

MARKS AND SPENCER GROUP PLC
QUARTER 4 2009/10 – TRADING STATEMENT
13 weeks to 27 March 2010

- Group sales +4.8%
- UK sales* +6.2%: General Merchandise +10.6% (Clothing +10.1%; Home +13.3%); Food +2.6%
- UK like for like sales* +5.1%: General Merchandise +9.1%; Food +1.8%
- M&S Direct sales +48%
- International sales -5.9%

* The reported quarter this year includes the first day of the Christmas sale which was held on 27 December. This added c. 1.3% to UK and c. 2.9% to General Merchandise total and like for like sales.

Marks & Spencer has delivered a strong performance over the quarter. Total UK sales were up 6.2% over the period, marking a further improvement in the trend seen over the last five quarters.

Performance improved across all areas of General Merchandise, as customers continued to seek out affordable quality and style. Clothing market share was up 110bps to 11.9%¹. Sales of formalwear and knitwear were particularly strong and we successfully launched our Spring collections with customers responding well to our interpretation of the season's key trends and fashions. Performance in Home was better across all the core ranges and technology.

In Food, we have delivered a sixth consecutive quarter of improved performance, as better value, availability and product innovation have continued to drive improved like-for-like sales. We continue to be first to market with exciting new ranges such as 'Simply Fuller Longer' and are on track to launch over 1,500 new lines this year.

M&S Direct had another strong quarter with sales up 48% as we extended 'Shop Your Way', our multi-channel ordering service, to over 300 stores. International sales were down 5.9%, as a result of particularly difficult trading conditions in the Republic of Ireland and Greece, and an adverse impact from currency translation.

We expect profit before tax for 52 weeks of 2009/10 (to 27 March 2010) to be in the range of £620m to £630m. The 53rd week (to 3 April 2010) is expected to contribute an additional c.£60m of profit before tax. These figures reflect gross margin better than the guidance of -50 to -100 bps, and operating costs at the top end of the 0 to +1% range. As a result of out-performance against our plan for this year, we are paying a bonus of around £80m shared by all our employees.

Sir Stuart Rose, Chairman said:

"These are strong quarterly results by any measure. They demonstrate the appeal of the M&S brand to our 21 million weekly customers and its resilience in these difficult times. The continuing improvement in our performance is the result of the actions we have taken to invest in our stores, service, product and values. In clothing we have seen a substantial increase in market share and in food we have had six consecutive quarters of improving like-for-like performance.

"We have weathered the immediate impact of the recession but remain cautious about the outlook for 2010/11 given the current challenging environment. We hope that after the election there will be greater clarity on economic policy and how this will impact our customers individually. With this will come improving consumer confidence which is so important for our business and the economy as a whole."

Guidance for financial year 2010/11:

- Gross margin is expected to be broadly level with last year.
- Operating costs before bonus are expected to increase by 4% to 5%, as a result of space growth, increased depreciation and cost inflation.
- The planned opening of new footage will add around 2% to total space, representing a c. 1.5% increase in general merchandise and c. 2.5% increase in food footage, on a weighted average basis. Total square footage at 3 April 2010 was around 15.3m square feet.
- Group capital expenditure for 2010/11 is expected to be in the range of £500-550m.

A further update will be provided with the final results on 25 May 2010.

¹ Kantar TNS Total Clothing and Footwear 12 weeks ending 28 February 2010 11.9% v 10.8% 12 weeks ending 1 March 2009.

Statements made in this announcement that look forward in time or that express management's beliefs, expectations or estimates regarding future occurrences and prospects are "forward-looking statements" within the meaning of the United States federal securities laws. These forward-looking statements reflect Marks & Spencer's current expectations concerning future events and actual results may differ materially from current expectations or historical results. Any such forward-looking statements are subject to various risks and uncertainties, including failure by Marks & Spencer to predict accurately customer preferences; decline in the demand for products offered by Marks & Spencer; competitive influences; changes in levels of store traffic or consumer spending habits; effectiveness of Marks & Spencer's brand awareness and marketing programmes; general economic conditions or a downturn in the retail or financial services industries; acts of war or terrorism worldwide; work stoppages, slowdowns or strikes; and changes in financial and equity markets.

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Investors & Analysts Conference Call:

This will be hosted by Stuart Rose at 8.45am on Thursday 8 April 2010:

Dial in number: +44 (0) 208 515 2302

A recording of this call will be available until Friday 16 April 2010:

Dial in number: +44 (0) 207 959 6720

Access Code: 142767#