

Company number: 5962488

MATALAN FINANCE LIMITED
("Company")

**STATEMENT OF COMPLIANCE RE REDUCTION OF CAPITAL SUPPORTED BY
SOLVENCY STATEMENT**
(pursuant to section 644(5) of the Companies Act 2006)

The Company has taken steps to effect the following capital reduction ("**Capital Reduction**") supported by a solvency statement made by the directors of the Company on 18 March 2010 pursuant to section 642 of the Companies Act 2006 ("**Solvency Statement**")

That the Company's share premium account be reduced by the cancellation of the premium of £1 90 per share on the following ordinary shares of 10 pence each (being in aggregate a cancellation of £415,469,621 80) in the capital of the Company

No. of ordinary shares:	Registered holder:
218,668,222	Matalan Group Limited

Note 20,000 of the ordinary shares of 10 pence each are unaffected by the reduction of capital above, which shares were also issued at a premium of £1 90 per share and therefore the Company continues to have a share premium of £38,000 in aggregate following the reduction of capital referred to above

We, being all the directors of the Company, confirm that

- 1 the Solvency Statement was made not more than 15 days before the date on which the special resolution approving the Capital Reduction was passed, and
- 2 a copy of the Solvency Statement was provided to every eligible member in accordance with section 642(2) of the Companies Act 2006

Signed on **18 MARCH** 2010 by each of the directors of the Company

PAUL GILBERT

) Signature

ALISTAIR MCGEORGE

) Signature

JOHN MILLS

) Signature

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