



M&S

EST. 1884

PERFORMANCE OVERVIEW AND NOTICE OF MEETING 2015

THIS DOCUMENT IS IMPORTANT AND SHOULD BE READ IN ITS ENTIRETY

If you have sold or otherwise transferred all of your shares in Marks and Spencer Group plc ('M&S' or the 'Company'), please pass this document together with the accompanying proxy form as soon as possible to the purchaser or transferee, or to the person who arranged the sale or transfer so they can pass these documents to the person who now holds the shares.

OUR PERFORMANCE



CHAIRMAN'S INTRODUCTION

GROUP REVENUE	UNDERLYING GROUP PROFIT BEFORE TAX	UNDERLYING GROUP EARNINGS PER SHARE	TOTAL DIVIDEND FOR 2014/2015
Level £10.3bn	+6.1% £661.2m	+2.8% 33.1p	+5.9% 18.0p

DEAR SHAREHOLDER,

This year we have seen outstanding performance in some areas but performance below our expectations in others. Over the year we have become a more capable company with significantly stronger infrastructure. Above all, we have remained focused on offering our customers products of exceptional quality, however they choose to shop with us.

PERFORMANCE

In an extremely competitive marketplace, our Food business delivered like-for-like growth in every quarter. Our General Merchandise (GM) business delivered margin gains, and our products were well received by customers and the fashion press. We exited the year with our GM business showing growth. Our International performance was disappointing, as strong performance in key markets was offset by macroeconomic issues in other markets.

We implemented two crucial pieces of infrastructure: M&S.com and our automated distribution centre at Castle Donington, two of the largest projects of their kind in Europe. Whilst we experienced some initial performance issues, our skilled teams acted decisively to address them. The strategic rationale for both projects remains clear.

GOVERNANCE AND THE BOARD

The Board's priorities remain: strategy and execution, people and succession, and values. Jan du Plessis, our Senior Independent Director, stepped down from the Board in March. He was replaced by Vindi Banga. I would like to thank Jan for his contribution. In April, Richard Solomons, CEO of InterContinental Hotels Group, joined us as a non-executive director. On the executive team I would like to welcome Helen Weir, our new Chief Finance Officer.

We introduced four new core values – Inspiration, Innovation, Integrity and In Touch – which aim to equip us all to deliver our strategic plans. Our commitment to Plan A remains as deeply held today as it ever was. As people become increasingly aware of how their behaviour impacts the world around them, we believe businesses need to connect with the communities in which they operate.

We communicate regularly with our shareholders to ensure they understand our progress and plans, and information shared at our numerous investor briefings can be viewed at marksandspencer.com/investors. We recently implemented a loyalty scheme allowing UK-registered private investors to use money from their dividend to buy a discounted M&S Shareholder Card. The initiative reflects the fact our private investors are also some of our most loyal customers and we value them greatly.

Finally, I would like to thank all our employees for their commitment and hard work. Their pride in M&S and their dedication is what makes us special.

LOOKING AHEAD AND DIVIDEND

Looking ahead, we will focus on Food growth, improving GM performance, further improving GM margins and cash generation. We intend to pay a final dividend of 11.6p, taking the total dividend to 18.0p, up 5.9%. In the context of our increased cash flow, we are also pleased to announce an ongoing programme of returns of capital to shareholders, starting this year, with a share buyback of up to £150m.

ROBERT SWANNELL CHAIRMAN



CHIEF EXECUTIVE'S OVERVIEW

UK FOOD REVENUE

£5.2bn
+3.4%

GENERAL MERCHANDISE GROSS MARGIN

52.6%
+190bps

UK GENERAL MERCHANDISE REVENUE

£4.0bn
-2.5%

FREE CASH FLOW PRE DIVIDENDS

£524.2m
+22.5%

Our strategic priorities for 2015/16 remain unchanged

FOOD SALES GROWTH

GM GROSS MARGIN IMPROVEMENT

IMPROVE GM PERFORMANCE

STRONG CASH GENERATION

OVERVIEW

We are transforming M&S into a stronger, more agile business – putting the right infrastructure, capabilities and talent in place to drive our strategic priorities. In 2014/15 we made further progress against our strategy to become a leading international, multi-channel retailer.

With our new core values – Inspiration, Innovation, Integrity and In Touch – we are encouraging employees to do things differently and take a fresh look at how we can inspire our customers, with exquisite quality and styling in our clothing, and innovative, first to market, exceptional quality food. This consistency will help customers recognise the values of our brand and what makes M&S different.

PERFORMANCE

We made good progress in three of our four key priorities. In driving Food growth, we delivered an excellent performance with sales up by 3.4%. We increased our GM gross margin by 190bps. GM sales, however, were challenging, particularly in the third quarter. Finally, we tightly controlled costs and reduced capital expenditure, delivering free cash flow of £524.2m, up 22.5%.

Our Food division has now seen 22 consecutive quarters of like-for-like sales growth. Customers continued to turn to M&S for both everyday quality and special moments, and they loved our constant innovation. In GM, customers recognised the improvements in the style and quality of our clothing. Our collections were a stylish, wearable interpretation of the key trends, meeting with approval from the fashion press and customers alike.

The performance of M&S.com steadily improved as we listened to customers' feedback and worked hard to improve the online shopping experience – over 7 million people have now registered to use the site. We continue to improve our stores to make them more inspiring places to shop, and we refreshed Womenswear departments and introduced new look Menswear departments.

In 2010, we set out our goal to be the world's most sustainable retailer and this continues to drive our ambition to improve things for the better. Plan A has taught us we can achieve more when we collaborate inside and outside of the business. This year our employees and customers raised a total of £7.5m for our local and national charity partners, and we celebrated a decade of our Marks & Start employability scheme.

