

5th September 2016

Press Release

Marks & Spencer announces proposed changes to UK Head Office structure

Marks & Spencer announces today that it will be entering in to consultation with its employees with regards to proposals to make significant changes to its UK Head Office structure. The proposals have been developed by M&S following a detailed review of the organisation and an analysis of its processes and do not impact on M&S store employees.

The proposals are centred on plans to reshape and redefine the organisation by reducing the number of Head Office roles by a net reduction of c.525 roles and also reduce the number of roles permanently based in central London by c.400, across IT and Logistics, as part of the retailer's strategy to work more simply and more efficiently. The net reduction would be achieved through a combination of fewer contractors, natural attrition and redundancies for M&S employees.

Should the proposals go ahead they would deliver significant cost savings. It is expected that annualised operating cost savings would be c.1% of the UK cost base. Cost growth guidance for the current year remains unchanged at c.3.5%. There would be a non-underlying cost of c.£15m which includes the changes to the senior management team that have already taken place.

Steve Rowe, M&S CEO, said: "M&S has to become a simpler and more effective organisation if we are to deliver our plans to recover and grow our business.

"It is never easy to propose changes that impact on our people, but I believe that the proposals outlined today are absolutely necessary and will help us build a different type of M&S – one that can take bolder, pacier decisions, be more profitable and ultimately better serve our customers."

"We remain committed to investing in store staffing and improving our customer experience and therefore our store colleagues are not affected by this proposal."

The review highlighted that M&S has become too complex and inefficient and today's proposals aim to address this by removing duplication, driving accountability and establishing clear, consistent processes; which in turn will strip out unnecessary costs. M&S has used the basis of the review to reshape and redefine the organisational structure in line with its strategy.

M&S will be entering in to collective consultation with its employees with regards to these proposals via its network of independently elected employee representatives, the National Business Involvement Group, which will give careful consideration to any alternative proposals.

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For further information, please contact:

Investor Relations:

Fraser Ramzan +44 (0)20 8718 4625

Helen Cox +44 (0)20 8718 8491

Corporate Press Office: +44 (0)20 8718 1919

Out of hours calls: +44 (0)20 8718 2000

Notes to Editors:

- The proposed reduction in roles would comprise existing vacancies, c.260 M&S roles and c.200 contractors
- M&S employs over 3,500 people working across its seven UK Head Offices
- M&S employs over 71,000 people in its UK stores and supporting customer service functions. These roles are not affected by the proposed changes.