

THE TAKEOVER PANEL

MATALAN PLC
("MATALAN")

MR JOHN HARGREAVES
("MR HARGREAVES")

Following recent representations made by the advisers to Matalan, the Panel Executive has been considering the application of Rule 2.4(b) of the Code to the approach by Mr Hargreaves to Matalan. Following discussions with both parties' advisers, the Panel Executive has ruled that Mr Hargreaves must, by 12.00 noon on 12 September 2006, either announce a firm intention to make an offer for Matalan under Rule 2.5 of the Code or announce that he does not intend to make an offer for Matalan. No extension to this deadline will be granted, except with the consent of the Panel Executive. In the event that Mr Hargreaves announces that he does not intend to make an offer for Matalan, Mr Hargreaves and any person acting in concert with him will, except with the consent of the Panel Executive, be bound by the restrictions contained in Rule 2.8 of the Code for six months from the date of such announcement.

Each of the parties has accepted this ruling.

27 July 2006