LOOKING AHEAD

As we continue the work to transform our infrastructure, we will now focus on consolidating our position as a leading international, multi-channel retailer. Using our strengthened capabilities, our priorities, both in the UK and International, will be to accelerate our Food growth, deliver an end-to-end GM operating model and to drive the experience on M&S.com. We will continue to develop a world class talent pool, further growing our skills in key strategic areas.

MARC BOLLAND CHIEF EXECUTIVE



OUR PLAN IN ACTION:

FOOD SALES GROWTH

In a crowded marketplace, our position as a food specialist sets us apart from our rivals. Customers love our innovation: it's a strategy that makes us truly different. Last autumn, our Belgian Chocolate Jaffa Sphere became our fastest-selling dessert ever: we sold 170,000 in just six weeks. Such was the demand that our supplier went into 24-hour production.



We have improved levels of availability and choice. 112 stores now carry our full range of 6,300 Food products, increasing convenience for our customers. By offering our full range in a larger number of stores we are helping people cater for their busy lives; over 40% of our customers buy food for today or tonight.



Our Simply Food format continues to grow strongly. We opened 62 new stores in the UK this year, taking our total to 504. Our franchise partners play a key role in this growth. In March we opened our 200th Simply Food store through our partnership with BP



OUR PLAN IN ACTION:

GM GROSS MARGIN IMPROVEMENT

As part of our strategy to improve our margins, we are bringing much of our design in-house. 35% of our clothing is now created, designed and sourced by our own teams, up from 20% at the end of last year, and our target is 60% by 2016/17. Our Direct Design strategy has led to greater collaboration between our buying teams, our design teams and our regional Sourcing Offices.



A better buying process has helped increase our margins, for example through the way that we procure our fabric. We used to source our linen from 28 fabric mills. Now, we use eight. Consolidating the number of mills has allowed us to create efficiencies, save time and be smarter in how we buy.



Better availability is key to boosting our margins, but some of the behind-the-scenes systems and processes which regulate this are over 25 years old. Our GM4 Programme is changing this – we are overhauling everything from our merchandise planning systems to our allocation and replenishment systems. GM4 will make us more efficient and more profitable.



OUR PLAN IN ACTION:

IMPROVE GM PERFORMANCE (WOMENSWEAR)

When we see a trend coming, we work quickly to interpret it for our customers. As the UK market leader in Womenswear denim, we knew that the recent denim catwalk trend would resonate with our shoppers. With strong editorial backing on M&S.com, a feature in *Vogue*, bold in-store visual merchandising and joined-up marketing, our range was a hit. We sold 4.3m pairs of women's jeans, up 7% on the year.



Customers love newness, so we've made sure that we send more to more stores, with new lines landing in store every 2-3 weeks. Our Limited Edition range is now in all stores and our Rosie for Autograph lingerie and sleepwear is in the majority of stores, giving more choice to more of our customers, no matter where they live.



Over 70% of our female customers deem the fit of a garment to be the number one determining factor of quality. Our Fit Development team, which is unique to M&S, undertook a major project to ensure a consistent good fit across all our brands. It has resulted in a 20% reduction in customer complaints about fit. We want our customers to feel confident about finding stylish clothes that fit and flatter, whatever they buy.



OUR PLAN IN ACTION:

STRONG CASH GENERATION

Prudent cost management has led to strong cash generation across the business. We run our stores more efficiently than in the past. This year we launched a new Resource Planning System to increase the effectiveness of our colleagues' work patterns. We also saw the benefits of a new payroll system which centralised administration. Our free cash flow before dividends was £524.2m this year, compared to £427.9m last year.



We have become a more agile and flexible organisation, resulting in improved working capital. Tactical supply chain initiatives such as our move to 'push allocation' – whereby stock is replenished automatically based on customer demand – have resulted in better, more efficient stocking, saving us time and money.



Capital expenditure this year fell to £527m, from £710m, following a period of major investment to bring our infrastructure up to date. We are now in a good position to maintain our existing assets while also having the headroom to invest in new ones as we fulfil our ambition to be an international, multi-channel retailer.

OUR PERFORMANCE

KEY PERFORMANCE INDICATORS

GROUP FINANCIAL OBJECTIVES				
OBJECTIVE	KPI	DEFINITION	2014/15 DATA	
Grow group Revenue	GROUP REVENUE ✓	Group revenue was broadly flat year on year, with the growth in Food sales offset by the decline in CM and International.	£10.3bn Level	
Increase earnings & returns	UNDERLYING GROUP PROFIT BEFORE TAX ✓	Underlying PBT grew as a result of a significantly improved performance in the UK business.	£661.2m +6.1%	13/14 £622.9m 12/13 £648.1m 11/12 £705.9m¹
	RETURN ON CAPITAL EMPLOYED (ROCE) ✓	The reduction in ROCE from last year reflects an increase in average net operating assets, partially offset by an increase in underlying earnings.	14.7% LY14.8%	13/14 14.8% 12/13 15.8% 11/12 16.4%¹
	UNDERLYING EARNINGS PER SHARE ✓	The weighted average number of shares in issue during the period was 1,635.6m (last year 1,615.0m).	33.1p +2.8%	13/14 32.2p 12/13 31.9p 11/12 34.9p¹
	DIVIDEND PER SHARE	The Board is recommending a final dividend of 11.6p per share, resulting in a total dividend of 18.0p, 1.0p above last year.	18.0p +1.0p	13/14 17.0p 12/13 17.0p 11/12 17.0p
Strong cash generation	FREE CASH FLOW (PRE DIVIDEND)	Improvement was driven by better working capital management and improvements in underlying EBITDA.	£524.2m +22.5%	13/14 £427.9m 12/13 £204.1m 11/12 £385.2m
NON-FINANCIAL MEASURES				
Improving product sustainability	PRODUCTS WITH A PLAN A QUALITY ✓	A quality or feature regarded as a characteristic or inherent part of a product which has a demonstrable positive or significantly lower environmental and/or social impact during its sourcing, production, supply, use and/or disposal.	64% +7%	 M&S products 2013/14 57% 2009/10 40% Plan A quality
Reduce Impact	GROSS GREENHOUSE GAS EMISSIONS	Total gross CO ₂ e emissions resulting from M&S operated activities worldwide. We continue to offset emissions to a net figure of zero (carbon neutrality).	592,000 CO₂e +4.4% ²	Looking ahead Our aim is for all M&S products to have at least one Plan A quality by 2020. We have targets to improve energy efficiency by 50% and reduce refrigeration gas emissions by 80% by 2020. We also plan to continue to offset our gross greenhouse gas emissions to zero (carbon neutral).
	GROSS GREENHOUSE GAS EMISSIONS PER 1,000 SQ FT	Total gross CO ₂ e emissions per 1,000 sq ft resulting from M&S operated activities worldwide.	30 t CO₂e/1,000sqft Level	

