

Quality
worth every
penny

YOUR M&S

Annual review and summary
financial statements 2009

About M&S For 125 years M&S has been trusted by customers to offer high quality products at great value. We are 'Your M&S', having grown from a Penny Bazaar stall to become the UK's leading retailer of quality clothing, food and home products. With more than 21 million UK customers, we are also an expanding international force, now in 40 territories. A team of 78,000 people and over 2,000 suppliers form the bedrock of our business, ensuring our brand will continue to offer **Quality, Value, Service, Innovation** and **Trust**.

1. Our core UK business

With an annual turnover of £8.16bn our UK business has a broadly even split between General Merchandise (clothing and home) and Food.

General Merchandise £3.9bn sales (-3.5%)

With more than 1 in 10 clothing items bought from us, we are the UK's largest clothing retailer and the first choice for stylish, well-made and great value clothes for the whole family. We lead the market in womenswear, lingerie and menswear and have an expanding kidswear and home business.

Market share (value)*

10.7%

Market share (volume)*

11.2%

*Source: Fashiontrak



Food £4.2bn sales (-0.1%)

We are the UK's leading provider of high quality food for every occasion and appetite. We sell everything from fresh produce and groceries, to partly-prepared meals and ready meals; all at outstanding quality, freshness and value. This is while retaining our commitment to the highest standards of innovation, ethical sourcing and healthy eating.

Market share*

3.9%

*Source: TNS Worldpanel



2. Our M&S Direct business

M&S Direct £324m sales (+19%)

M&S Direct is key to improving customer convenience and service, helping us to reach a new generation of shoppers.

We are on target to achieve £500m in sales by 2010/11.



M&S Direct:

- E-commerce website
- Home catalogue
- Flowers & wine delivery
- Hampers
- Food to Order
- lunchtogo

3. Our International business

International £898m sales (+25.9%)

With a portfolio of owned and franchised stores, our International business is on plan to achieve 15 to 20% of Group revenues by 2010/11. In 2008/09 sales benefited from an additional 32 stores joining the chain.

We now have 296 stores in 40 territories.

5. Integrating Plan A

We established Plan A in January 2007, setting out **100 rigorous social and environmental targets** to help us become a better business by 2012. Customer support has helped us achieve world-class progress in: reducing carbon emissions and waste to landfill, sustainable sourcing, ethical trading and promoting healthy lifestyles.

4. Our UK property portfolio

Over the last three years, we have transformed our UK stores into bright and contemporary destinations with a range of hospitality options. **We are also more convenient with 668 stores across the UK, including 75 new stores opened in 2008/09.**

668 UK stores:

10 Premiere	39 Outlets
43 Major	156 Simply Food wholly-owned
29 Retail Park	182 Simply Food franchises
209 High Street	

Contents

- 1 Overview
- 14 Performance and Key Performance Indicators
- 20 Our brand and heritage
- 23 Summary financial statements
- 28 Summary remuneration report

Our Plan for the future

Overview by Sir Stuart Rose



Sir Stuart Rose Chairman

Interim dividend paid on: 9 January 2009

8.3p

Final dividend to be paid: 10 July 2009

9.5p

Total dividend 2008/09

17.8p

Marks & Spencer Ltd.
CELEBRATING
125 YEARS



Get your **10% off voucher** for marksandspencer.com and enter our prize draw to **win a laptop** computer. For details go to marksandspencer.com/annualreport09

We have spent the last five years putting in place strong foundations in line with our long-term plan. We have introduced new products and services in our core business of General Merchandise (GM) and Food, broadened our multi-channel offer, expanded our international presence, improved our property portfolio, and put Plan A at the heart of our business.

We are not immune to the short-term impact of the recession and have had to take action to protect the strength of the balance sheet. As a result we have cut the dividend by 20.9%. While this was a difficult decision for the Board, we believe it is the right thing to do for two main reasons: because economic conditions remain uncertain, and because of the need for us to retain financial strength and flexibility.

Throughout the year we have prudently managed costs and continued our investment in our systems and supply chain so we can improve efficiency across the business. We also responded to the changing needs of our customers by improving our values without compromising on quality; something we view as short-term pain for long-term gain.

As well as helping us through these tough conditions, these steps will enable us to take advantage of the opportunities that lie ahead and maximise value for our shareholders.

With a strong brand, the right products and an experienced management team, we are now:

Increasing the pace of change and operational execution in the business;

Leveraging M&S Direct by building more channels to market;

Building our international portfolio to grow our global customer base; and

Reinvigorating our brand communications.

In addition to leading M&S successfully through the recession, another of my priorities is to ensure there is a strong management team in place and an appropriate succession plan for the business.

As we celebrate our 125th anniversary we do so with an unrivalled reputation for **Quality, Value, Service, Innovation** and **Trust**. These core values are as important today as they ever have been. They are all about doing the right thing which is, quite simply, how we do business.

Chairman's overview
continued



125 YEARS OF SERVICE

Above: Florence Chittick has spent her entire working life at our flagship Marble Arch store in London. In 47 years she's seen recessions, watched our customers grow up from children into adults and in the 1970s worked alongside our Chairman, Sir Stuart Rose.

"When I joined M&S, then Chairman Marcus Sieff told me I was now part of the family. He was absolutely right and every day I'm reminded of that when I come into work.

Having started at a time when we didn't have fitting rooms, when the food hall was just a small room at the back of the building, and when all of our sales were done over the counter, I've seen Marks grow and grow. I've worked every department in the store, so there are always a lot of familiar faces as our loyal customers keep coming back. Every day still brings new challenges, so I'll be here for quite some time yet."

Florence Chittick, Womenswear Section Manager, Marble Arch

The year at a glance

During the year we acted decisively to meet the challenges of the global economic downturn, taking steps to manage costs tightly and respond quickly to the changing needs of our customers.

Our adjusted profits are down 40.0% on last year to £604.4m. This is due in part to conditions on the High Street as well as our conscious decision to improve our value, without compromising our quality. We have built unrivalled trust in the M&S brand over the last 125 years, and will not sacrifice our core principles when times get tough.

Clothing is our customers' biggest discretionary purchase and as the UK's leading clothing retailer, with the largest market share, it was inevitable that demand would ease off as customers reined in their spending. Although value market share is marginally down from 11.0 to 10.7%, we have held our volume market share at 11.2%. We believe this is evidence that Kate Bostock and her team are in tune with our customer base.

Our Food business is now back on track after a challenging period at the start of the financial year. John Dixon became Director of Food in July 2008 and immediately started to address our prices, innovation levels and availability. With a clear mandate for growth, John and his team are returning to our brand values of **Quality, Value, Service, Innovation and Trust**. Early signs show that this is working, with the rate of decline in our UK like-for-like sales improving quarter to quarter.

Our Home, International and M&S Direct businesses continue to be growth areas in a challenging year, with International and M&S Direct forming key platforms for our future growth plans. M&S Direct had a good year, with sales up 19.0%, reflecting new initiatives including an online wine club and international delivery. Our International business reported growth of 25.9% following the ongoing integration of our subsidiary partners.

125 YEARS OF QUALITY

1958 We sold our first Christmas pudding in 1958 and now sell around 1.6 million each year as well as 4 million Christmas cakes.



1929 We first started selling sandwiches from the ice cream counters in our stores in 1929. Today the nation's favourite is prawn mayonnaise. Sandwiches that is, not ice cream.





125 YEARS OF INNOVATION

This page: Womenswear In the last quarter of 2008/09, we enticed an additional 200,000 under-35s into store, with the majority drawn to our high fashion brand – Limited Collection.

+200,000

125 YEARS OF TRUST

This page: Menswear We offer four menswear brands – everything from a £4 pack of pants to a £499 luxury suit.

£4 to £499



Chairman's overview
continued



125 YEARS OF SERVICE

Above: Andy East New to M&S, Andy East is on the Business Placement Programme for university students, and is meeting more people than he ever thought possible.

"I must meet a thousand people every day. Working in the menswear department you get chatting with people buying a suit for a job interview or picking out clothes for their holiday. I enjoy hearing their stories and sharing in their excitement."

Andy East, Trainee Manager

Our priorities

- Retain our market leading position in GM
- Improve our performance in Food
- Drive our International business
- Optimise margins and tightly control costs
- Maintain a strong balance sheet
- Uphold high ethical standards

Context, progress, and new challenges

It is five years since I returned to M&S as Chief Executive. At the time the business was suffering from a lack of investment and offering poor value, innovation and styling. The Board charged the management team and me with reshaping the business and making it relevant for the 21st Century. Specifically we were to:

- Defend the business from an unwelcome takeover advance;
- Make the business relevant for the 21st Century;
- Develop the management team;
- Articulate a strategy for the future;
- Initiate the strategy; and
- Effect a seamless transition to new leadership in an appropriate timescale.

Over the past five years we have invested heavily in the business and re-established our value credentials. As a result we have grown market share by both value and volume, and our brand is back in the hearts and minds of our customers. In short, M&S is back on the map and well positioned to emerge stronger from the downturn.

Managing through the recession

Although we have achieved much over the last few years, the process we started in 2004 is not yet finished. The pace of change and growth has been slowed by the recession, and it is still unclear how much longer the recession has to run – but it will end. Our overriding priority now is to lead the business through the recession, while continuing to invest for the long term. In November 2008 we put in place six priorities (see left) to do this.

Ian covers our balance sheet in detail later, but I would like to focus on what we have done to retain our leading position in GM and improve our Food business, by focusing on value, and on some of the difficult decisions around costs. I would also like to cover the trust with which our customers reward us for upholding high ethical standards in the way we do business.

125 YEARS OF INNOVATION

1970 We've always believed fresh is best. That's why we introduced sell-by dates on our food in 1970. But as we were years ahead of the government and other retailers, the idea took some explaining. Our Sell-By PR campaign



helped to establish the idea in the public consciousness.



1972 We launched a major fresh chicken advertising campaign that included a television commercial as well as newspaper advertisements using the slogan: "Remember when chicken used to taste like chicken?"

Chairman's overview
continued

125 YEARS OF INNOVATION

Above: Scotbeef Family business Scotbeef has worked with M&S for 47 years. Since introducing canned corned beef in 1962 we've grown together – to the point where today we provide some 50% of the UK's fresh Aberdeen Angus beef.

