenhams Retail Employee Trust will purchase in the Offer one million Shares towards future obligations relating to options granted under the Employee Option Plan and Bonus Shares.

(2) These Shares are indirectly held by employees who are limited partners in the Baroness Employee Limited Partnership (the ‘‘Partnership’’) (including Michael Sharp, who has an interest in 7,500,000 Shares).

**Summary – Shareholders**

It is expected that, at Admission, Rob Templeman will be granted an award over 492,788 Shares under the Debenhams Performance Share Plan, Chris Woodhouse will be granted an award over 335,096 of such Shares and Michael Sharp will be granted an award over 311,441 of such Shares. These awards vest over time subject to performance conditions, as described in paragraph 5.2 of Part 7 of the Prospectus. The Directors have agreed with the Underwriters that, subject to certain exceptions, they will not, without the prior written consent of the Global Co-ordinators, offer, sell or contract to sell, or otherwise dispose of any Shares within 365 days of Admission, save that Michael Sharp will be able to sell up to 2,141,209 of his Shares.

**Additional Information – Directors’ interests**

The interests of the Directors in the share capital of the Company are, and on completion of the Offer are expected to be, as follows:

<b>Director</b>	<b>Number of Shares in which the Director has a direct or indirect interest</b>	<b>Percentage of issued share capital</b>	<b>Number of Shares immediately upon Admission<sup>(1)(2)</sup></b>	<b>Percentage of issued share capital</b>	<b>Percentage of issued share capital assuming full exercise of the Over-allotment Option</b>
John Lovering .....	8,575,400	1.7%	6,002,780	0.7%	0.7%
Rob Templeman .....	16,788,850	3.4%	12,591,638	1.5%	1.5%
Chris Woodhouse .....	16,426,850	3.3%	11,498,795	1.3%	1.3%
Michael Sharp <sup>(1)(2)</sup> .....	7,500,000	1.5%	7,500,000	0.9%	0.9%
Adam Crozier <sup>(3)</sup> .....	0	0	25,641	-% <sup>(5)</sup>	-% <sup>(5)</sup>
Jonathan Feuer <sup>(4)</sup> .....	200,500	-% <sup>(5)</sup>	149,858	-% <sup>(5)</sup>	-% <sup>(5)</sup>
Richard Gillingwater <sup>(3)</sup> .....	0	0	5,128	-% <sup>(5)</sup>	-% <sup>(5)</sup>
Peter Long <sup>(3)</sup> .....	0	0	51,282	-% <sup>(5)</sup>	-% <sup>(5)</sup>
Dennis Millard <sup>(3)</sup> .....	0	0	51,282	-% <sup>(5)</sup>	-% <sup>(5)</sup>
Paul Pindar <sup>(3)</sup> .....	0	0	153,846	-% <sup>(5)</sup>	-% <sup>(5)</sup>

**Note:**

- (1) Excludes options.
- (2) Michael Sharp has an interest in 7,500,000 Shares through his investment in Baroness Employee Limited Partnership and has been granted an option under the Employee Option Plan over 121,515 Shares at an option price of 0.2p per Share as described below. On exercise of his option, Michael Sharp's right will be satisfied by the transfer of Shares from the Trust. He is also technically deemed to be interested, as one of the potential beneficiaries of Debenhams Retail Employee Trust 2004 (the "Trust") established by Debenhams Retail plc for the benefit of employees within its Group, in 11,325,550 Shares held by the Trust. Michael Sharp also has a direct interest in loan notes with a value of £8,835,937 by virtue of his investment in Baroness Employee Limited Partnership and has been granted an option under the Employee Option Plan over the gain on a fixed income loan note with a value of £149,803.
- (3) Such Directors intend to apply for Shares in the Offer at the Offer Price, and such applications are expected to be met in full.
- (4) Jonathan Feuer is the beneficial owner of 200,500 Shares in the Company held in the name of Capital Investors 2002 Limited.
- (5) Indicates a percentage holding of below 0.1%.