STRATEGIC OBJECTIVES

OBJECTIVE	KPI	FOOD	GENERAL MERCHANDISE	M&S.COM	INTERNATIONAL
Driving growth	SALES REVENUE 	<p>UK REVENUE £5.2bn +3.4%</p> <p>13/14 £5.1bn</p> <p>Our strategy is to be more specialist and focus on quality and innovation. Through improvements in availability and choice, we made M&S food more relevant to our customers, more often.</p>	<p>UK REVENUE £4.0bn -2.5%</p> <p>13/14 £4.1bn</p> <p>Customers recognised the improvements in the style and quality of our clothing. Demonstrated improvements with positive GM sales growth in the last quarter.</p>	<p>TOTAL ONLINE SALES £636.5m³ -2.0%</p> <p>Total online sales £m</p>  <p>M&S.com sales returned to growth in the fourth quarter and we saw gradual improvement across all key metrics.</p>	<p>REVENUE £1.1bn -5.7%</p> <p>International revenue £bn</p>  <p>Includes retail sales for owned business and wholesale sales to franchise partners.</p>
Reaching customers	SALES GROWTH/ SPACE GROWTH/ ONLINE VISITS	<p>UK LFL SALES GROWTH 0.6%</p> <p>The Food division has seen 22 quarters of positive like-for-like sales growth</p> <p>UK SPACE GROWTH +2.9%</p> <p>We continued to grow our successful Simply Food store format.</p>	<p>UK LFL SALES GROWTH -3.1%</p> <p>Demonstrated improvements with positive GM sales growth in the last quarter.</p>	<p>WEEKLY SITE VISITS 6.1m +9.9%</p> <p>Over 7 million customers have now registered on M&S.com.</p>	<p>INTERNATIONAL SPACE GROWTH 7.1%</p> <p>We opened 24 net new International stores this year.</p>
Improve profitability	GROSS MARGIN/ PROFITS 	<p>UK GROSS MARGIN 32.8% +30bps</p> <p>Food gross margin was up as we eliminated inefficiencies by streamlining our processes.</p>	<p>UK GROSS MARGIN 52.6% +190bps</p> <p>GM gross margin improvement was largely as a result of better buying and sourcing, resulting in an overall increase in profitability.</p>	<p>UNDERLYING OPERATING PROFIT £92.3m -24.8%</p> <p>Profit was impacted by macroeconomic challenges in our Middle East region and the weakening euro.</p>	
Our plans for the future		<p>For 2015/16, the directors' remuneration targets will include cash flow, GM UK LFL sales, GM gross margin, M&S.com sales growth, and International sales and operating profit.</p>	<p>We see a material sales opportunity and a more modest gross margin opportunity. We will continue to exploit the opportunity in our Food business – maintaining our specialist strategy and growing our Food space.</p>	<p>We see a material gross margin improvement opportunity, with a more modest sales growth opportunity. In the year ahead we will continue to deliver gross margin benefits through a combination of a more direct approach to sourcing and improved trading capabilities.</p>	<p>We see a long term growth opportunity across a number of international markets. We anticipate that in the short term we will continue to be impacted by this year's weakening euro and challenging macroeconomic backdrop.</p>

 Linked to remuneration

- For the year ending 2011/12 no restatement for the revised IAS 19 'Employee Benefits' has been made.
- For year ended 2013/14, we have made adjustments to exclude a warehouse that is no longer under our operational control and include five smaller international warehouse locations.
- M&S.com sales for the year ending 2014/15 are on a post store returns basis. M&S.com sales have been restated on a consistent basis for years 2011/12 to 2013/14.

PLAN A

OUR JOURNEY AND IMPACT

Since its launch in 2007, Plan A has sparked a transformation across M&S...

PLAN A IMPACT ON CUSTOMERS

We've engaged our customers in a range of Plan A activities that benefit them, their communities and the environment.

2.8bn

**2.8BN CARRIER BAGS
SAVED** and £10m raised for a range of charities

£15m

RAISED FOR OXFAM
with over 20m Shwopping garments donated

1m

**CUSTOMERS ENGAGED
WITH PLAN A** online or through social media

£50m

**WE'VE HELPED TO
RAISE FOR CHARITIES**
by working with our customers, employees and other partners



Above Fundraising for Breakthrough Breast Cancer



Left Over one million customers getting involved with Plan A digitally

PLAN A IMPACT ON PRODUCTS

We've built Plan A into M&S products, reducing their impact on the environment and helping the people involved in making them.

64%

OF M&S PRODUCTS
have at least one Plan A social or environmental quality

32%

**OF THE COTTON USED
TO MAKE M&S CLOTHING**
comes from more sustainable sources

100%

**Of our wild fish is from
SOURCES THAT ARE
SUSTAINABLE or are
working to be sustainable
standards**

100%

**OF THE PALM OIL USED
in M&S products is covered
by ROUNDTABLE FOR
SUSTAINABLE PALM OIL
CERTIFICATION**



Above All our farmed fish meets M&S responsible sourcing standards

Below All the palm oil used in M&S products is covered by RSPO certification



PLAN A IMPACT ON SUPPLIERS

We've worked closely with our suppliers to help them become more efficient, reduce their environmental footprints and provide good working conditions for their employees.