“After so many years, we still enjoy working with the M&S team to find new ways of doing business. This involves everything from working closely with our farmers to sample up to 20 steaks a week so we can select the very best breeds, to recently seeing the launch of our exclusive M&S ‘Cornish Cruncher’ cheese-filled burgers. It's great to be part of the innovation process and to know what an important role we play in providing the quality products M&S customers have come to love and expect.”

Robbie Galloway, Managing Director of Scotbeef.

Improving our value In 2008/09 we continued to focus on getting the basics right in GM and Food, and also addressed customers' financial concerns. As the economy worsened, we made a deliberate decision to invest in our prices, reviewing all of them to ensure we were delivering the very best quality at unbeatable value. In GM we sharpened our opening price points and introduced new promotions such as the ‘One Day Christmas Spectaculars’ and ‘Dress for Less’; while in Food we introduced a series of permanent good value options such as ‘Wise Buys’ and ‘Family Favourites for £4’ as well as key promotions such as the popular ‘Dine in for Two for £10’. The result is that we have given our customers better value without sacrificing our quality or ethical credentials, a fact reflected in a gradually improving business performance towards the end of the financial year.

Managing costs We are continuing to invest despite the recession. But we also recognise that we have to balance the long-term strategy with the short-term need to manage the business through the downturn by being prudent where necessary.

We worked closely with our employee representative groups to manage the closure of 26 under-performing – mostly Simply Food – stores and to reduce roles across Head Office at the start of 2009.

At the same time we looked carefully at our final salary pension scheme, which is a substantial cost to the Company. It became clear that we needed to reduce costs so that we could secure long-term sustainability for the scheme's 21,000 members. We therefore decided to cap the level of pay increases which count towards pensions and change the formula for early retirement reductions.

Our staff understood that this was the right thing to do in order to protect the scheme, and were quick to adopt the changes. Ian will explain the pension changes as well as other cost management measures more fully on page 14.

Trust Although the downturn has put household budgets under pressure, we believe our customers do not want low prices at the expense of quality or ethics. Our research also shows that customers are no longer accepting green marketing at face value. They are challenging companies to deliver on their promises so that they can be sure that they have made the right choices for their families.

125 YEARS OF SERVICE

1870 – 1910 During this time, products were displayed behind counters, so customers often felt obliged to buy once they'd asked to look at a product or try it on. We introduced “Admission Free” signs to



make customers feel more comfortable about browsing, which proved a successful tactic and encouraged more impulse buys.

1932 Queen Mary visited the Marble Arch store and the following day an article in the *The Times* noted that she'd purchased an Axminster rug, a leather handbag, a willow pattern teapot and a 21-piece tea service.



125 YEARS OF INNOVATION

This page: Food The relaunch of our Italian range is one of the clearest examples of innovation at its best, with average growth of 15% on the year.

+15%



125 YEARS OF VALUE

This page: Kidswear In just a year we have grown our market share in kidswear by 0.6% pts, putting us fourth in the market – the highest level in seven years.

+0.6% pts





125 YEARS OF INNOVATION

Above: Manor Fresh Every fresh M&S spud – whether a jacket, new, Jersey or organic potato – is provided by Manor Fresh. With partners dotted across the UK, Manor Fresh gets our new potatoes into store faster than anyone else. They have extended our UK growing seasons, introduced new varieties, improved taste and reduced food miles, all in line with our rigorous Field to Fork farming standards.

Award-winning grower Steven Jack, supplies all M&S Scottish stores with his new potatoes in season. He says:

"M&S has inspired us to really push the boundaries of traditional farming. It feels good to get out of bed each day knowing that we are doing the right thing by the land, and are such a big part of bringing fresh veg to millions of British households."

Steven Jack, Award-winning potato grower

We launched Plan A in January 2007 because we believed that all businesses have to take action to reduce their environmental and social impact. Plan A was not a new idea but a continuation of the culture that has existed in our business for 125 years.

Our customers have always trusted us to make the right decisions on product sourcing and manufacturing, and to treat our 78,000 staff and over 2,000 suppliers fairly. It gives us a true point of difference in a crowded market place, and now more than ever it is what our customers have come to expect.

We are not put off by the short-term impact of the recession. We set ourselves 100 rigorous commitments as part of Plan A, and have achieved 39 with 24 of them now going even further. In addition to being the right thing to do, these commitments are generating cost savings across the business that we can invest back into our prices.

Planning beyond the recession

As I have already outlined, the recession has given us the opportunity to re-examine our plan. We have therefore completed a review of where we are and what we need to do to deliver a step-change in the way we service our customers' needs and in the way in which we operate our business. We are:

Increasing the pace of change and operational execution in the business;

Accelerating towards becoming a multi-channel retailer, focusing all our actions on the customer, whichever channel they wish to use;

Driving our International business, particularly China, India and Southern and Eastern Europe, balancing investment and returns; and

Reinvigorating our brand communication with our customers, highlighting our ethical and sustainability objectives.

In order to drive this process, we have launched a change programme under the banner '2020 – Doing the Right Thing'. Ian Dyson will be responsible for the delivery of this programme across all areas of the business, supported by Kate Bostock, John Dixon, Steve Rowe and Tanith Dodge.

We are bringing our GM businesses together, and as a result Home will now report to Kate Bostock. M&S Direct will report to Steve Rowe, enabling us to consolidate all customer channels under one person. The changes mean we require someone to focus exclusively on growing our International business moving forward. Regrettably Carl Leaver has decided he will not continue in this role. We wish him the best in his future endeavours.

125 YEARS OF INNOVATION



1953 We launched the first ever high street petite range – 'For the Shorter Woman' – in 1953 following research which showed that the majority of women were shorter than the accepted average of 5'5".

1970s The fashion for micro mini-skirts led to adults buying children's skirts to achieve the right length. Within a week a number of M&S stores sold out of a season's worth of a children's kitted – most of which were purchased by women.



Chairman's overview
continued**Our Executive Committee**

- 1. Sir Stuart Rose** Chairman
- 2. Ian Dyson** Group Finance and Operations Director
- 3. Steven Sharp** Executive Director, Marketing
- 4. Kate Bostock** Executive Director, Clothing
- 5. Clem Constantine** Director of Property and Store Development
- 6. John Dixon** Director of Food
- 7. Tanith Dodge** Director of Human Resources
- 8. Carl Leaver** Director of International, Home and M&S Direct
- 9. Nayna McIntosh** Director of Store Marketing and Design
- 10. Steve Rowe** Director of Retail
- 11. Andrew Skinner** Director of GM Merchandising and Planning
- 12. Darrell Stein** Director of IT and Logistics

As of 18 May 2009

- Kate Bostock** Executive Director, Clothing & Home
- Steve Rowe** Director of Retail and M&S Direct
- Carl Leaver** Resigned as Director of International, Home and M&S Direct

The management team

Our management team is a great combination of old and new M&S DNA. This means we are able to take the best of old M&S and reinvent it for tomorrow without losing sight of the things we have done to become the brand we are today. We are working hard together to push the business forward.

We recognise that continuity is vital if the business is to continue its progress. The Board therefore took the decision last year to appoint me to Executive Chairman, to ensure the continuation of our objectives. As Chairman, I – together with the rest of the Board – am acutely aware of the recent corporate governance issues. Sir David Michels, Deputy Chairman, is responsible for our governance and will address this on page 12.

The Board is supported by Group Secretary, Graham Oakley, who after 24 years of dedicated service to M&S will retire on 8 July 2009. We thank him for his wisdom and wish him well in his retirement. Graham will be succeeded by Amanda Mellor, current Head of Investor Relations, and we welcome her to the role.

Finally, a special mention must go to George Davies who retired as the chair of 'per una' in November 2008. I would like to thank George for his considerable contribution to M&S. In the seven years since its inception, 'per una' has significantly added to our womenswear offer and become a brand that is loved by millions of customers. We wish him all the best in his retirement.



125 years in retail

We are confident that M&S is well-placed to emerge from the recession as a stronger business. Our optimism is based on the advances we have made in the past five years, and the vantage point we have as a retailer with a 125 year history.

We have been through significant recessions in the UK, from the Great Depression of the 1930s to the dotcom bubble bursting in the early years of the 21st Century. We have also traded through two World Wars and numerous other events that have all rocked consumer confidence. We have approached this recession in exactly the same way as we approached previous recessions. Our experience suggests M&S is early to feel the effects and early to experience recovery.

Our customer base is broad and with high market share we have the clear advantage of being able to analyse trends and react quickly to changes. Our core shopper is slightly older, and because they have been through previous recessions, were quick to rein back spending at the first signs of the economic downturn.

We have worked hard to help our customers and to reassure them that we offer great value, and there are now encouraging signs that our core customer is more confident.

Looking ahead

Building an M&S that is fit for the future means we have to continue to listen to our customers and anticipate trends. It also means looking to our rich heritage to inform our future. This is a strong, resilient business and we are working hard to deliver our plans.

M&S is not a fair-weather brand. We are here for our customers in the bad times as well as in the good. It would be impossible to deliver against our brand values without staff and suppliers who are second to none. I would like to take this opportunity to thank them very much for their hard work, loyalty and support in the toughest of circumstances.

The year ahead will bring new challenges. But we believe our strategy is sound, and we are fully focused on coming through the recession in the current year, and driving the business beyond that for the future.

Sir Stuart Rose Chairman

125 YEARS OF QUALITY



1926 Our first bra was designed to flatten the breasts, in-keeping with the 'flapper' fashion of the time. The first tights then arrived in 1962 and we now use enough lycra in them to stretch to the moon and back 300 times.

2009 The most popular bra size bought in M&S stores is 36C, with 100,000 women fitted by our customer assistants every week.



Governance overview

by Sir David Michels, Deputy Chairman



David Michels

Sir David Michels Deputy Chairman

A strong Board

A strong Board makes a significant difference to a company's ability to create value. As Deputy Chairman I lead on all governance issues including the annual review of Board and individual directors' effectiveness, and the implementation of a successful succession strategy for the business.

A key task, given to me in my first few weeks as Deputy Chairman, was to recruit a new independent non-executive director. In October 2008 we appointed Jan du Plessis to that role. He joins me and the other four non-executive directors who are independent and bring an external dimension to the Board, drawing on their wide range of experience across industry sectors.

