

Debenhams plc
Pre-Close Trading Update - March 2007

Debenhams plc, the leading department stores group, today releases a pre-close interim trading update for the first half of the financial year.

Total sales for the 26 weeks ended 3rd March 2007 increased by 5.8% compared to the 26 weeks ended 4th March 2006. Like-for-like sales for the UK retail business have declined by 4.5% compared to the equivalent period last year.

Gross margins for the 26 weeks to 3rd March 2007 were 42.5% having fallen 0.4% versus the corresponding period last year.

The reduction in gross margin was largely attributable to the impact of the Roches store integration and the shortfall in clothing sales following the unseasonably warm pre-Christmas trading period. We still expect to see further progress on gross margin for the full year.

Stocks and costs continue to be tightly controlled and we expect profit before taxation and exceptional items to be in line with the Board's expectations at the time of the January trading statement.

The integration of the nine stores acquired in the Republic of Ireland from Roches stores in September 2006 is progressing well. The conversion of seven of the stores to the Debenhams trading format is largely complete and we expect the remaining two stores to be completed during the second half of the financial year. Initial trading at these stores is in line with our expectations.

In line with our strategy of expanding our department store portfolio, good progress has been made with our store opening programme. At the start of this financial year Debenhams had a contracted new store opening pipeline of 25 stores, this has grown to a current pipeline of 29 new department stores. A new department store was opened in Llandudno in the first half and two new stores are scheduled to open in Warrington and Wigan ⁽¹⁾ in the second half. In the next year (FY 2008) seven new department stores and three re-sites are planned to open.

The number of Desire by Debenhams smaller format stores has also increased, from four stores trading at the start of the financial year to seven at 3rd March 2007, with new stores opened at Merthyr Tydfil, Birmingham Fort and Kirkcaldy. A further two Desire stores are planned to open in the second half of this financial year.

At 3rd March 2007 our store portfolio, including the stores acquired from Roches, consists of 132 department stores, and seven Desire stores totalling 10.2 million square feet of prime trading space across the UK and Republic of Ireland. In addition, Debenhams continues to expand its global presence with

32 international stores trading, an increase of eight from 4th March 2006. Two further stores are scheduled to open by the end of April 2007.

Rob Templeman, Chief Executive, said:

“Although it is far too early to draw conclusions on the performance of our Spring/Summer ranges, we have been encouraged by the consumer reaction to our new collections.

We continue to expect the retail environment to remain challenging and to this end we will focus on managing our stocks, costs and cash margins.”

Note:-

⁽¹⁾ Store re-site

Debenhams will be reporting its preliminary results for the 26 weeks ended 3 March at 7am on April 17th, 2007, including a presentation for analysts at 9.30am at the City Presentation Centre, 4 Chiswell Street, London, EC1Y 4UP.

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

Statements made in this announcement that look forward in time or that express management's beliefs, expectations or estimates regarding future occurrences and prospects are “forward-looking statements” within the meaning of the United States federal securities laws. These forward-looking statements reflect Debenhams' current expectations concerning future events and actual results may differ materially from current expectations or historical results. Any such forward-looking statements are subject to various risks and uncertainties, including: Debenhams' ability to accurately predict customer preferences and demands; the effectiveness of Debenhams' brand

awareness and marketing programmes; the occurrence of weak sales during peak selling seasons or extreme or unseasonal weather conditions; competitive factors in the highly competitive retail industry; Debenhams' ability to successfully implement its new store rollout and department store refurbishment/modernization strategy; Debenhams' ability to maintain its relationships with certain designers and its significant concession partners; currency fluctuations and currency risk.

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Additional risk factors that you may want to consider are: Debenhams' ability to retain key management and personnel; disruptions or other adverse events affecting Debenhams' relationship with its major suppliers or its store card provider; factors outside Debenhams' control, such as changes in the financial or equity markets, adverse economic conditions or a downturn in the retail industry, or damage or interruptions due to operational disruption, natural disaster, war or terrorist activity; and work stoppages; slowdowns or strikes.

Notes to Editors:

Debenhams is a leading department stores group with a strong presence in key product categories, such as womenswear, menswear, homeware and health and beauty.

Debenhams has a total of 132 department stores in the UK and Republic Ireland, and a further seven Desire by Debenhams stores, which are a new small store concept featuring a mix of women's fashion, accessories, lingerie and cosmetics. Debenhams has a further 32 international franchise stores in 15 different countries.

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.

Debenhams plc was listed on the London Stock Exchange in May 2006.