32%

OF M&S FOOD comes
from suppliers that meet the M&S Silver Sustainable Factory standard

652,000

WORKERS in M&S General Merchandise supply chain have RECEIVED TRAINING FROM M&S SINCE 2010

102

**Of our largest
COOKING FACTORIES
WE HAVE ADOPTED
ENERGY EFFICIENCY
MEASURES** making estimated savings of 10%



Above Our Global Community Programme has 23 projects to help workers in M&S supply chains across 14 countries

SINCE 2007...

64%

OF M&S PRODUCTS HAVE
A PLAN A QUALITY
(MEETING AN M&S SOCIAL
OR ENVIRONMENTAL
BEST PRACTICE)

£50m

RAISED FOR A RANGE OF
NATIONAL AND LOCAL
CHARITIES

£160m

NET BENEFIT GENERATED BY
PLAN A IN 2014/15

PLAN A IMPACT ON OPERATIONS

We've improved the way we design and operate stores, warehouses and transport fleets in the UK and Republic of Ireland to increase efficiency and reduce waste.

Zero

M&S is the world's only major retailer with **CARBON NEUTRAL OPERATIONS**. (Zero net emissions)

Zero

Operational **WASTE TO LANDFILL** since 2012

36%

IMPROVED ENERGY EFFICIENCY per sq ft (after weather adjustment)

33%

IMPROVED EFFICIENCY across our delivery fleets



Above One of many awards for improved efficiency
Below The UK's largest single roof mounted solar panel array at our Castle Donington distribution centre which has been generating electricity since February 2015



PLAN A IMPACT ON EMPLOYEES

M&S employees have made it all happen – with great leadership from our Plan A Champions.

5,000

Paid **VOLUNTEERING DAYS** taken in 2014/15

38%

Of the **M&S BOARD** ARE FEMALE

3,800

WORK PLACEMENTS for unemployed people aged 25 years or under since 2013

79%

OF OUR PEOPLE are proud that their part of M&S contributes to Plan A



Above and below M&S employees are encouraged to become involved in their communities by supporting a range of national and local activities



PLAN A IMPACT ON SHAREHOLDERS

M&S shareholders have seen Plan A deliver financial benefits and transform the quality of information they receive.

£160m

NET BENEFIT generated by Plan A in 2014/15

£625m

NET BENEFIT generated by Plan A since 2007

12

NON-FINANCIAL **RESULTS** are included in our Annual Report as we integrate Plan A into how we create value

Below We report on Plan A in print and digitally



Plan A 2020

GOVERNANCE

REMUNERATION SUMMARY



Our remuneration framework is designed to ensure M&S is run with the **skills and expertise necessary to deliver our long-term priorities**.

VINDI BANGA CHAIRMAN OF THE REMUNERATION COMMITTEE

PAY FOR 2014/15

The M&S Remuneration Committee, chaired by Vindi Banga, recommends the strategy and framework for senior remuneration to the Board. They consider a number of factors with the aim that Board directors and senior management are fairly rewarded for their individual contributions to the Company's overall performance.

The following two pages provide summary information for the directors' pay arrangements for the 2014/15 financial year and an overview of key remuneration points for next year. Full details are set out in the Annual Report which is available on the Company's website marksandspencer.com/annualreport2015.

The table below shows the remuneration paid to each director serving on the M&S Board for 2014/15. The total Performance Share Plan (PSP) vested column relates to the final value of the share award granted in 2012.

For Alan Stewart, Steven Holliday and Jan du Plessis, who all left the business during the year, the figures below show all payments made to them until their respective Board leaving dates.

Salary/fees – The Committee reviews the executive directors' (EDs) salaries annually, taking into account factors such as Company performance, external market data and the salary review principles consistently applied to the rest of the organisation. No salary or fee increases were awarded to the directors during the year.

	Salary/ fees £000	Additional fees £000	Benefits £000	Total bonus £000	Total PSP vested £000	Pensions benefits £000	Total £000
Executive directors							
Marc Bolland	975	–	19	596	193	293	2,076
Patrick Bousquet-Chavanne	525	–	36	222	59	131	973
John Dixon	600	–	25	217	111	150	1,103
Steve Rowe	525	–	42	653	60	131	1,411
Alan Stewart (resigned 10 July 2014)	162	–	6	0	0	40	208
Laura Wade-Gery	552	–	21	219	107	138	1,037
Chairman							
Robert Swannell	70	380	18	–	–	–	468
Non-executive directors							
Vindi Banga	70	12	–	–	–	–	82
Alison Brittain	70	0	–	–	–	–	70
Miranda Curtis	70	0	–	–	–	–	70
Martha Lane Fox	70	0	–	–	–	–	70
Andy Halford	70	15	–	–	–	–	85
Steven Holliday (retired 8 July 2014)	19	4	–	–	–	–	23
Jan du Plessis (retired 4 March 2015)	64	28	–	–	–	–	92

Fees payable to the non-executive directors (NEDs) include their basic Board fee plus any additional fees for undertaking extra responsibilities such as the role of Chairman or Committee Chairman.

Benefits & pension – EDs and the Chairman receive a car or cash allowance and the use of a driver. EDs also receive life assurance, a salary supplement of 25% of salary (30% for the Chief Executive) instead of participating in the pension scheme and can also participate in salary sacrifice schemes available to all other employees. All directors are eligible to receive employee product discount.

2014/15 annual bonus – As a result of both achievement against pre-determined performance targets, bonus payments made to the EDs ranged from 18% – 62% of maximum bonus potential (maximum opportunity being 200% of salary). Performance targets took into account a range of measures, with all EDs being measured against Group Profit Before Tax (PBT) and three individual measures which reflected their key priorities aligned to the business strategy. For those directors with business unit responsibility, profitability for their area was also measured. Plan A performance was also taken into account, making sure that the way we do business is a major area of focus for all EDs.

