

Issued: 31st March 2009

MARKS AND SPENCER GROUP PLC  
QUARTER 4 2008/09 – TRADING STATEMENT  
13 weeks to 28 March 2009

- Group sales up 1.9%
- UK sales\* down 0.3%: General Merchandise -1.2% (Clothing -1.0%; Home -2.3%); Food +0.4%
- UK like for like sales\* down 4.2%: General Merchandise -4.8%; Food -3.7%
- Online Sales up 20%
- International sales up 23%

\* *Adjusting for the timing of Easter (March 2008 vs April 2009) would add c. 0.7% to both General Merchandise and Food sales.*

**Sir Stuart Rose, Chairman said:**

"We have made progress against the key priorities set out at the interim results in November. Our customers are responding positively to the actions we have taken, resulting in an improved sales performance this quarter in both General Merchandise and Foods. International continues to grow strongly and we have managed our costs and cash flow tightly. Our trading stance remains 'first price, right price' with four main sale events a year. We are offering even better values across all price points in General Merchandise and Foods – without compromising our quality or ethical standards. While the outlook remains uncertain, we are confident that we are doing the right things for our customers and for our business.

"Foods performance improved again this quarter, with customers welcoming our increased innovation, better ranging and sharper values highlighted by our Wise Buys, Dine In and Family Favourite offers. We continue to improve availability. Our quality standards remain core to our values in Food and we remain the UK's most trusted food retailer.<sup>(1)</sup>

"We maintained market share in Clothing over the full year<sup>(2)</sup> and made further progress in Home. In November we said we would strengthen our appeal to our core customer base and grow areas of low market share. In February, we introduced Portfolio and are pleased with the customer response to this new brand which we believe significantly enhances our womenswear offer. Kids had another good quarter and market share is now at its highest level by both value and volume for seven years. Home continues to make steady progress across all areas, including furniture. Online sales were up 20% with further growth in market share as we continue to broaden the product offer.

"Sales in our International business grew 23% reflecting the ongoing integration of our Czech and Greek business partners and new store openings over the period.

"In line with our previous guidance for 2008/09, we expect UK retail gross margin to be around 175 basis points lower than last year, operating cost growth of 4-5% and capital expenditure to be no more than £700m.

"We will announce our 2008/09 Full Year results and confirm our guidance for 2009/10 on 19 May 2009. "

*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 Marks & Spencer's 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 failure by Marks & Spencer to predict accurately customer preferences; decline in the demand for products offered by Marks & Spencer; competitive influences; changes in levels of store traffic or consumer spending habits; effectiveness of Marks & Spencer's brand awareness and marketing programmes; general economic conditions or a downturn in the retail or financial services industries; acts of war or terrorism worldwide; work stoppages, slowdowns or strikes; and changes in financial and equity markets.*

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#### **Investors & Analysts Conference Call:**

This will be hosted by Stuart Rose at 08.30 (BST) on Tuesday 31 March 2009:

Dial in number: +44 (0) 20 8515 2302

A recording of this call will be available until Tuesday 2 April 2009:

Dial in number: +44 (0) 20 7190 5901 Access Code: 141804

1 Millward Brown brand tracking study

2 TNS Fashiontrak: 52 weeks ended 1 February 2009