**Additional Information – Interests representing 3% or more of issued share capital**

In so far as is known to the Directors, the following interests (within the meaning of Part VI of the Act) (other than interests held by the Directors) which represent, or will represent, directly or indirectly, 3% or more of the issued share capital of the Company on Admission:

<b>Shareholders</b>	<b>Number of Shares held</b>	<b>Percentage of issued share capital</b>	<b>Number of Shares after the Offer<sup>(1)</sup></b>	<b>Percentage of issued share capital</b>	<b>Percentage of issued share capital assuming full exercise of the Over-allotment Option</b>
TPG Shareholder Group.....	178,527,250	35.7%	133,434,273	15.5%	13.2%
CVC Shareholder Group <sup>(1)</sup> .....	125,448,450	25.1%	93,762,284	10.9%	9.3%

Merrill Lynch Shareholder Group <sup>(2)</sup> .....	97,424,900	19.5%	72,817,011	8.5%	7.2%
Merrill Lynch Investment Managers Limited <sup>(3)</sup> .....	0	0%	50,000,000	5.8%	5.8%
Maverick Capital, Ltd. ....	0	0%	31,000,000	3.6%	3.6%
Baroness Employee Limited Partnership .....	18,416,500	3.7%	18,416,500	2.1%	2.1%

**Note:**

- (1) Including 1,343,500 Shares held by Citi Europe Co-Invest LP and 6,713,550 Shares held by Citicorp Capital Investors Europe Limited, who are affiliates of Citigroup Global Markets Limited (the Sponsor of the Offer) and Citigroup Global Markets U.K. Equity Limited (one of the Global Co-ordinators and a Joint Bookrunner).
- (2) Consisting of 81,755,050 Shares held by ML Global Private Equity Fund, L.P. and 15,669,850 Shares held by Merrill Lynch Ventures L.P. 2001, each of whom are affiliates of Merrill Lynch (one of the Global Co-ordinators and a Joint Bookrunner).
- (3) An affiliate of Merrill Lynch (one of the Global Co-ordinators and a Joint Bookrunner).

**Additional Information – Directors**

Although they have made no legal commitment to do so, and their service agreements are terminable on 12 months notice by the Company or the Director (or six months in the case of notice by Michael Sharp), the current intention of Rob Templeman, Chris Woodhouse and Michael Sharp is to remain with Debenhams for at least the next three years.

**Additional Information – US tax**

The following is additional information to be considered as part of the summary in the Prospectus of certain material US federal income tax consequences of the acquisition, ownership and disposition of Shares by a US Holder (as defined in the Prospectus). The summary in the Prospectus does not address tax considerations applicable to investors that own (directly or indirectly) 10% or more of the voting stock of the Company, who hold the Shares in connection with a permanent establishment in the United Kingdom or who are subject to special treatment under the US federal income tax laws.

US shareholders in a company classified as a Passive Foreign Investment Company (a “PFIC”) have certain federal income tax consequences. The Company believes and the relevant summary assumes that the Company is not currently, and does not currently expect to become, a PFIC. The Company’s status as a PFIC is fundamentally factual in nature, generally cannot be determined until the close of the taxable year in question, and is determined annually and therefore may be subject to change. If the Company were to be a PFIC in any year, materially adverse consequences could result for US Holders, as described in the Prospectus.

Certain elections enable the shareholder in a PFIC to avoid these consequences. Under a mark-to-market election for Shares, a US shareholder recognizes gains or losses for the difference between the fair market value and the adjusted basis of its shares each year. The Shares will be marketable stock eligible to be marked to market for any year in which they are regularly traded on the London Stock Exchange. Any gain from marking the Shares to market or from disposing of them would be ordinary income. A US Holder would recognise loss from marking the Shares to market, but only to the extent of its unreversed gains. Loss from marking the Shares to market would be ordinary, but loss on disposing of them would be capital loss except to the extent of unreversed gains. Under a Qualified Electing Fund (“QEF”) election, a US shareholder would be taxed currently on its pro rata share of the Company’s ordinary earnings, as ordinary income. The Company does not, however, anticipate providing information that US shareholders would need to make a QEF election. US shareholders should consult their tax advisers for further details of the restrictions and coverage of each election as required.