PSP vested – Long-term shares awarded under the Company's PSP are subject to challenging three-year performance targets before they are payable to an individual. Performance measures used are designed to focus participants on both top-line and bottom-line business performance. Share awards granted in 2012 were subject to Earnings Per Share (EPS), Return on Capital Employed (ROCE) and Revenue targets. As a result of the three-year performance against these measures, 4.7% of the original award will vest in 2015.

PAY FOR 2015/16

Looking ahead, the following section provides a summary of the main highlights of the EDs' remuneration arrangements for next year.

Salary review

The Committee discussed the EDs' salaries, taking into account individual performance, the increases which would apply to the rest of the organisation and the fact that the salary review date has moved from January 2015 to July 2015 (an 18-month period). Salary increases which become effective from 1 July 2015 are as follows:

Marc Bolland	0%
Patrick Bousquet-Chavanne	4%
John Dixon	2%
Steve Rowe	6%
Laura Wade-Gery	3%
Helen Weir ¹	–

1. Helen Weir joined the Board on 1 April 2015 and was not eligible for this salary review.

Marc Bolland has again at his own request asked to not receive any increase in July 2015. He has not had a salary increase since he joined M&S in 2010.

Incentive arrangements for 2015/16

The Committee reviewed the EDs' remuneration framework and performance targets to make sure that they both support and drive the strategic business priorities as well as encouraging the behaviours, values and ethics which underpin the way we do business at M&S. The timing of this review was partly linked to the need to renew our existing share plan arrangements, which expire in 2015. You will be asked to vote to approve the renewal of the share plans at the upcoming AGM. Further details of this are set out in the Notice of Meeting (see page 22).

The Committee concluded that no significant changes to either the bonus scheme or PSP were necessary. Maximum bonus opportunity will remain at 200% of salary and, consistent with previous years, EDs will be granted PSP awards of 250% of salary. Minor amendments to performance conditions will provide an even clearer fit with the business's current strategic priorities. In particular, the financial strategic scorecard element of the PSP will also include targets for GM gross margin growth and cumulative free cash flow as well as continued focus on revenue in M&S.com and International. These changes reflect the desire to return cash to shareholders and the absolute importance of improvements in GM for the long-term sustainable success of M&S.

Clawback

As part of the renewed plan rules which you are being asked to vote on, the Committee has taken the opportunity to introduce clawback provisions in line with updated UK corporate governance guidance. These provisions will apply to any bonus award in 2016 and beyond, and to any award made under the Company's executive share plans from 2015 onwards. These provisions will allow the Committee in certain circumstances, such as gross misconduct, to require the repayment of awards which have vested up to three years previously (two years in the case of PSP awards).

Helen Weir

Helen Weir who joined the M&S Board on 1 April 2015, after the end of the 2014/15 financial year, does not appear in the table on the previous page. Her current annual salary is £590,000 and will not be increased in July 2015. Helen will receive benefits in line with those provided to other EDs. For the first year with M&S, she will receive a payment of £188,500 paid in 12 equal monthly instalments to compensate her for the loss in her contractual pension that she forfeited to join M&S. No other recruitment awards were made and she will receive an award under the PSP as part of her normal annual remuneration.

GOVERNANCE

OUR BOARD

We have built a team with **the skills and experience to support our strategy.**

ROBERT SWANNELL CHAIRMAN

CHAIRMAN



Robert Swannell
Chairman

EXECUTIVE DIRECTORS



Marc Bolland
Chief Executive Officer



Helen Weir
Chief Finance Officer



Patrick Bousquet-Chavanne
Executive Director, Marketing and International



John Dixon
Executive Director, General Merchandise



Steve Rowe
Executive Director, Food



Laura Wade-Gery
Executive Director, Multi-channel

GROUP SECRETARY



Amanda Mellor
Group Secretary and Head of Corporate Governance

INDEPENDENT NON-EXECUTIVE DIRECTORS



Vindi Banga
Senior Independent Director



Alison Brittain
Non-Executive Director



Miranda Curtis
Non-Executive Director

KEY TO COMMITTEES

- N** Nomination
- A** Audit
- R** Remuneration
- cc** Committee Chair

Full biographical details of each director are available on marksandspencer.com/thecompany



Martha Lane Fox
Non-Executive Director



Andy Halford
Non-Executive Director



Richard Solomons
Non-Executive Director

NOTICE OF ANNUAL GENERAL MEETING 2015

WEMBLEY STADIUM, WEMBLEY
LONDON HA9 0WS
TUESDAY 7 JULY 2015 AT 11AM

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to the action you should take, you should immediately consult your stockbroker, bank manager, solicitor, accountant or other independent professional adviser authorised under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if you reside elsewhere, another appropriately authorised financial adviser.



NOTICE OF MEETING 2015

DEAR SHAREHOLDER

I am pleased to invite shareholders to the 13th Annual General Meeting of Marks and Spencer Group plc.

AMANDA MELLOR GROUP SECRETARY



INTRODUCTION

ANNUAL GENERAL MEETING (AGM)

The AGM is an important day in our calendar and is the Board's opportunity to present the Company's performance and strategy to shareholders and to listen and respond to your questions.

This year the AGM will be held at Wembley Stadium, Wembley, London HA9 0WS. This venue offers superb facilities, is accessible by Bus, Rail and Tube and continues to be our venue of choice for both internal and external business conferences in 2015.

More details about the day, how to get there, including a map, can be found from page 24 of this Notice.

The formal Notice of Meeting is attached to this letter. The meeting will start at 11am, with light refreshments available before the meeting and following its conclusion. After the meeting, a lunch bag will be provided for you to enjoy either at the venue or during your onward journey.