Succession timetable

We have always said that our aim is to develop a strong management team and appoint a successor as Chief Executive internally if appropriate. That was the genesis of the decision the Board took in 2008, when it concluded that it would be in the best interests of the Company to retain Sir Stuart Rose until 2011.

If internal succession is appropriate, we would expect to announce the appointment of a new Chief Executive during 2010. Stuart would then stay on for a suitable period to affect a smooth transition before we identify an independent Chairman and revert to recommended best practice.

In the event that internal succession is not an option, we will instigate a search and appoint a new Chief Executive during 2010. In this case, Stuart would again stay on to ensure a seamless transition before being replaced by an independent Chairman.

Voting at this year's AGM

You will have seen that the Local Authority Pension Fund Forum (LAPFF) has filed a shareholder resolution. Although LAPFF continues to have confidence in Stuart's leadership and is not advising its members to vote against his re-election, it is calling for M&S to split the role of Chairman and Chief Executive, appointing an independent Chairman by 2010.

The M&S Board is fully aware of its governance responsibilities and for that reason has always been transparent about the reasons for Stuart taking on the role of Executive Chairman.

We remain strongly of the view that the current combined role is the right choice for M&S at this time, and that we have an appropriate succession timetable in place to lead M&S through this challenging period. For this reason we recommend that shareholders vote against the LAPFF resolution.

Please refer to the Notice of Meeting (enclosed) to read the LAPFF resolution and our response, as well as full details on how to vote.

Board of Directors



- ★ Independent
- Audit Committee
- Remuneration Committee
- ◆ Nomination Committee

1. Sir Stuart Rose Chairman ◆ Appointed in May 2004. Age 60. Stuart was appointed Executive Chairman in June 2008. He is a non-executive director of Land Securities plc and Chairman of Business in the Community. Stuart began his career in retail at Marks & Spencer in 1972 where he remained until 1989, before going on to become the Chief Executive of a number of well known UK retailers, including Argos plc, Booker plc and Arcadia Group plc. Stuart was knighted in 2008.

2. Sir David Michels Deputy Chairman ★●◆◆ (Chairman) Appointed in March 2006. Age 62. David is Deputy Chairman, Chairman of the Nomination Committee and senior independent director. He is senior independent director of easyJet plc and has been

appointed interim Chairman with effect from 1 July 2009. David is a non-executive director of Strategic Hotels & Resorts and Jumeriah Group, Dubai. He was previously senior independent director of The British Land Company plc, non-executive director of Arcadia Group and Chief Executive of Hilton Group plc. David was knighted in 2006.

3. Ian Dyson Group Finance and Operations Director Appointed in June 2005. Age 46. Ian joined Marks & Spencer as Group Finance Director, becoming Group Finance and Operations Director in March 2008. Ian was formerly Finance Director of The Rank Group plc. Prior to this he was Group Financial Controller of Hilton Group plc. Ian was a non-executive director of Misy plc until September 2005.

4. Kate Bostock Executive Director, Clothing Appointed in March 2008. Age 52. Kate joined Marks & Spencer in October 2004. Previously Kate was Product Director for Childrenswear at Next from 1994, before joining Asda in 2001 as Product Director for the George Global Brand. She was responsible for the launch of the standalone George concept and the launch of the George brand globally.

5. Steven Sharp Executive Director, Marketing Appointed in November 2005. Age 58. Steven joined Marks & Spencer in May 2004. He is a non-executive director of Adnams plc and an elected member of the Tate Members' Council. Steven has previously been Marketing Director at Asda, the Burton Group, Booker plc and Arcadia Group plc.

M&S Governance

Leadership and governance go hand-in-hand in a successful company. For both to work well you need a clear plan of what you want to achieve. Following its 2008/09 performance review, the Board has agreed actions for 2009/10 within three key areas to ensure our governance is robust and continues to add value to Marks & Spencer:

1. An independent Board

Harness the experience and talent of the non-executive directors to invest in the business for the long term, so M&S is well placed when the market improves.

Chairman (1)	executive
Executive Directors (3)	executive
Deputy Chairman (1)	independent
Non-Executive Directors (5)	independent

2. An informed Board

Improve the depth and breadth of information given to the Board to facilitate robust decision-making during the economic downturn (see diagram right).

3. A responsible Board

Reinforce our brand reputation and stakeholder relationships for the long-term success of M&S through our brand values, Plan A and code of ethics.

Our investors are rewarded with profitable returns

Our customers experience Quality, Value, Service, Innovation and Trust every time they shop with us

Our employees are proud to work at M&S

Our suppliers are engaged in profitable partnerships

Our communities and the **environment** benefit from our sustainable business



6. Jeremy Darroch Non-Executive Director ★◆◆ (Chairman) Appointed in February 2006. Age 46. Jeremy is Chairman of the Audit Committee. He is Chief Executive of British Sky Broadcasting Plc, having been the Company's Chief Financial Officer. Jeremy was previously Group Finance Director and Retail Finance Director at Dixons Group plc.

7. Steven Holliday Non-Executive Director ★◆◆ Appointed in July 2004. Age 52. Steven is Group CEO of National Grid plc, having at different times been responsible for the UK Electricity and Gas businesses. Previously, he held numerous senior positions with the Exxon Group. Steven has also developed business opportunities in countries such as China, Australia, Japan and Brazil.

8. Martha Lane Fox Non-Executive Director ★◆◆ Appointed in June 2007. Age 36. Martha is a non-executive director of Channel 4 Television and a Trustee of the charity Reprive. She is founder and Chairman of the charity Lucky Voice, and of her own grant giving foundation, Antigone. Martha is also a director of mydeco.com. She was a co-founder of lastminute.com.

9. Louise Patten Non-Executive Director ★◆◆ (Chairman) Appointed in February 2006. Age 55. Louise is Chairman of the Remuneration Committee. She is a senior adviser to Bain & Co, non-executive Chairman of Brixton plc and a non-executive director of Bradford & Bingley. She was formerly a non-executive director of Hilton Group plc, GUS plc, Somerfield plc and Harveys Furnishings plc.

10. Jan du Plessis Non-Executive Director ★◆◆ Appointed in November 2008. Age 55. Jan is Chairman of British American Tobacco plc. He was appointed Chairman of Rio Tinto plc in April 2009 having been a non-executive director since September 2008. Jan was a non-executive director of Lloyds Banking Group plc until April 2009. He was previously Group Finance Director of the Swiss luxury goods group Richemont until 2004.

11. Graham Oakley Group Secretary and Head of Corporate Governance Appointed in August 1997. Age 52. Joined the M&S legal department in 1985. On 8 July 2009 he will retire and will be succeeded by Amanda Mellor, current Head of Investor Relations.

Managing through the recession by Ian Dyson, Group Finance and Operations Director



Ian Dyson Group Finance and Operations Director



125 YEARS OF INNOVATION

Above: New & Improved We opened 75 stores and modernised a further 24 in 2008/09.

Underlying cost savings

£148m
5.7%

During 2008/09 we took decisive actions to manage the business through the recession. We invested in price to support our customers, reduced our costs and managed our cash flow and balance sheet tightly. These actions have enabled us to deliver adjusted profits of £604.4m in 2008/09 and to reduce our net debt to £2.5bn. More importantly they have positioned us to move the business forward in 2009/10 and beyond.

Results

Group revenue was up 0.4% to just over £9bn. UK sales were down 1.7% and were clearly impacted by the difficult market conditions. International sales were up 25.9% reflecting the integration of our acquisitions in Greece and the Czech Republic, and space growth.

Adjusted operating profit was down 29.4% to £768.9m, reflecting a reduction in UK gross margin of 1.7 percentage points as we invested in price for the benefit of our customers, and cost growth of 4.3%. Profit before tax was £604.4m, down 40.0% and adjusted earnings per share was 28.0p, down 35.8%.

Investment in margin

We responded to the economic downturn and the effect that this was having on our customers by making significant investments in pricing and promotions. While this has resulted in even better value for our customers and has been a major factor in retaining their loyalty to our brand, it has adversely impacted our UK gross margin, which was 170 bps lower than last year at 41.3%.

Food gross margin was down 235 bps at 31.5%. This reflects significant investment in prices across our range, but with particular emphasis on staple goods, and a higher level of promotions. GM gross margin was down 70 bps with further gains in buying margin being more than offset by higher levels of price promotion and markdowns.

Cost management

As the economy worsened and our sales performance deteriorated, we took a series of actions to reduce our costs in 2008/09 and to help support profitability going forward. Total UK operating costs were £2,740.6m which was up 4.9% (excluding bonus). If we take out the impact of new space opened during the year, cost inflation and increased depreciation costs arising out of the capital expenditure programme of the last few years, underlying costs were down 5.7% – representing an underlying saving of some £148m.

Staff costs Retail staff costs were £863.3m which was up only 1.9% reflecting substantial improvements in productivity and staff scheduling, without affecting service levels. This can be seen in our monthly customer service tests – our mystery shopping programme. Our staff consistently scored highly, achieving an average of 84% in 2008/09. Our compliance audit scores, that measure our legal and safety performance, improved from 80 to 92%.

Distribution We made significant changes to our logistics operations during the year as part of a long-term programme to radically improve the operating efficiency of our supply chain. These changes benefited costs this year, but will have a more significant impact in 2009/10 and beyond.

Group capital expenditure 2008/09

£652m
-38.2%

Modernisation programme

2008/09 £216m
2007/08 £536m

New stores

2008/09 £150m
2007/08 £203m

International

2008/09 £40m
2007/08 £48m

Supply chain and technology

2008/09 £188m
2007/08 £162m

Maintenance

2008/09 £58m
2007/08 £106m

Key actions included changes to the management structure of logistics to bring GM and Food together, renegotiation of our key third party logistics contracts, rationalisation of our warehouse network, the introduction of mechanisation in two of our food warehouses, and the streamlining of our international distribution systems.

Marketing Our marketing costs were 8.6% lower in 2008/09 at £127.4m and should be lower again in 2009/10. We will continue to be more effective in our targeting and use of this spend.

Support We reduced spend in support areas by 2.4% to £391.6m, through disciplined control of expenditure and reduction in wasted activity.

During the year we made additional changes that will reduce our cost base in 2009/10. We closed 26 of our smaller, under-performing stores in order to focus on sites better suited to our customers needs. We also reduced headcount across our Head Offices by 15%, redeploying as many colleagues as possible; and made changes to our UK defined benefit pension scheme. These actions together with ongoing tight cost control mean that we expect costs in 2009/10 to be 1% below 2008/09 (excluding bonus).

