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MATALAN FINANCE PLC

Matalan Finance plc Announces Tender Offers for its £250,000,000 8⁷/₈% Senior Secured Notes due 2016 and its £225,000,000 9⁵/₈% Senior Notes due 2017

13 May 2014 — Matalan Finance plc (the “**Offeror**”) announces today that it is offering to purchase for cash (the “**Offers**”) (i) any and all of its outstanding 8⁷/₈% Senior Secured Notes due 2016 (the “**Secured Notes**”) from holders of the Secured Notes (the “**Secured Noteholders**”) and (ii) any and all of its outstanding 9⁵/₈% Senior Notes due 2017 (the “**Senior Notes**”, and, together with the Secured Notes, the “**Notes**”) from holders of the Senior Notes (the “**Senior Noteholders**” and, together with the Secured Noteholders, the “**Noteholders**”), as further described in the tender offer memorandum dated as of 13 May 2014 (the “**Tender Offer Memorandum**”).

The Offers begin on 13 May 2014 and will expire at 4:00 p.m., London time, on 28 May 2014, unless extended or earlier terminated by the Offeror (such time and date, as the same may be extended, the “**Expiration Date**”). Noteholders must validly tender their Notes, and not validly withdraw their Notes, at or prior to the Expiration Date in order to receive the applicable Purchase Price (as set forth below) on the Payment Date (as defined below).

Subject to a minimum tender of £100,000 in principal amount of Secured Notes per Secured Noteholder, the amount in cash in sterling to be paid for each £1,000 principal amount of the Secured Notes accepted for purchase in the Offers is set forth below (the “**Secured Notes Purchase Price**”). In addition, the Offeror will pay applicable amounts for accrued and unpaid interest (“**Accrued Interest**”) up to but not including the Payment Date on the Secured Notes which are accepted for purchase in the Offers. No tenders will be valid if submitted after the Expiration Date (as defined below).

Description of the Notes	Outstanding Principal Amount	ISIN/Common Code	Maturity Date	Purchase Price per £1,000
8 ⁷ / ₈ % Senior Secured Notes due 2016	£250,000,000	XS0614414331/061441433	29 April 2016	£1,023.69

Subject to a minimum tender of £50,000 in principal amount of Senior Notes per Senior Noteholder, the amount in cash in sterling to be paid for each £1,000 principal amount of the Senior Notes accepted for purchase in the Offers is set forth below (the “**Senior Notes Purchase Price**” and, collectively with the Secured Notes Purchase Price, the “**Purchase Price**”). In addition, the Offeror will pay Accrued Interest up to but not including the Payment Date on the Senior Notes which are accepted for purchase in the Offers. No tenders will be valid if submitted after the Expiration Date.

Description of the Notes	Outstanding Principal Amount	ISIN/Common Code	Maturity Date	Purchase Price per £1,000
9 ⁵ / ₈ % Senior Notes due 2017	£225,000,000	XS0498891190/049889119	31 March 2017	£1,025.56

The “Payment Date” in respect of any Notes that are validly tendered (and not validly withdrawn) at or prior to the Expiration Date and that are accepted for purchase will be promptly after the Expiration Date and is expected to be no later than 2 June 2014.

The Offeror reserves the right, in its sole and absolute discretion, (i) not to accept any tenders of the Notes, (ii) not to purchase any Notes or (iii) to modify in any manner any of the terms and conditions of the Offers (including, but not limited to, modifying either Purchase Price).

The Offers are subject to the terms and conditions set forth in the Tender Offer Memorandum, including a financing condition and certain other customary conditions. The Offeror reserves the right, in its sole discretion, to waive any and all conditions.

Subject to the satisfaction of the financing condition, the Offeror intends to redeem any Secured Notes and Senior Notes that are not validly tendered and accepted for payment in the Offers in accordance with the indenture governing the Secured Notes (the “**Secured Notes Indenture**”) or the indenture governing the Senior Notes (the “**Senior Notes Indenture**”) and, together with the Secured Notes Indenture, the “**Indentures**”), as applicable, in each case on or about the 30th day following the issuance of a redemption notice on or about the date hereof. The Offeror intends to deposit on the Payment Date into one or more accounts with the trustee for the Secured Noteholders and/or the trustee for the Senior Noteholders amounts required to fund the redemption of such remaining Notes, in accordance with the satisfaction and discharge provisions of the Indentures.