If you cannot attend the meeting, we would still like to understand the themes and issues of concern to you, as shareholders. You may send your comments by e-mail to chairman@marks-and-spencer.com, with the heading AGM 2015 or, if you prefer, on the Shareholder Topics card included with this booklet.

YOUR VOTE COUNTS

Your vote is important to us – you can:

- Register your proxy vote electronically by logging on to our Registrars' website, www.sharevote.co.uk, or by using the service offered by Euroclear UK & Ireland Limited for members of CREST.
- Complete and return the enclosed proxy form.
- Attend and vote at the AGM.

VOTING

The accompanying proxy form invites you to vote in one of three ways for each of the resolutions: 'for', 'against' or 'vote withheld'.

At the meeting itself, the votes will be taken by poll rather than on a show of hands. The final result is more democratic as the proxy results are added to the votes of shareholders present, who vote all their shares (rather than one vote per person) using the 'Votenow' system. The results will be published on our website, marksandspencer.com/thecompany, together with a résumé of the meeting, and will be released to the London Stock Exchange.

In 2014 all resolutions were passed at the meeting with votes ranging from 88.25% to 99.99% in favour.

WEBSITE

Our corporate website, marksandspencer.com/thecompany, is the principal means we use to communicate with our shareholders. There is a wealth of information online including:

- A copy of our full Annual Report and Strategic Report.
- All the latest M&S news, press releases and investor presentations.
- A detailed account of our approach to corporate governance at M&S.

EXPLANATORY NOTES

An explanation of each of the resolutions is set out on the following pages.

FIND OUT MORE

⊕ ACM details & map on p24

⊕ Notice of Meeting on p18

RESOLUTIONS

**TO RECEIVE THE REPORTS
AND ACCOUNTS**

The Board asks that shareholders receive the reports of the directors and the financial statements for the 52 weeks ended 28 March 2015, together with the report of the auditors.

**APPROVAL OF THE DIRECTORS'
REMUNERATION REPORT**

The Directors' Remuneration Report (the 'Remuneration Report') is provided on pages 52 to 76 of the Annual Report. It sets out the pay and benefits received by each of the directors for the year ended 28 March 2015. In line with legislation this vote will be advisory and in respect of the overall remuneration package.

FINAL DIVIDEND

The Board proposes a final dividend of 11.6p per share for the year ended 28 March 2015. If approved, the recommended final dividend will be paid on 10 July 2015 to all shareholders who are on the register of members on 29 May 2015.

**ELECTION OF
DIRECTORS**

The directors believe that the Board continues to maintain an appropriate balance of knowledge and skills and that all the non-executive directors are independent in character and judgement. This follows a process of formal evaluation which confirms that each director makes an effective and valuable contribution to the Board and demonstrates commitment to the role (including making sufficient time available for Board and committee meetings and other duties as required).

In accordance with the UK Corporate Governance Code (the 'Code') and in line with previous years, all directors will again stand for election or re-election, as relevant, at the AGM this year. Biographical details of our directors can be found on pages 34 and 35 of the Annual Report

RESOLUTION

1

or on our website at marksandspencer.com/thecompany.

**APPOINTMENT AND
REMUNERATION OF AUDITORS**

On the recommendation of the Audit Committee, the Board proposes that Deloitte LLP be re-appointed as auditors of the Company. Resolution 18 proposes that the Audit Committee be authorised to determine the level of the auditors' remuneration.

RESOLUTION

2

RESOLUTION
17-18

**RENEWAL OF THE POWERS
OF THE BOARD TO ALLOT SHARES**

Paragraph (A) of this resolution would give the directors the authority to allot ordinary shares of the Company up to an aggregate nominal amount equal to £137,372,598 (representing 549,490,395 ordinary shares of 25p each). This amount represents approximately one-third of the Company's issued share capital as at 19 May 2015, the latest practicable date before the publication of this Notice.

RESOLUTION
19

In line with guidance issued by the Association of British Insurers ('ABI'), paragraph (B) of resolution 19 would give the directors authority to allot ordinary shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £274,745,197 (representing 1,098,980,789 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (A) of this resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 19 May 2015, the latest practicable date before the publication of this Notice.

The authorities sought under paragraphs (A) and (B) of this resolution will expire on the date of the ACM in 2016 or on 27 September 2016, whichever is sooner.

The directors have no present intention to exercise either of the authorities sought under this resolution, except, under paragraph (A), to satisfy options under the

RESOLUTION

3

RESOLUTIONS
4-16

RESOLUTIONS CONTINUED

Company's share option schemes, but the Board wishes to ensure that the Company has maximum flexibility in managing the Group's capital resources. Where the Board does use the additional authority described in (B), the directors intend to follow ABI recommendations that all of the directors will stand for re-election at the next AGM. As at the date of this Notice, no shares are held by the Company in treasury.

**DISAPPLICATION OF PRE-EMPTION
RIGHTS IN CERTAIN CIRCUMSTANCES**

The directors are also seeking authority to allot ordinary shares for cash without first offering them to existing shareholders in proportion to their existing shareholdings. This authority would be, similar to previous years, limited to allotments in connection with pre-emptive offers, up to an aggregate nominal amount of £20,605,889 (representing 82,423,559 ordinary shares). This aggregate nominal amount represents approximately 5% of the Company's issued ordinary share capital as at 19 May 2015, being the latest practicable date before the publication of this Notice, and corresponds with the guidance produced by the ABI and the National Association of Pension Funds.

The directors have no current intention to allot shares except in connection with employee share schemes. The Company has issued 42,034,509 ordinary shares in the past three years, on a non pre-emptive basis, which represents 2.55% of issued share capital. This is in line with the Pre-Emption Group's Statement of Principles, which state that companies should not issue more than 7.5% of their issued share capital on a non pre-emptive basis over a rolling three-year period without prior consultation with shareholders. The authority sought under this resolution will expire on the date of the AGM in 2016 or on 27 September 2016, whichever is sooner.