Investing in the business

Following significant investment in the business over the last three years, we reduced capital expenditure to £652m in 2008/09 from over £1bn in 2007/08.

Stores We opened 75 stores during the year in out-of-town, retail park and high street locations, while continuing to review the portfolio to ensure it is working to its fullest potential. These openings included our 100th BP Simply Food store, with our franchise 'travel hubs' continuing to perform well in service stations, train stations and airports. We also improved the look and feel of 24 stores, with 80% of our portfolio now in the new modernised format. We will complete the remaining 20% of the portfolio in the next few years.

IT We are delivering new tills and point of sale software, which will speed up customer transactions and allow store colleagues to spend more time on the shop floor and less time carrying out office duties. We are also improving our trading and administration systems.

Logistics Construction is underway on a distribution centre in Bradford that will open in late 2010 – consolidating our stock holdings and improving our speed and flexibility in getting product into stores. Following two trials we are also investing in mechanising our food distribution centres to improve accuracy and efficiency in picking chilled goods.

International We are investing in systems and infrastructure so that goods produced overseas can now be transported directly to all of our markets without the need to first come through the UK. This will dramatically reduce export costs and speed up distribution.

We will spend c£400m in 2009/10, shifting the focus of our capital expenditure from our property portfolio, where we have made considerable investment over the last three years, to our IT and supply chain infrastructure.

This will support our international expansion plans and our continued growth online. It will also increase efficiency in the supply chain leading to lower costs, as well as better product availability in-store.

Group capital expenditure 2009/10

c £400m



Maintenance
Supply chain
and technology
International
New stores
Modernisation
programme

Managing through the recession

by Ian Dyson, Group Finance
and Operations Director

Net debt

£2.5bn

125 YEARS OF SERVICE

1939 At the outbreak of World War II M&S stores totalled 234. By 1945 over 100 of these had been damaged by bombs and 16 had been completely destroyed.



During World War II 1,500 of M&S' 2,000 male employees fought in the war earning a total of 124 medals and distinctions and all of our employees took part in fire watch duty every night, with specialist training in first-aid and anti-gas precautions.



Balance sheet management

We took a number of actions to improve our cash flow in 2008/09. In addition to reducing capital expenditure to £652m from over £1bn in the previous year, we generated a working capital inflow of £194.0m and raised £58.3m from the disposal of non-trading stores. As a result we generated a net cash inflow of £107.5m after paying interest, tax, dividend and share buy back of £661.2m. In addition we agreed certain changes to the property partnership with the pension fund that provide us with discretion around the annual payments from the partnership to the fund. This gives us additional cash flow flexibility and reclassifies the obligation from debt to equity.

As a result of our good cash flow management and the changes to the property partnership, net debt at year-end was down to £2.5bn from £3.1bn at the end of 2007/08.

Like many businesses, during 2008/09 we took steps to manage the cost of providing our defined benefit pension scheme. We wanted to ensure that pensions can be paid out to members when they need it and at a price we can afford. From 1 October 2009 only pay increases up to 1% will count towards the pensions of our existing members. Amendments were also made to the early retirement factors for members who joined the scheme before 1 January 1996 and are still active in the scheme. These changes reduced the Group's pension liabilities by £231.3m.

The retirement benefit valuation showed a deficit of £152.2m under IAS 19. The triennial actuarial valuation of the fund is underway with the results expected by the end of the calendar year. This valuation will form the basis of funding discussions with the pension trustee.

Looking forward, and with the economy still fragile, further strengthening of our balance sheet is a priority for the Group. We want to retain our investment grade credit rating, we want the ability to continue to invest in our business, and we will need to continue to manage our pension obligations.

In view of these requirements, the Board has taken the decision to re-base the Group's dividend payment to 15.0p per share from the current level of 22.5p per share, a reduction of 33.3%. This will be achieved through a 33.1% reduction in the 2008/09 final dividend to 9.5p per share, followed by a reduction in the 2009/10 interim dividend to 5.5p per share. Having re-based the dividend to 15.0p per share, the Board's policy regarding future dividends is to re-build cover towards two times and thereafter, to grow dividends in line with adjusted earnings per share.

Outlook

The economy remains uncertain and we will continue to manage accordingly, focusing on margins, costs and cash flow so that we maximise our profits in the short term, but also position our business to move forward in the medium to longer term.

Ian Dyson Group Finance and Operations Director



Our key performance indicators

Financial performance

Group revenue

£9,062.1m
+0.4%



£m	05/06	06/07	07/08	08/09
UK	7,275.0	7,977.5	8,309.1	8,164.3
International	522.7	610.6	712.9	897.8
Total	7,797.7	8,588.1	9,022.0	9,062.1

Adjusted Group operating profit*

£768.9m
-29.4%



£m	05/06	06/07	07/08	08/09
UK	790.1	956.5	972.9	652.8
International	65.7	87.5	116.4	116.1
Total	855.8	1,044.0	1,089.3	768.9

Performance against Our Plan

1 Grow our core UK business

UK Market share Clothing and footwear

Analysis: During the year we held our volume market share, but value share was down.

Source: Fashiontrak

Value market share
10.7%

2008/09	10.7%
2007/08	11.0%
2006/07	11.1%
2005/06	10.4%

Volume market share
11.2%

2008/09	11.2%
2007/08	11.2%
2006/07	10.7%
2005/06	10.1%

UK Market share Food

Analysis: Our market share was marginally down reflecting the impact of the downturn, and our position in the market as the UK's premium food retailer.

Source: TNS Worldpanel data.

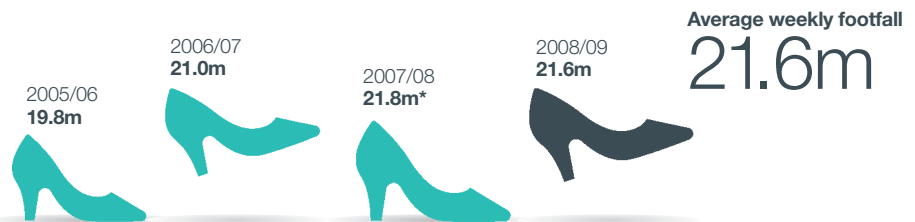
3.9%

2008/09	3.9%
2007/08	4.3%
2006/07	4.2%
2005/06	4.1%

Average weekly UK footfall

Analysis: Approximately half of our UK stores are fitted with entrance cameras that record customer visits. This known footfall is analysed so that we can establish the ratios between the visits and sales, and then apply this to stores without cameras. A total average footfall figure can then be calculated.

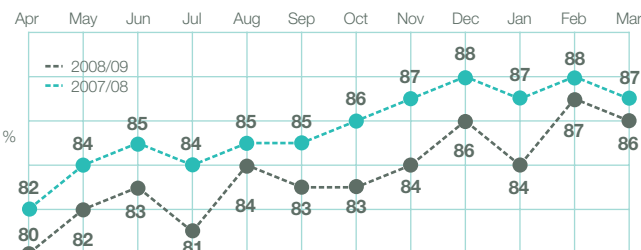
*2007/08 adjusted to 21.8m from 21.4m as a result of more accurate data.



UK mystery shopping programme

Analysis: Each of our stores is anonymously visited once a month – twice in the case of our larger flagship stores – by a mystery shopper who evaluates service quality. In 2008/09 this was the equivalent of approximately 6,326 visits. Scores for each question are validated through an online customer survey.

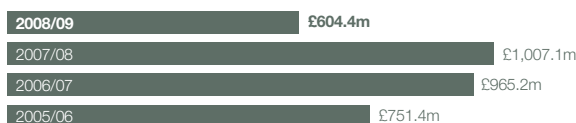
*Reduced average score reflects a review of the mystery shopping programme to further challenge staff with a more robust questioning and scoring system. New areas of focus included the way store staff greeted customers, managed tidiness in-store and guided customers to fitting rooms etc.



Visits completed
6,326
average
score **84%***

Adjusted Group profit before tax*

£604.4m
-40.0%



Group gross margin

37.2%

2008/09 **37.2%**
2007/08 **38.6%**
2006/07 **38.9%**
2005/06 **38.3%**

Adjusted earnings per share*

28.0p

2008/09 **28.0p**
2007/08 **43.6p**
2006/07 **40.4p**
2005/06 **31.4p**

*The adjusted profit measures are stated before property disposals and exceptional items.

2 Build our M&S Direct business

M&S Direct sales

Analysis: We are building M&S Direct as part of our commitment to become a multi-channel retailer and to reach our target of £500m annual sales by 2010/11.

£324m
+19%

3 Expand our International business

International revenue as proportion of Group revenue

Analysis: We are broadening our revenue base in some of the world's most exciting markets, with a view of our International business contributing between 15% and 20% of Group revenues by 2010/11.

9.9%
+2.0% pts

4 Strengthen our UK property portfolio

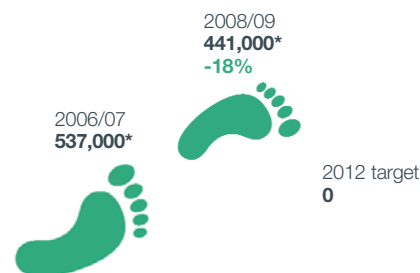
Analysis: We have recently undertaken one of the UK's biggest store investment programmes – modernising and expanding our existing footage, with 80% now complete, and increasing the number of stores we have to 668. Although we will continue to invest in our property portfolio and continue the refurbishment over the next few years, the bulk of capital expenditure in 2009/10 will now be focused on the IT and logistics programmes. We will continue to review our KPI in this area.

5 Integrate Plan A across the business

Become carbon neutral CO₂ emissions tonnes

Analysis: We calculate carbon emissions from our UK and Republic of Ireland stores, offices, warehouses, business travel and logistics so we can monitor our progress towards becoming carbon neutral.

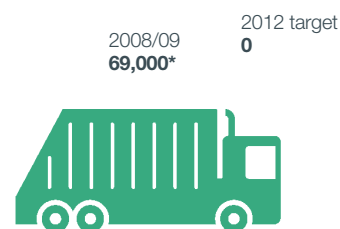
*This year, figures were recalculated using Defra's 2008 conversion factors and benefited from the inclusion of green electricity tariffs.



