

7 October 2010

**MARKS AND SPENCER GROUP PLC  
QUARTER 2 2010/11 – TRADING STATEMENT  
13 weeks to 2 October 2010**

- Group sales +6.5%
- Total UK sales +6.5%: General Merchandise +8.0% (Clothing +7.8%; Home +9.3%); Food +5.2%
- Like for like UK sales +5.3%: General Merchandise +7.0%; Food +3.7%

**Marc Bolland, Chief Executive said:**

“Marks & Spencer has had a good second quarter, growing market share across all parts of the business. Customers are returning to quality. In Food they are responding well to our better value and innovation, and in Clothing are increasingly choosing M&S’s great fashions and quality that lasts.”

**Trading summary**

Clothing market share was up 70bps to 10.3%<sup>1</sup> with growth across all areas. We delivered stronger fashions for our customers, keeping our ranges fresh throughout the summer. New styles, fabrics and colours led to better choice with products to suit every budget.

We continued to offer great value for money, while delivering improved fit and quality. We introduced a number of innovative new products such as our new ‘2 sizes bigger’ bra and ‘Miracle’ crease resistant linen. With economic uncertainty putting a strain on household budgets, customers are returning to quality in areas such as men’s suits and knitwear. We have also seen a positive response to increased investment in marketing. Our latest advertising campaign has driven even more customers into our stores and has, for example, helped deliver a record autumn season on women’s footwear.

Food market share was up 10 bps to 3.7%<sup>2</sup>. More customers chose to shop at M&S in the quarter attracted by our improved value and continued investment in innovation. We launched 370 new products, including exciting additions to our ready meal, grocery and biscuit ranges. We were the only retailer showing an improvement in customers’ perception of value in the period as we continued our popular programme of promotions such as ‘Dine In’ and ‘3 for £10’ on meat.

We maintained our exceptional quality standards, as recognised by over 30 awards. We were named Supermarket of the Year at the International Wine Challenge Awards for a record 3<sup>rd</sup> year running.

M&S Direct had a strong quarter with sales up 49%. ‘Shop Your Way’, our multi-channel ordering service, has now been rolled out to 434 stores as planned, and continues to be very popular with customers.

International sales were up 6.2%, as a result of improved performance across most of our markets although the trading conditions remain difficult in Ireland and Greece.

## Outlook

Trading conditions ahead are likely to become more challenging. Consumers' disposable incomes will come under greater pressure from increased VAT rates and public spending cuts. We are facing increased commodity prices and significantly tougher comparatives in the second half. As a result we remain cautious about the outlook for the remainder of this year and next. However, our unrivalled value, innovation and quality will ensure that we are well positioned to meet the changing needs of our customers through the all important Christmas period and beyond.

## Guidance

Existing guidance for the financial year 2010/11 remains unchanged. However, as a result of increased investment in marketing and higher volumes, operating costs before bonus are now expected to be at the top end of the previously guided range of +4 to 5%.

Marks and Spencer Group plc will report its half year results for 26 weeks ending 2 October 2010 on 9 November 2010.

<sup>1</sup> Kantar Worldpanel Total Clothing, Footwear and Accessories value share for the 12 weeks ending 15 August 2010.

<sup>2</sup> Kantar Worldpanel Total Food & Drink share for the 12 weeks ending 5 September 2010.

*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.*

## Contacts

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## Investors & Analysts Conference Call:

This will be hosted by Marc Bolland at 8am on Thursday 7 October 2010:

Dial in number: +44 (0) 207 190 1595

A recording of this call will be available until Friday 15 October 2010:

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

Access Code: 4362379#

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