**AUTHORISATION FOR THE COMPANY
TO PURCHASE ITS OWN SHARES**

Authority is sought for the Company to purchase up to 10% of its issued ordinary shares, renewing the authority granted by the shareholders at previous AGMs. At the date of publication of this Notice, no shares have been bought back under the current authority. However, as announced on 20 May 2015, the directors intend to exercise the authority to make market purchases through a share buyback programme that aims to return £150m of cash to shareholders.

Ordinary shares purchased by the Company pursuant to this authority may be held in treasury or may be cancelled. It is the Company's present intention to cancel any shares it buys back rather than hold them

**RESOLUTION
20**

in treasury. The Company currently has no ordinary shares in treasury. The minimum price, exclusive of expenses, which may be paid for an ordinary share is 25p. The maximum price, exclusive of expenses, which may be paid for an ordinary share is the highest of (i) an amount equal to 105% of the average market value for an ordinary share for the five business days immediately preceding the date of the purchase and (ii) the higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out.

The Company has options outstanding over 28.8 million ordinary shares, representing 1.75% of the Company's issued ordinary share capital as at 19 May 2015, the latest practicable date before the publication of this Notice. If the existing authority given at the 2014 AGM and the authority now being sought by Resolution 21 were to be fully used, these options would represent 1.94% of the Company's ordinary share capital in issue at that date.

**RESOLUTION
22**
**NOTICE OF
GENERAL MEETINGS**

In terms of the Companies Act 2006 (the '2006 Act'), the notice period for general meetings (other than an AGM) is 21 clear days' notice unless the Company:

- Has gained shareholder approval for the holding of general meetings on 14 clear days' notice by passing a special resolution at the most recent AGM.
- Offers the facility for all shareholders to vote by electronic means.

**RESOLUTION
21**

The Company would like to preserve its ability to call general meetings (other than an AGM) on less than 21 clear days' notice. The shorter notice period would not be used as a matter of routine, but only where the flexibility is merited by the business of the meeting and is thought to be in the interests of shareholders as a whole. Resolution 22 seeks such approval. Should this resolution be approved it will be valid until the end of the next AGM. This is the same authority that was sought and granted at last year's AGM.

**RESOLUTION
23**
**AUTHORITY TO MAKE
POLITICAL DONATIONS**

The 2006 Act prohibits companies from making any political donations to EU political organisations, independent candidates or incurring EU political expenditure unless authorised by shareholders in advance.

The Company does not make and does not intend to make donations to EU political organisations or independent election candidates, nor does it incur any EU political expenditure.

RESOLUTIONS CONTINUED

However, the definitions of political donations, political organisations and political expenditure used in the 2006 Act are very wide. As a result this can cover activities such as sponsorship, subscriptions, payment of expenses, paid leave for employees fulfilling certain public duties, and support for bodies representing the business community in policy review or reform. Shareholder approval is being sought on a precautionary basis only, to allow the Company and any company, which at any time during the period for which this resolution has effect, is a subsidiary of the Company, to continue to support the community and put forward its views to wider business and government interests, without running the risk of being in breach of the legislation.

The Board is therefore seeking authority to make political donations to EU political organisations and independent election candidates not exceeding £50,000 in total and to incur EU political expenditure not exceeding £50,000 in total. In line with best practice guidelines published by the ABI, this resolution is put to shareholders annually rather than every four years as required by the 2006 Act. For the purposes of this resolution, the terms 'political donations', 'political organisations', 'independent election candidate' and 'political expenditure' shall have the meanings given to them in sections 363 to 365 of the 2006 Act.

TO INTRODUCE A REPLACEMENT PERFORMANCE SHARE PLAN AND A REPLACEMENT EXECUTIVE SHARE OPTION PLAN

RESOLUTIONS
24-25

As set out in the Remuneration Report, the Company's existing Performance Share Plan and Executive Share Option Plan expire in 2015. The Remuneration Committee (the 'Committee') has undertaken a comprehensive review of the design, structure and rules of those plans, taking into account investor views and market practice.

The Committee has concluded that the design and structure of the plans remain appropriate and the Company is therefore seeking shareholder approval for two replacement plans. The rules and proposed operation of the two new plans would be substantially the same as the current plans.

The Performance Share Plan: The Performance Share Plan would remain the Company's primary long-term incentive arrangement. It is currently intended that the highest levels of executives (approximately 150 individuals) would receive awards. The initial awards would be over shares worth 250% of base salary for executives at the highest level (currently six individuals), with lower award levels for less senior executives. The maximum award which could be made to any individual

under the plan in any financial year would be the maximum permitted for a director under the Company's Remuneration Policy from time to time (currently 300%).

Vesting of the initial awards will be based on targets measured over three financial years. These are described in the appendix to this Notice and the Annual Report on Directors' Remuneration, and for the initial awards comprise Earnings Per Share, Return on Capital Employed and a strategic scorecard of financial measures. The Committee considers that the targets are demanding in the context of the Company's business strategy.

The Executive Share Option Plan: Although the Committee has not used the existing Executive Share Option Plan since it was adopted in 2005 and does not currently intend to do so in the future, it wishes to have the flexibility to make grants from time to time. These would be made on an exceptional basis, including upon recruitment if it considers it appropriate to do so, and for grants to directors of the Company, only where in line with the Remuneration Policy approved by shareholders. The normal annual individual limit applying to grants will remain 250% of base salary, rising to 400% on recruitment. The economic value of any grants under the new Executive Share Option Plan made to an individual in a year will be taken into account in calculating the scope to make awards under the Performance Share Plan to that individual in the same year and vice versa. The vesting of options will be subject to the satisfaction of performance conditions which the Remuneration Committee considers are appropriate at the time of grant.

The principal terms of the new Performance Share Plan and the new Executive Share Option Plan are set out in the appendix to this Notice.