Send no operational waste sent to landfill tonnes

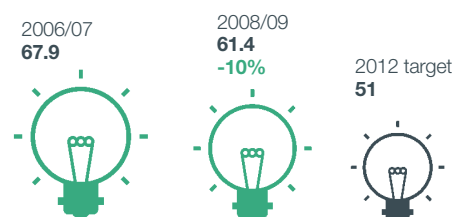
Analysis: We are aiming to ensure that M&S operations in the UK and Republic of Ireland (stores, offices and warehouses) will send no waste to landfill by 2012.

*The 2008/09 figures have been rebased using a more accurate calculation of store bin weight.



Improve energy efficiency (stores) kWh/sq ft

Analysis: We are monitoring the amount of energy used in our stores with a view of reducing by 25% per square foot of floor space by 2012. Gas usage included in this year's figure has been adjusted using standard degree days, to reflect the cold winter of 2008/09.



Our brand by Steven Sharp, Executive Director of Marketing



Steven Sharp Executive Director of Marketing

YOUR M&S

This has been another year about listening and responding to our customers. Nowhere is this more visible than in our marketing campaigns. These have focused on reassuring our customers they are getting M&S **'Quality Worth Every Penny'**, as well as reaffirming that M&S is a brand our customers can trust to do the right thing. Although we reduced our marketing spend in 2008/09, we delivered campaigns that our customers could relate to in a downturn, while reaffirming our quality credentials.

Your M&S

In 2004 we introduced *Your M&S* to reflect the unique position M&S holds in British hearts and minds. Our customers are passionate about M&S and almost everyone has an opinion about us.

When times are tough, showing our customers that we continue to put the 'Your' in *Your M&S* is crucial to retaining their loyalty and affection. They want to see that we are keeping faith with them by developing exciting and iconic products; ensuring our stores are easy to shop in and offer an enjoyable experience; and perhaps most importantly, by demonstrating that we listen to their feedback in the actions we take.

Listening and responding

The one clear message from our customers during the year is that they were feeling the pinch and wanted us to give them a helping hand. Firstly, we saw an opportunity to draw on our value credentials and give them restaurant quality food at a really affordable price, and in the comfort of their homes. The result was our 'Dine in for Two for £10' campaign introduced last autumn.



Also in Food, our 'Wise Buys' campaign gives customers value without compromising on the quality or the sourcing of our products.

Other key promotions included 'Dress for Less' and our surprise 'One Day Christmas Spectaculars'. Our Spectacular events proved useful in kicking off the festive shopping season at a particularly difficult time.

These campaigns resonated with our loyal customers while encouraging new shoppers into our stores.

Business with heart

In our 125th year, we have the good fortune of being an incredible brand, with a rich history. We will continue to talk to our customers and stay true to our founding principles of **Quality, Value, Service, Innovation** and **Trust**.

As we move into 2009/10, we speak plainly to our customers through our advertising emphasising **'Quality Worth Every Penny'**.

125 YEARS OF VALUE

Below: Dress for Less customers could mix and match five investment pieces to create five different outfits without breaking the bank.



Steven Sharp Executive Director of Marketing



Our heritage

125 years of M&S



125 YEARS OF QUALITY

Above: In the lab In 1934 we were the first British retailer to set up a Scientific Research Laboratory to pre-test garments and develop innovative new fabrics. Our Food Technology department followed in 1946. Both departments continue today as we test and develop everything from shrinkage and colour-stay in clothing to texture and taste in food.

125 YEARS OF SERVICE

Below: Self service The revolutionary 'self-service' food hall was trialled in the Wood Green store in 1948 allowing customers to browse and shop the aisles for the first time, rather than being served from behind counters.



125 YEARS OF INNOVATION

Above: International recipes In 1974 we delivered sweet and sour pork and chicken korma to the British family table when we became one of the first retailers to sell Chinese and Indian recipes.

Over the last 125 years... we have built *Your M&S* into a brand that is the envy of businesses worldwide. Our five founding principles – **Quality, Value, Service, Innovation and Trust** – are central to everything we do, and ensure our offer remains as relevant as ever for each new generation of customers.

Celebrating 125 years

Throughout 2009/10 we will celebrate our 125th anniversary in different ways with our customers and employees. We are resurrecting old product favourites such as Eccles Cakes, as well as giving a modern twist to classic fashion, with our Dresses of the Decades. We are especially proud of our partnership with the University of Leeds that will showcase our extensive archive collection to the public for the first time.

Quality

We earned our reputation for quality by establishing strict criteria that we continue to follow today. In 1926 we adopted the revolutionary policy of buying directly from our manufacturers, which enabled us to get involved in the production process and more closely influence price, quality, and design.

Value

'Don't Ask the Price it's a Penny' was our first value slogan, propped up on Michael Marks' Penny Bazaar stall in the Kirkgate Market in Leeds. We have continued to offer value for every purse – good, at the opening price point, through to better and best at the more luxurious end of our ranges.

Service

Our broad customer demographic gives us a unique position in the UK. We have never been complacent about this and strive to offer great customer service, so we can meet the nation's every need. In 1935 we introduced the first M&S Café, and we are now the UK's fourth largest coffee shop chain. Fitting rooms were first installed as a trial in our Plymouth store in 1977 and we branched out to the Internet in 1999.

Innovation

From crease-free linen and machine washable silk, to selling the UK's first Iceberg lettuce in 1980 – where M&S leads, others follow. In 1968 we began selling 'avocado pears'. The name caused confusion though, with customers serving them as a dessert with custard. We quickly dropped the 'pear' and issued instruction on how to prepare the avocados as part of a salad. Today we continue to innovate, with new ranges such as Cook Asian 1234.

Trust

At M&S we have always nurtured the belief that business conducted ethically and responsibly can deliver benefits. For example in 1975 Marcus Sieff, then Chairman, wrote to *The Times* detailing how we had reduced energy consumption by £500,000. Over the years customers have come to rely on us to do the right thing, a responsibility we do not take lightly. Plan A builds on this heritage and goes back to the belief that being responsible can also be profitable.

Consolidated income statement

	52 weeks ended 28 March 2009 £m	52 weeks ended 29 March 2008 £m
Revenue	9,062.1	9,022.0
Operating profit	870.7	1,211.3
Finance income	50.0	64.4
Finance costs	(214.5)	(146.6)
Profit on ordinary activities before taxation	706.2	1,129.1
Analysed between:		
Before property disposals and exceptional items	604.4	1,007.1
Profit on property disposals	6.4	27.0
Exceptional costs	(135.9)	–
Exceptional pension credit	231.3	95.0
Income tax expense	(199.4)	(308.1)
Profit for the year	506.8	821.0
Attributable to:		
Equity shareholders of the Company	508.0	821.7
Minority interests	(1.2)	(0.7)
	506.8	821.0
Basic earnings per share	32.3p	49.2p
Diluted earnings per share	32.3p	48.7p
Non-GAAP measure:		
Adjusted profit before taxation (£m)	604.4	1,007.1
Adjusted basic earnings per share	28.0p	43.6p
Adjusted diluted earnings per share	28.0p	43.2p

Consolidated balance sheet

	As at 28 March 2009 £m	As at 29 March 2008 £m
Assets		
Non-current assets		
Intangible assets	400.3	305.5
Property, plant and equipment	4,834.0	4,704.0
Investment property	24.8	25.0
Investment in joint ventures	13.8	9.6
Other financial assets	3.0	3.0
Retirement benefit asset	–	504.0
Trade and other receivables	336.8	410.0
Derivative financial instruments	254.0	18.2
Deferred tax assets	1.6	–
	5,868.3	5,979.3
Current assets		
Inventories	536.0	488.9
Other financial assets	53.1	48.8
Trade and other receivables	285.2	307.6
Derivative financial instruments	92.6	18.4
Cash and cash equivalents	422.9	318.0
	1,389.8	1,181.7
Total assets	7,258.1	7,161.0
Liabilities		
Current liabilities		
Trade and other payables	1,073.5	976.6
Borrowings and other financial liabilities	942.8	878.6
Partnership liability to the Marks & Spencer UK Pension Scheme	71.9	50.0
Derivative financial instruments	76.2	35.1
Provisions	63.6	11.1
Current tax liabilities	78.9	37.5
	2,306.9	1,988.9
Non-current liabilities		
Retirement benefit deficit	152.2	20.5
Trade and other payables	243.8	191.2
Borrowings and other financial liabilities	2,117.9	1,936.5
Partnership liability to the Marks & Spencer UK Pension Scheme	68.0	673.2
Derivative financial instruments	3.0	–
Provisions	40.2	14.6
Deferred tax liabilities	225.5	372.1
	2,850.6	3,208.1
Total liabilities	5,157.5	5,197.0
Net assets	2,100.6	1,964.0
Equity		
Called-up share capital – equity	394.4	396.6
Share premium account	236.2	231.4
Capital redemption reserve	2,202.6	2,199.9
Hedging reserve	62.6	(36.9)
Other reserve	(6,542.2)	(6,542.2)
Retained earnings	5,728.1	5,707.9
Total shareholders' equity	2,081.7	1,956.7
Minority interests in equity	18.9	7.3
Total equity	2,100.6	1,964.0

Approved by the Board on 18 May 2009.