Below is an indicative timetable providing information with respect to the expected dates and times for the Offers. The timetable is subject to change, and dates and times may be extended, amended or terminated by the Offeror as described in the Tender Offer Memorandum.

Date	Calendar Date and Time
Commencement Date	13 May 2014
Expiration Date	28 May 2014 at 4 p.m., London Time
Announcement of Acceptance and Results	As soon as practicable on or after the Expiration Date.
Payment Date	Expected to be no later than 2 June 2014, or as soon as practicable thereafter; <i>provided</i> that the conditions to which the Offers are subject have either been satisfied or, where applicable, waived.

The Offeror will only accept tenders with respect to (i) the Secured Notes held in the Regulation S global note bearing ISIN number XS0614414331 (the “**Regulation S Secured Notes**”) and/or (ii) the Senior Notes held in the Regulation S global note bearing ISIN number XS0498891190 (the “**Regulation S Senior Notes**”) and, together with the Regulation S Secured Notes, the “**Regulation S Notes**”). The Offeror will not accept tenders with respect to (i) the Secured Notes held in the Rule 144A global note bearing ISIN number XS0614414687 (the “**Rule 144A Secured Notes**”) and/or (ii) the Senior Notes held in the Rule 144A global note bearing ISIN number XS0498893725 (the “**Rule 144A Senior Notes**”) and, together with the Rule 144A Secured Notes, the “**Rule 144A Notes**”). In order to participate in the Offers, each eligible Noteholder of Rule 144A Notes who is not a U.S. person and outside the United States and otherwise comply with the restrictions in the Tender Offer Memorandum must, prior to the Expiration Date, exchange such Rule 144A Secured Notes for Regulation S Secured Notes or exchange such Rule 144A Senior Notes for Regulation S Senior Notes, in each case in accordance with the procedures prescribed in Section 2.06 of the applicable Indenture and tender such Regulation S Notes in the Offers.

Morgan Stanley & Co. International plc and Lloyds Bank plc are acting as “**Dealer Managers**” for the Offers. In connection with the Offers, Lucid Issuer Services Limited has been appointed as tender agent and as information agent (in such capacities, the “**Tender Agent**”). Noteholders with questions about the Offers should contact

the Dealer Managers or the Tender Agent. Any extension, amendment or termination of the Offers shall be published by the Offeror by press release or notice to the Tender Agent.

None of the Offeror, the Dealer Managers, the Tender Agent or any of their affiliates are making any recommendations to the Noteholders as to whether to tender or refrain from tendering their Notes in the Offers. Noteholders must decide how many Notes they will tender, if any.

Noteholders who have Notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact, and issue appropriate instructions to, such broker, dealer, commercial bank, trust company or other nominee if such Noteholder desires to tender those Notes. **The deadlines set by the clearing systems for submission of tender instructions may be earlier than the relevant deadlines specified in the Tender Offer Memorandum.**

Copies of the Tender Offer Memorandum can be obtained by eligible Noteholders from the Tender Agent at the telephone number below.

THE OFFEROR

Matalan Finance plc
Gillibrands Road
Skelmersale, West Lancashire WN8 9TB
United Kingdom

Requests for information in relation to the Offers should be directed to:

THE DEALER MANAGERS

Morgan Stanley & Co. International plc
25 Cabot Square
Canary Wharf
London E14 4QA
United Kingdom

Tel: +44 (0)20 7677 5040

Fax: +44 (0)20 7056 4984

Attention: Liability Management Group

Email: liabilitymanagementeuropa@morganstanley.com

Lloyds Bank plc

10 Gresham Street

London EC2V 7AE

United Kingdom

Tel: +44 (0)20 7158 2720

Fax: +44 (0)20 7158 3233

Attention: Liability Management

Email: liability.management@lloydsbanking.com

Requests for information in relation to the procedures for tendering Notes and participating in the Offers and the submission of an Electronic Instruction should be directed to the Tender Agent:

THE TENDER AGENT

Lucid Issuer Services Limited

Leroy House

436 Essex Road

London N1 3QP

United Kingdom

Attention: Victor Parzyjagla

Telephone: +44 (0)20 7704 0880

Email: matalan@lucid-is.com

DISCLAIMER

NOT FOR DISTRIBUTION FROM, WITHIN, IN OR INTO THE UNITED STATES, ITS TERRITORIES AND POSSESSIONS (INCLUDING PUERTO RICO, THE U.S. VIRGIN ISLANDS, GUAM, AMERICAN SAMOA, WAKE ISLAND AND THE NORTHERN MARIANA ISLANDS) OR ANY STATE OF THE UNITED STATES OR THE DISTRICT OF COLUMBIA.

The Offers are not being made, and will not be made, directly or indirectly in or into, or by use of the mail of, or by any means or instrumentality of interstate or foreign commerce of or of any facilities of a national securities exchange of, the United States. This includes, but is not limited to, facsimile transmission, electronic mail, telex, telephone and the internet. Accordingly, copies of this announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offers are not being, and must not be, directly or indirectly mailed or otherwise transmitted, distributed or forwarded (including, without limitation, by custodians, nominees or trustees) in or into the United States. Any purported tender of Secured Notes or Senior Notes in the Offers resulting directly or indirectly from a violation of these restrictions will be invalid and any purported tender of Notes made by a person located in the United States or any agent, fiduciary or other intermediary acting on a non-discretionary basis for a principal giving instructions from within the United States will be invalid and will not be accepted.

Each Noteholder participating in the Offers will represent that it is not a U.S. person and is not located in the United States and is not participating in the Offers from the United States or it is acting on a non-discretionary basis for a principal that is a not a U.S. person and located outside the United States that is not giving an order to participate in the Offers from the United States. For the purposes of this and the above paragraph, “United States” means the United States of America, its territories and possessions, any state of the United States of America and the District of Columbia.

The distribution of the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession the Tender Offer Memorandum comes are required by the Offeror, the Dealer Managers and the Tender Agent to inform themselves about, and to observe, any such restrictions.

This announcement is neither an offer to purchase nor the solicitation of an offer to sell any of the securities described herein, nor shall there be any offer or sale of such securities in any jurisdiction in which such offer, solicitation or sale would be unlawful. The Offers are made solely pursuant to the Tender Offer Memorandum dated 13 May 2014.

This announcement must be read in conjunction with the Tender Offer Memorandum. This announcement and the Tender Offer Memorandum contain important information which should be read carefully before any decision is made with respect to the Offers. If any Noteholder is in any doubt as to the action it should take, it is recommended that such Noteholder seek its own financial and legal advice, including as to any tax consequences, immediately from its stockbroker, bank manager, solicitor, accountant or other independent financial or legal adviser. Any individual or company whose Notes are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to tender its Notes in the Offers. None of the Offeror, the Dealer Managers or the Tender Agent makes any recommendation as to whether Holders should tender their Notes in the Offers or participate in the Offers.

Any deadlines set by any intermediary will be earlier than the deadlines specified in the Tender Offer Memorandum.

The information contained in this announcement does not constitute an invitation or inducement to engage in investment activity within the meaning of the United Kingdom Financial Services and Markets Act 2000. In the United Kingdom, this announcement is being distributed only to, and is directed only at (i) persons who are outside the United Kingdom, (ii) persons in the United Kingdom falling within the definition of investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the “**Financial Promotion Order**”)), (iii) persons who are within Article 43 of the Financial Promotion Order or (iv) any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order (all such persons

together being referred to as “**relevant persons**”). This announcement and the Tender Offer Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons.

This announcement contains forward-looking statements and information that is necessarily subject to risks, uncertainties, and assumptions. No assurance can be given that the transactions described herein will be consummated or as to the terms of any such transactions. The Offeror assumes no obligation to update or correct the information contained in this announcement.