US Holders are urged to consult their personal tax adviser regarding the possibility of the Company being classified as a PFIC and the potential tax consequences arising from the ownership and disposition of an interest in a PFIC.

## **Definitions**

<b>“Act”</b>	the Companies Act 1985, as amended
<b>“Admission”</b>	the admission of the ordinary share capital of the Company, issued and to be issued pursuant to the Offer, to the Official List becoming effective
<b>“Citigroup”</b>	Citigroup Global Markets Limited, in its capacity as Sponsor, and/or Citigroup Global Markets U.K. Equity Limited in its capacity as Global Co-ordinator, Joint Bookrunner or Stabilising Manager, both of Citigroup Centre, Canada Square, Canary Wharf, London E14 5LB, as the context may require
<b>“Company”</b>	Debenhams plc
<b>“Credit Suisse”</b>	Credit Suisse Securities (Europe) Limited
<b>“CVC”</b>	CVC Capital Partners Group Sarl and its subsidiaries and affiliates
<b>“CVC Shareholder Group”</b>	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 L.P., CVC European Equity Partners III Parallel Fund A L.P. and CVC European Equity Partners III Parallel Fund B L.P.
<b>“Debenhams” or the “Group”</b>	the Company and its consolidated subsidiaries and subsidiary undertakings from time to time
<b>“Employee Option Plan”</b>	the Debenhams Employee Option Plan approved by the remuneration committee of Baroness Holdings UK Limited on 2 September 2004
<b>“Existing Shares”</b>	the ordinary shares in the capital of the Company that will be in issue immediately prior to Admission
<b>“Global Co-ordinators”</b>	Citigroup Global Markets U.K. Equity Limited and Merrill Lynch International
<b>“Joint Bookrunners”</b>	Citigroup, Credit Suisse, Merrill Lynch and Morgan Stanley
<b>“London Stock Exchange”</b>	London Stock Exchange plc
<b>“Merrill Lynch”</b>	Merrill Lynch International
<b>“MLGPE”</b>	Merrill Lynch Global Private Equity or the Merrill Lynch Shareholder Group, as the context may require
<b>“Morgan Stanley”</b>	Morgan Stanley Securities Limited
<b>“Offer”</b>	the offer of New Shares and Existing Shares to institutional investors in the United Kingdom and elsewhere as described in

Part 6 of the Prospectus

<b>“Offer Price”</b>	the price at which each share is to be issued or sold under the Offer
<b>“Over-allotment Option”</b>	the option expected to be granted by certain of the Selling Shareholders to purchase, or procure purchasers for, additional Existing Shares as more particularly described in Part 6 of the Prospectus
<b>“Selling Shareholders”</b>	existing shareholders who sell Existing Shares in the Offer
<b>“Shares” or “Ordinary Shares”</b>	ordinary shares of 0.01p each in the capital of the Company
<b>“Sponsor”</b>	Citigroup Global Markets Limited
<b>“Trust”</b>	Debenhams Retail Employee Trust 2004
<b>“TCW”</b>	TCW/Crescent Crescent Mezzanine Partners II LP, TCW/Crescent Mezzanine Trust LP and TCW/Crescent Mezzanine Partners III Netherlands LP
<b>“TPG”</b>	Texas Pacific Group
<b>“TPG Shareholder Group”</b>	TPG Delta Holdco II LLC, TPG Delta Holdco III and TPG Delta Holdco LLC
<b>“UK”</b>	the United Kingdom of Great Britain and Northern Ireland
<b>“Underwriters” or “Managers”</b>	Citigroup, Credit Suisse, Merrill Lynch and Morgan Stanley
<b>“United States” or “US”</b>	the United States of America, its territories and possessions, any State of the United States of America, and the District of Columbia

*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 and Merrill Lynch International of 2 King Edward Street, London EC1A 1HQ. 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 in connection with the Offer and for no one else and will not be responsible to anyone other than Debenhams for providing the protections afforded to their respective clients or for providing advice in relation to the 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 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.*

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