Stuart Rose, Chairman

Ian Dyson, Group Finance and Operations Director

Consolidated cash flow information

	52 weeks ended 28 March 2009 £m	52 weeks ended 29 March 2008 £m
Summary cash flow statement		
Operating activities		
Operating profit	870.7	1,211.3
Increase in inventories	(46.0)	(54.4)
Decrease/(increase) in receivables	55.0	(33.5)
Payments to acquire leasehold properties	(14.1)	(47.6)
Increase/(decrease) in payables	212.2	(61.9)
Exceptional operating cash outflow	(27.4)	(2.5)
Depreciation and amortisation	409.0	317.6
Share-based payments	14.3	29.0
Profit on property disposals	(6.4)	(27.0)
Exceptional costs	135.9	–
Exceptional pension credit	(231.3)	(95.0)
Cash generated from operations	1,371.9	1,236.0
Tax paid	(81.3)	(166.2)
Net cash inflow from operating activities	1,290.6	1,069.8
Acquisition of subsidiaries, net of cash acquired	–	(46.4)
Capital expenditure and financial investment	(609.6)	(924.6)
Net interest paid	(184.4)	(84.1)
Other debt financing	66.2	954.5
Equity dividends paid	(354.6)	(343.6)
Other equity financing	(35.6)	(556.2)
Net cash inflow from activities	172.6	69.4
Effects of exchange rate changes	7.8	1.5
Opening net cash	117.9	47.0
Closing net cash	298.3	117.9

	52 weeks ended 28 March 2009 £m	52 weeks ended 29 March 2008 Restated £m
Reconciliation of net cash flow to movement in net debt		
Opening net debt	(3,077.7)	(1,949.5)
Net cash inflow from activities	172.6	69.4
Increase/(decrease) in current financial assets	1.1	(2.8)
Increase in debt financing	(66.2)	(954.5)
Debt financing net of liquid resources acquired with subsidiaries	–	(29.6)
Partnership liability to the Marks & Spencer UK Pension Scheme (non-cash)	539.6	(199.0)
Exchange and other non-cash movements	(60.2)	(11.7)
Movement in net debt	586.9	(1,128.2)
Closing net debt	(2,490.8)	(3,077.7)

Consolidated financial record

	2009 52 weeks £m	2008 52 weeks £m	2007 52 weeks £m	2006 52 weeks £m	2005 52 weeks £m
Revenue – continuing operations					
UK Retail	8,164.3	8,309.1	7,977.5	7,275.0	7,034.7
International Retail	897.8	712.9	610.6	522.7	455.8
Operating profit – continuing operations					
UK Retail	755.0	1,095.9	956.7	784.5	528.0
International Retail	115.7	115.4	89.2	65.6	70.1
Profit before taxation – continuing operations					
Before property disposals and exceptional items	604.4	1,007.1	965.2	751.4	556.1
After property disposals and exceptional items	706.2	1,129.1	936.7	745.7	505.1
Basic earnings per share from continuing operations (pence)	32.3	49.2	39.1	31.3	17.6
Adjusted basic earnings per share from continuing operations (pence) ¹	28.0	43.6	40.4	31.4	19.2
Dividend per share declared in respect of the year (pence)	17.8	22.5	18.3	14.0	12.1
Balance sheet					
Net assets (including retirement benefit asset/deficit)	2,100.6	1,964.0	1,648.2	1,203.7	957.6
Net debt	2,490.8	3,077.7	1,949.5	1,729.3	2,147.7
Capital expenditure	652.0	1,054.5	792.4	337.7	229.4
Staffing (full-time equivalent)					
UK Retail	50,614	49,703	50,355	44,883	43,724
International Retail	3,539	2,573	2,315	2,106	1,573

¹ Before property disposals and exceptional items.

Auditors' statement

Independent auditors' statement to the members of Marks and Spencer Group plc

We have examined the Summary financial statements which comprise the Summary consolidated income statement, Summary consolidated balance sheet, Summary consolidated cash flow information and Summary remuneration report.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Review in accordance with United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary financial statements within the Annual Review with the Annual report and financial statements, the Group directors' report and the Remuneration report, and its compliance with the relevant requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

We also read the other information contained in the Annual Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Summary financial statements.

This statement, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 251 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6, 'The auditors' statement on the summary financial statements' issued by the Auditing Practices Board for use in the United Kingdom. Our report on the Group's Annual report and financial statements describes the basis of our audit opinion on those financial statements and the Remuneration report.

Opinion

In our opinion the Summary financial statements are consistent with the full Annual report and financial statements, the Group directors' report and the Remuneration report of Marks and Spencer Group plc for the year ended 28 March 2009 and comply with the applicable requirements of section 251 of the Companies Act 1985 and the regulations made thereunder.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors, London
18 May 2009

Summary reports

The information contained in the Annual Review, the Summary Remuneration report and the Summary Directors' report is only a summary of the information contained in the Annual report and financial statements 2009. The aim is to provide shareholders with the key financial information in a clear and concise manner. For this reason, the Annual Review does not contain all the information to give a full understanding of the results and state of affairs of the Group. Copies of the Annual Report may be obtained free of charge as noted on the inside back cover of this booklet.

Summary Directors' report

Principal activities

Marks and Spencer Group plc is the holding company of the Marks & Spencer Group of companies (the 'Group'). We are 'Your M&S', having grown up from the Penny Bazaar stall to become the UK's leading retailer of clothing, food and home products. As well as having more than 21 million UK customers, we are also an expanding international force, now in 40 territories. A team of 78,000 people and 2,000 suppliers form the bedrock of our business, ensuring our brand will continue to be synonymous with **Quality, Value, Service, Innovation and Trust**.

Profit and dividends

The profit for the financial year, after taxation, amounts to £508.0m (last year £821.7m). The directors have declared dividends as follows:

Ordinary shares	£m
Paid interim dividend of 8.3p per share (last year 8.3p per share)	130.5
Proposed final dividend of 9.5p per share (last year 14.2p per share)	145.9
Total ordinary dividend, 17.8p per share (last year 22.5p per share)	276.4

The final ordinary dividend will be paid on 10 July 2009 to shareholders whose names are on the Register of Members at the close of business on 29 May 2009.

Board of directors

The membership of the Board and biographical details of the directors are shown on pages 12 to 13, together with details of the committees they sit on.

Disclosure of information to auditors

The information contained in the Summary financial statement does not constitute the Group's statutory accounts for the year ended 28 March 2009, but is derived from those accounts. The auditors have reported on those accounts; their report was unqualified. Each director confirms that, so far as he (she) is aware, there is no relevant audit information of which the Company's auditors are unaware and that each director has taken all the steps that he (she) ought to have taken as a director to make himself (herself) aware of any relevant audit information and to ensure that the Company's auditors are aware of that information. A resolution to reappoint PricewaterhouseCoopers LLP as auditors of the Company and to authorise the Audit Committee to determine their remuneration will be proposed at the 2009 AGM.

Summary Corporate Governance

The Board is committed to maintaining high standards of governance 'from the boardroom to the shop floor'. The governance rules which apply to UK companies listed on the London Stock Exchange are found in the Combined Code on Corporate Governance (the 'Code') which was updated by the Financial Reporting Council (the 'FRC') in June 2008. Throughout the year ended 28 March 2009 the Company complied with all Code provisions with the exception that from 1 June 2008 the role of Chairman and Chief Executive has been exercised by the same individual, Sir Stuart Rose. As we announced in March 2008 we plan to revert to recommended best practice by no later than July 2011.

A Governance section explaining our governance policies and practices can be found in the Annual Report. A detailed account of how we comply with the Code's principles can be found within the investor section of our corporate website marksandspencer.com/thecompany, together with the matters reserved to the Board and terms of reference of the Audit, Remuneration and Nomination and Governance Committees.

Annual General Meeting

The AGM of Marks and Spencer Group plc will be held at the Royal Festival Hall, Southbank Centre, London on Wednesday 8 July 2009. The Notice of Meeting is given together with explanatory notes, in the booklet which accompanies this report.

Summary remuneration report

This Remuneration report has been prepared on behalf of the Board by the Remuneration Committee. The Committee adopts the principles of good governance as set out in the Combined Code and complies with the Listing Rules of the Financial Services Authority, the relevant schedules of the Companies Acts and the Directors' Remuneration Report Regulations 2002.

Part 1: Unaudited Information

Remuneration Committee

Who are the members of the Remuneration Committee?

The following independent non-executive directors were members of the Committee during 2008/09 and continue to be members:

Member	Period	
	From	To
Louise Patten (Chairman since 1 January 2007)	1 February 2006	To date
Martha Lane Fox	1 June 2007	To date
Steven Holliday	15 July 2004	To date
Sir David Michels	26 May 2006	To date

The Committee met four times during the year under review.

What is the remit of the Remuneration Committee?

The remit of the Committee covers the total remuneration of the Executive Chairman, executive directors and other senior managers. The full terms of reference for the Committee can be found on the Company's website, with the key responsibilities summarised as follows:

- setting a senior remuneration strategy that ensures the most talented leaders are recruited, retained and motivated to deliver results;
- ensuring that the remuneration for the Executive Chairman, executive directors and senior managers reflects both their individual performance and their contribution to the overall Company results;

- determining the terms of employment and remuneration for the Executive Chairman, executive directors and senior managers, including recruitment and termination terms;
- approving the design and targets for any annual incentive schemes that include the Executive Chairman, executive directors and senior managers;
- agreeing the design and targets, where applicable, of all share incentive plans requiring shareholder approval;
- assessing the appropriateness and subsequent achievement of the performance targets related to any share incentive plans; and
- selecting and appointing the external advisors to the Committee.

The Committee continued to retain the services of Hewitt New Bridge Street as external advisors. It also seeks internal support from the Executive Chairman, Group Secretary, Director of Human Resources and Head of Senior Remuneration. They attend the Committee meetings by invitation but are not present for any discussions that relate directly to their own remuneration.

The Committee also regularly reviews external data produced through several surveys and bespoke benchmarking data, including those published by Hewitt New Bridge Street, Monks PwC, Towers Perrin and Watson Wyatt.

Senior remuneration framework

What are the key elements of remuneration for executive directors?

The key elements of remuneration are:

- salary and benefits;
- Annual Bonus Scheme with compulsory deferred shares; and
- Performance Share Plan (PSP).

The Committee considers these components in total to ensure there is the correct balance between reward for short-term success and long-term growth.

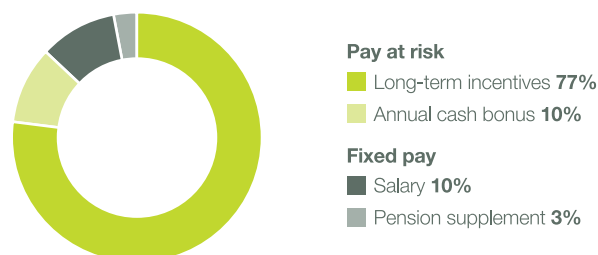
What is the expected value of future annual remuneration package for executive directors?

The following charts show the total remuneration package split between pay at risk and fixed pay for 'on-target' and 'maximum' performance.

'On-target' performance



'Maximum' performance



The value placed on long-term incentives comprises the expected cash value to executive directors after three years, discounted back to its present value, of (i) bonus compulsorily deferred into shares and (ii) performance shares awarded under the Performance Share Plan. The charts apply to all executive directors as they have the same package for pay at risk and pension supplement.

What are the pay and benefits received by the Board?

