

Company Announcement

For immediate release

Phones4U Finance plc (in administration) ("**Phones 4U**" or the "**Company**")
Lymedale Business Park
Ore Close
Newcastle-under-Lyme
Staffordshire
ST5 9QD

ISIN: XS0609574016

22 September 2014

FURTHER DISPOSAL OF STORES

£430,000,000 9.5% Senior Secured Notes due 2018 (the "**Notes**")

Pursuant to an order of the High Court of Justice of England & Wales on 15 September 2014, Robert Jonathan Hunt, Ian David Green and Robert John Moran (the "**Administrators**") each licensed insolvency practitioners of PricewaterhouseCoopers LLP were appointed as administrators of Phones 4U.

Disposal of 58 stores to EE

The Phones 4U administrators can confirm that a deal has been agreed with EE which will see the mobile network firm pay £2,500,000 to acquire 58 Phones 4U Limited stores and which will preserve 359 jobs for store employees. The stores will be re-branded to EE in due course.

The transaction includes Phones 4U Limited's interest in the 58 stores' leasehold properties and their fixtures and fittings and various associated contractual rights and obligations, but does not include store inventory, which will be recovered and realised separately by the administrators.

The deal has been agreed between the parties but remains subject to Court approving the release of the fixed charge security held on behalf of the secured creditors. The administrators will be making an application to the Court on 22 September 2014 for the release of the fixed charge security that will enable the sale to be completed. Any senior secured noteholder who wishes to make representations at that hearing should in the first instance contact Citibank N.A., London Branch in its capacity as the Senior Note Trustee and provide proof of their holding of the notes. (Telephone 020 7508 0038; email: restructuringgroup@citi.com marked for the attention of Laura Hughes & Jillian Hamblin).

It is the administrators' intention to have one Court hearing covering both this disposal and that announced on 19 September 2014 to Vodafone.

Rob Hunt, joint administrator and PwC partner said:

"We are absolutely delighted to have completed this further disposal of 58 Phones 4U stores, which will both recover value for secured creditors and save 359 jobs. As with the Vodafone transaction, we consider that this represents the best potential outcome for creditors in the circumstances for these stores, although it remains subject to the approval of the UK courts."

Further information on Vodafone disposal

The administrators are now able to announce further principal terms of the Vodafone transaction which was announced on 19 September 2014 and which will save 887 jobs. The total consideration to be paid upon completion is £12,447,000, which includes Phones 4U Limited's interest in 140 leasehold properties, in-store inventory (book value: approximately £7,100,000), fixtures and fittings and various associated contractual rights and obligations. Vodafone has also agreed to meet any retention of title obligations associated with the in-store inventory, to the extent that any arise.

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