Executive directors' remuneration

Salary

Taking into account the Company's performance in 2008/09 and current market conditions for base pay, the Remuneration Committee agreed not to award any salary increases to executive directors in January 2009. Base salaries for each of the executive directors have therefore not increased during the year.

Benefits

Executive directors receive a 25% salary supplement in lieu of membership of the Group's Pension Scheme, with life assurance provided through a separate policy. Each executive director also receives a car or car cash allowance and is offered the benefit of a driver. Employee product discount is also received but no specific value is placed on this all-employee benefit.

Deputy Chairman's remuneration

The fees for the Deputy Chairman are determined by the Executive Chairman and executive directors and are paid monthly in cash. The fee reflects the level of commitment and responsibility of the role, and is inclusive of all committee memberships and Sir David Michels' continuing role as Senior Independent Director. The fee has not increased since his appointment to the role in June 2008. The fee is not performance related nor pensionable and there are no other benefits other than employee product discount.

Non-executive directors' remuneration

The fees for non-executive directors are determined by the Executive Chairman, Deputy Chairman and executive directors and are paid monthly in cash. Fees are set at a level that ensures the Company can attract and retain individuals with the necessary skills, experience and knowledge so that the Board is able to discharge its duties effectively. The fees recognise the responsibility of the role, the time commitment required, and are not performance related nor pensionable. There are no other benefits other than employee product discount.

A review of non-executive director fees was carried out in February 2009 which indicated that the fee levels were appropriate for the role in the current market. No increases were therefore made to either the basic annual fee or for any Committee Chairman or membership. The current fees are as follows:

– basic annual fee:	£55,000
– Committee Chairman:	£12,000*
– Committee member:	£6,000*

* Audit and Remuneration Committee only.

What are the current short-term and long-term incentive schemes?

Annual Bonus Scheme – short-term incentive

Deferred Share Bonus Plan – long-term incentive

The Annual Bonus Scheme is reviewed each year and is designed to drive profitability and sales across the whole organisation. The bonus potential for executive directors is 60% of salary for 'on-target' performance and 250% of salary for 'maximum' performance. For all senior managers, there is a compulsory deferral into shares.

Bonus scheme outcome for 2008/09

The targets for 2008/09 were extremely demanding in another very challenging trading year for the retail sector. The stretching Profit before tax (PBT) target set at the start of the year was not achieved and therefore the executive directors will not receive any bonus payment based on this measure. 50% of Kate Bostock's bonus was based on profit and sales targets in Clothing, and as these targets were also not met, she will not receive this element of her bonus payment for 2008/09.

Bonus scheme for 2009/10

The scheme will have the same 'on-target' and 'maximum' bonus potentials as in 2008/09 at 60% and 250% of salary respectively. PBT will continue to be the main target, with 75% of the executive directors' bonus based on this measure. The remaining 25% bonus potential will be based on individual director objectives aligned to the Company's strategic priorities. However, no individual element can be earned unless 90% of 'on-target' PBT has been achieved.

The PBT targets have been set based on the consensus of analysts' profit forecasts and the Company's own internal operating plan. At 90% of 'on-target' PBT, 11.25% of salary becomes payable, rising to 45% of salary for achieving 'on-target' PBT. In order for the maximum bonus to be earned, executive directors will be required this year to achieve an additional 'stretch' target, which is above that for the rest of the organisation, and is around 40% greater than the 'on-target' PBT. 60% of any bonus earned is deferred into shares for three years.

Performance Share Plan (PSP) – long-term incentive

This continues to be the primary long-term incentive for executive directors and senior managers in the Company. The plan normally allows awards up to 200% of salary, although up to 400% of salary may be awarded to recognise exceptional performance or to address key retention issues. The performance targets are based on adjusted earnings per share (EPS) over a three-year period.

Performance Share Plan Outcome 2008/09

The minimum EPS target of RPI+5% over the three-year performance period for awards made in 2006 has not been achieved and so no shares under this PSP award will vest in July 2009.

Performance Share Plan Awards 2009/10

The Committee has again this year reviewed alternative performance measures for this plan, considering in each case the current economic climate and their alignment to business strategy. The Committee concluded that EPS is still the most effective measure of management performance.

The targets for 2009 awards will remain unchanged from last year as the Committee believes that the achievement of these targets will reflect significant long-term growth by the Company in a challenging and uncertain economic climate.

In 2009, the Committee will only consider awards in excess of 200% of salary where there is evidence of exceptional performance, or retention issues due to the current vesting forecast for existing PSP awards. Should any awards over 200% of salary be made, the principle of more stretching targets will apply, and the Committee will review the Company's actual performance over the three-year period, as well as EPS performance, to satisfy itself that the vesting of these awards is reasonable. The targets for all awards are:

Award	Average Annual EPS Growth in excess of inflation (RPI)		Adjusted EPS for start of scheme
	20% vesting	100% vesting	
2006	5%	12%	31.4p
2007 ¹	4%	10%	40.4p
	4%	12%	
2008 ¹	3%	6%	43.6p
	3%	8%	
2009 ¹	3%	6%	28.0p
	3%	8%	

¹ The lower range is for awards up to 200% of salary and the upper range is for awards between 200% and 400% of salary.

Summary remuneration report continued

Executive Share Option Scheme – long-term incentive

No grants have been awarded under the Executive Share Option Scheme for 2008/09. The scheme was adopted at the 2005 AGM, but there is currently no intention to use the scheme on a regular basis. The Committee will continue to review the use of the scheme and may grant awards if appropriate.

All-Employee Share Schemes – long-term incentive

Executive directors can participate in Sharesave, the Company's Save As You Earn (SAYE) scheme which is open to all employees. The current scheme was approved by shareholders for a 10 year period at the 2007 AGM.

Contracts

What are the current service contracts and terms of employment for directors?

Executive directors

Sir Stuart Rose was appointed Executive Chairman on 1 June 2008.

All executive directors and senior managers have service contracts which can be terminated by the Company giving 12 months' notice and by the employee giving six months' notice.

The Company retains the right to terminate the contract of any executive director summarily, in accordance with the terms of their service agreement, on payment of a sum equal to the contractual notice entitlement of 12 months' salary and specified benefits.

For all current executive directors, the Company reserves the right on termination to make phased payments which are paid in monthly instalments and subject to mitigation. Entitlement to participate in share schemes ceases on termination.

Deputy Chairman

Sir David Michels was appointed Deputy Chairman on 1 June 2008, and continues in his role as Senior Independent Director. He has an agreement for service which can be terminated on six months' notice by either party (previously three months).

Non-executive directors

Jan du Plessis joined the Board on 1 November 2008.

Non-executive directors have agreements for service with the Company for an initial three-year term, which can be terminated on three months' notice by either party.

Directors retiring from the Board during the year

Lord Burns retired formally as Chairman on 1 June 2008, with his retirement having been announced in March 2008. His agreement with the Company required a 12 month notice period and contained a phased payment clause. Lord Burns agreed to commence the 12 monthly payments in lieu of notice from the date of announcement in March, with 10 monthly payments to be made post his retirement date.

Steven Esom retired from the Board on 1 July 2008. On termination of his service contract, the Company acted in accordance with the phase payment clause in commencing the 12 months' payment in lieu of notice.

Contract terms and current annual salaries/fees for all members of the Board

	Date of appointment	Notice period/ unexpired term	Basic salary/fee £000	Committee member fee £000	Committee chair/SID fee £000	Current annual salary/fee £000
Chairman						
Sir Stuart Rose	31/05/2004	12 mths/6 mths	1,130	–	–	1,130
Deputy Chairman						
Sir David Michels	01/03/2006	6 mths/6 mths	245	–	–	245
Executive directors						
Kate Bostock	10/03/2008	12 mths/6 mths	500	–	–	500
Ian Dyson	27/06/2005	12 mths/6 mths	675	–	–	675
Steven Sharp	08/11/2005	12 mths/6 mths	565	–	–	565
Non-executive directors						
Jeremy Darroch	01/02/2006	3 mths/3 mths	55	6	12	73
Martha Lane Fox	01/06/2007	3 mths/3 mths	55	12	–	67
Steven Holliday	15/07/2004	3 mths/3 mths	55	12	–	67
Louise Patten	01/02/2006	3 mths/3 mths	55	6	12	73
Jan du Plessis	01/11/2008	3 mths/3 mths	55	6	–	61

From 1 June 2008 for Sir Stuart Rose as Executive Chairman and Sir David Michels as Deputy Chairman.

What are the executive directors' external board appointments?

The Company recognises that executive directors may be invited to become non-executive directors of other companies and that these appointments can broaden their knowledge and experience to the benefit of M&S. The individual director retains the fee, the details of which are shown below for this financial year:

	Company	Fee £000
Sir Stuart Rose	Land Securities Group plc	55
Steven Sharp	Adnams plc	27

In addition, Steven Esom was a non-executive director of Carphone Warehouse plc. For the period 29 March 2008 – 1 July 2008 (when he was an executive director of M&S) his fees totalled £13,000.

Directors' interests

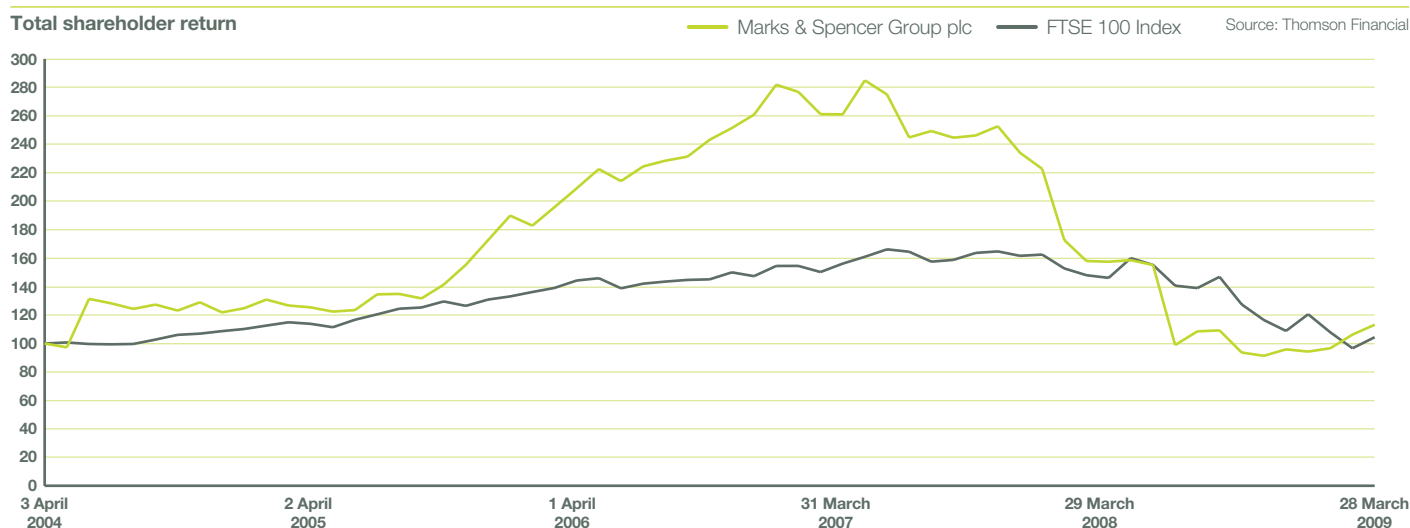
What are the directors' interests in the Company?

The beneficial interests of the directors and connected persons in the shares of the Company are shown below. There have been no changes in the directors' interests in shares or options granted by the Company and its subsidiaries between the end of the financial year and 5 May 2009, one month prior to the Notice of the Annual General Meeting. No director had an interest in any of the Company's subsidiaries at the beginning or end of the year.

	Ordinary shares as at 29 March 2008	Ordinary shares as at 28 March 2009
Sir Stuart Rose	750,416	1,224,284
Sir David Michels	28,750	113,984
Kate Bostock	71,086	140,039
Ian Dyson	100,000	237,906
Steven Sharp	83,643	238,210
Jeremy Darroch	2,000	2,000
Martha Lane Fox	15,000	20,100
Steven Holliday	2,500	2,500
Louise Patten	8,000	8,000
Jan du Plessis	–	20,000

Total shareholder return

The graph illustrates the performance of the Company against the FTSE 100 over the past five years. The FTSE 100 has been chosen as it is a recognised broad equity market index of which the Company has been a member throughout the period.



The above graph looks at the value, at 28 March 2009, of £100 invested in Marks & Spencer Group plc on 3 April 2004 compared with the value of £100 invested in the FTSE 100 Index over the same period. The other points plotted are the values at the intervening financial period-ends.

Summary remuneration report
continued

Part 2: Audited Information

Directors' emoluments

	Salary/fee £000	Cash allowance ⁴ £000	Benefits ⁴ £000	Dividend equivalents ⁵ £000	Bonus £000	Termination payments £000	Total 2009 £000	Total 2008 £000
Chairman								
Sir Stuart Rose ¹	1,130	302	45	288	–	–	1,765	1,375
Deputy Chairman								
Sir David Michels ²	217	–	–	–	–	–	217	79
Executive directors								
Kate Bostock ³	500	128	18	71	175	–	892	39
Ian Dyson ¹	675	186	5	143	–	–	1,009	698
Steven Sharp ¹	565	141	33	143	–	–	882	701
Non-executive directors								
Jeremy Darroch	73	–	–	–	–	–	73	73
Martha Lane Fox	67	–	–	–	–	–	67	56
Steven Holliday	67	–	–	–	–	–	67	67
Louise Patten	73	–	–	–	–	–	73	73
Jan du Plessis	25	–	–	–	–	–	25	–
Directors retiring from the Board during the year								
Lord Burns ⁶	75	–	1	–	–	350	426	453
Steven Esom ⁷	134	34	8	–	–	568	744	294
Former directors⁸								
	–	–	–	–	–	–	252	284
Total	3,601	791	110	645	175	918	6,492	4,192

1 Stuart Rose, Ian Dyson and Steven Sharp did not receive a salary increase during the year and no bonus was earned in 2008/09.

2 In addition to the fees disclosed in the above table, the Company met a due proportion of Sir David Michels' general office and administration costs that related to his Marks & Spencer Board duties. In the year under review, this amounted to £1,667. The arrangement ceased on his appointment to Deputy Chairman on 1 June 2008.

3 Kate Bostock did not receive a salary increase during the year and no bonus was earned in 2008/09 under the Annual Bonus Scheme. £175,000 was earned in 2008/09, which was the second payment under a three year cash bonus retention arrangement. The final instalment of this bonus arrangement will be paid in 2009/10. Her cash allowance and benefits include a 25% supplement on her salary earned above the Group's Pension Scheme cap as she was a member of the Retirement Plan until June 2008. Post June 2008, her cash allowance included a 25% salary supplement in lieu of pension. In addition, the Company's contribution into the Retirement Plan for 2008/09 for the period when she was a member was £2,306. The figure shown in the Total 2008 column was only for the period when she was an executive director (10 March 2008 – 29 March 2008).

4 The elements included in the Cash allowance and Benefits columns of the table are described in detail in the Benefits section and have been audited.

5 Dividend equivalents were accrued over the three year vesting period for the 2005 PSP share awards. The shares vested in full in July 2008 and the dividend equivalents accrued on these shares were paid as cash in August 2008.

6 Lord Burns retired from the Board on 1 June 2008. As per his agreement, the termination payments were phased, made on a monthly basis. The total shown in the table above comprises 10 months' fees. There are no further payments to be made.

7 Steven Esom retired from the Board on 1 July 2008, and under the terms of his service contract, the termination payments are phased, and payable on a monthly basis. The termination payments include nine month's payments and benefits in line with this contract provision. The maximum number of outstanding phased monthly payments are three, which, if made, will be paid in 2009/10.

8 The £252,000 in 2009 relates to payments to former directors including those made under the Early Retirement Plan. Under this plan, the Remuneration Committee could, at its discretion, offer an unfunded Early Retirement Pension, separate from the Company pension, which was payable from the date of retirement to age 60. With effect from 31 March 2000, the Early Retirement Plan was withdrawn but payments continue for awards made before this date.

The former directors are James Benfield who received £85,434 (£82,148 in 2008) payable until 22 April 2009, and Derek Hayes who received £59,607 (£76,422 in 2008). The payments for Derek Hayes ceased on 19 November 2008.

The pension scheme entitlement for Clinton Silver is supplemented by an additional, unfunded pension paid by the Company, which for 2009 was £107,363 (£103,233 in 2008).

Shareholder information

Managing your shares

The Company's register of shareholders is maintained by our Registrar, Equiniti. Shareholders with queries relating to their shareholding should contact Equiniti directly using the details at the bottom of the page.

Duplicate documents

Currently around 10,000 of our shareholders have more than one account on the share register, which means they often receive duplicate documentation and split dividend payments. If you fall into this group and would like to combine your accounts, please contact Equiniti.

Dividends

These are paid in January and July each year and shareholders can choose one of the following payment methods:

Direct to a bank account	Paid in foreign currencies
Re-invested in M&S Shares	Paid by cheque

If you are still receiving a cheque for your dividend payments, why not let us pay the money straight into your bank account? You will then have the cleared funds on the payment date. Those selecting this payment method receive a consolidated tax voucher each January. However, we are able to send a tax voucher with each payment, if preferred.

To change how you receive your dividends either logon to shareview.co.uk or contact Equiniti.

Corporate website

In 2008 we launched our new corporate website which provides a wealth of information on M&S. Much of the information requested from our shareholder helpline can be found on our website in the Investor section. You can even register to receive investor related alerts by email as news on M&S is released. These include our half year results and trading statements, which are not mailed to shareholders. The directors are responsible for the maintenance and integrity of the financial information on our website.

This information has been prepared under the relevant accounting standards and legislation.

Electronic communications

In line with our Plan A commitments we actively encourage shareholders to help reduce the amount of paper we send out. Shareholders who receive communication electronically receive information from the Company more quickly. They also have access, via our website, to information that is not mailed to shareholders e.g. half year results, trading statements, results presentations, news updates and more.

Even though substantial changes were made to reduce the documentation we mailed this year we still used over 45 tonnes of paper. This is something we want to reduce further, and shareholders can help with this.

To encourage shareholders to elect to receive information electronically we are offering a **10% off voucher** to spend when shopping online at marksandspencer.com and **free entry into our prize draw** with the chance to win one of three laptop computers.

Go to marksandspencer.com/annualreport09 to find out more and read the terms and conditions.

Key dates for your diary

27 May 2009	Ex dividend date – Final dividend
29 May 2009	Record date to be eligible for the final dividend
1 July 2009	Results – Quarter 1 Interim Management statement†
8 July 2009	Annual General Meeting
10 July 2009	Final dividend payment date for the year to 28 March 2009
30 September 2009	Results – Quarter 2 Trading Update†
4 November 2009	Results – Half Year†
11 November 2009*	Ex dividend date – Interim dividend
13 November 2009*	Record date to be eligible for the interim dividend
8 January 2010*	Interim dividend payment date

* provisional dates

† Those registered for news alerts at marksandspencer.com/thecompany will receive notification by email when this is available.

How to get in touch

Registered office and Head office

Waterside House, 35 North Wharf Road, London W2 1NW
Telephone +44 (0)20 7935 4422
Registered in England and Wales (no. 4256886)

Registrars

Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
Telephone 0845 609 0810. Outside the UK +44 (0) 121 415 7071

Group Secretary and Head of Corporate Governance

Graham Oakley until 8 July 2009. Amanda Mellor from 9 July 2009.

Additional documents

For both the Annual Report or Annual Review go to marksandspencer.com/thecompany
Alternatively, call 0800 591 697
Please note, students are advised to source information from our website where possible.

Contact us

email us at chairman@marks-and-spencer.com

Customer queries: 0845 302 1234

Shareholder queries: 0845 609 0810



FSC

Recycled
Supporting responsible
use of forest resources

Cert no. TT-COC-002228
www.fsc.org
© 1996 Forest Stewardship Council

This report is printed on Revive uncoated, a 100% recycled paper made from post-consumer collected waste. Revive uncoated is manufactured to the certified environmental management system ISO 14001.

Designed and produced by Radley Yeldar www.ry.com
Printed by Royle Corporate Print

MARKS & SPENCER

10%
off

Get your **10% off voucher** for marksandspencer.com and enter our prize draw to **win a laptop** computer. See inside for details

Read our online **Annual Report** and **How We Do Business Report** at marksandspencer.com/annualreport09



Dine in for two

£10 