RECOMMENDATION

Your directors believe that the proposals described in this booklet are in the best interests of the Company and its shareholders as a whole and recommend you to give them your support by voting in favour of all the resolutions, as they intend to in respect of their own beneficial shareholdings.



Amanda Mellor
Group Secretary
4 June 2015

MARKS AND SPENCER GROUP PLC

NOTICE OF MEETING

7 JULY 2015

Notice is hereby given that the Annual General Meeting of Marks and Spencer Group plc will be held at Wembley Stadium, Wembley, London, HA9 0WS on Tuesday 7 July 2015 at 11am (the 'AGM') for the purposes set out below:

Resolutions 1 to 19, 23 to 25 will be proposed as ordinary resolutions and resolutions 20 to 22 will be proposed as special resolutions.

1. To receive the reports of the directors and the financial statements for the 52 weeks ended 28 March 2015, together with the report of the auditors.

2. To approve the Directors' Remuneration Report.

3. To declare a final dividend of 11.6p per ordinary share.

To elect the following directors who were appointed by the Board since the last Annual General Meeting:

4. Helen Weir

5. Richard Solomons

To elect the following directors who are seeking annual re-election in accordance with the UK Corporate Governance Code:

6. Vindi Banga

7. Alison Brittain

8. Marc Bolland

9. Patrick Bousquet-Chavanne

10. Miranda Curtis

11. John Dixon

12. Martha Lane Fox

13. Andy Halford

14. Steve Rowe

15. Robert Swannell

16. Laura Wade-Gery

17. To resolve that Deloitte LLP be, and are hereby, re-appointed as auditors of the Company to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

18. To resolve that the Audit Committee determine the remuneration of the auditors on behalf of the Board.

To view our Board biographies go to the governance section of marksandspencer.com/annualreport2015 and follow the link. Those with a QR Reader app can use the link to the right.

DIRECTORS' AUTHORITY TO ALLOT SHARES

19. To resolve that the directors be and are hereby authorised generally and unconditionally to exercise all the powers of the Company to allot relevant securities (as defined in section 551 of the Companies Act 2006):

(A) Up to a nominal amount of £137,372,598;

(B) Comprising equity securities (as defined in section 560(1) of the Companies Act 2006) up to a nominal amount of £274,745,197 (such amount to be reduced by any allotments made under paragraph (A) above) in connection with an offer by way of a rights issue:

(i) To ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) To holders of other equity securities as required by the rights of those securities or as the directors otherwise consider necessary,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or laws of, any territory or any matter.

The authorities conferred on the directors to allot securities under paragraphs (A) and (B) will expire on the date of the AGM of the Company to be held in 2016 or on 27 September 2016 whichever is sooner, unless previously revoked or varied by the Company, and such authority shall extend to the making before such expiry of an offer or an agreement that would or might require relevant securities to be allotted after such expiry, and the directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred hereby had not expired.

DISAPPLICATION OF PRE-EMPTION RIGHTS

20. To resolve as a special resolution that, if resolution 19 is passed, the directors be given power to allot equity securities (as defined in the Companies Act 2006) for cash under the authority given by that resolution (set out in this Notice of Meeting) as if section 561 of the Companies Act 2006 did not apply to any such allotment, provided that such power be limited:

(A) To the allotment of equity securities for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (B) of resolution 19, by way of a rights issue only):



NOTICE OF MEETING CONTINUED

(i) To ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(ii) To holders of other equity securities as required by the rights of those securities or, as the directors otherwise consider necessary,

and so that the directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with any treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or laws of, any territory or any matter.

(B) In the case of the authority granted under paragraph (A) of resolution 19 and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (A) above) of equity securities up to a nominal amount of £20,605,889,

and shall expire at the conclusion of the AGM to be held in 2016 or on 27 September 2016, whichever is sooner (unless previously revoked or varied by the Company in general meeting), provided that the Company may before that date make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the directors may allot equity securities (and sell treasury shares) under any such offer or agreement as if the power had not ended.

COMPANY'S AUTHORITY TO PURCHASE ITS OWN SHARES

21. To resolve as a special resolution that the Company is authorised for the purposes of section 701 of the Companies Act 2006 to make one or more market purchases (as defined in section 693(4) of the Companies Act 2006) of its ordinary shares of 25p each ('Ordinary Shares'), such power to be limited:

(A) To a maximum number of 164m Ordinary Shares.

(B) By the condition that the minimum price which may be paid for an Ordinary Share is 25p and the maximum price which may be paid for an Ordinary Share is the highest of:

(i) An amount equal to 5% above the average market value of an Ordinary Share for the five business days immediately preceding the day on which that Ordinary Share is contracted to be purchased; and

(ii) The higher of the price of the last independent trade and the highest current independent bid on the trading venues where the purchase is carried out,

in each case, exclusive of expenses, such power to apply until the end of the AGM to be held in 2016 or until 27 September 2016, whichever is sooner, but in each case so that the Company may enter into a contract to purchase Ordinary Shares which will or may be completed or executed wholly or partly after the power ends and the Company may purchase Ordinary Shares pursuant to any such contract as if the power had not ended.

CALLING OF GENERAL MEETINGS ON 14 DAYS NOTICE

22. To resolve as a special resolution that a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

POLITICAL DONATIONS

23. To resolve that in accordance with section 366 of the Companies Act 2006 the Company and any company which, at any time during the period for which this resolution has effect, is a subsidiary of the Company, be and are hereby authorised (i) to make political donations to EU political organisations or independent election candidates not exceeding £50,000 in total; and (ii) incur EU political expenditure not exceeding £50,000 in total, in each case during the period commencing on the date of this resolution and ending on the date of the AGM of the Company to be held in 2016 or on 27 September 2016, whichever is sooner.

EMPLOYEE SHARE PLANS

24. To resolve as an ordinary resolution:
That the Marks and Spencer Group Performance Share Plan 2015 (the 'Plan'), the principal terms of which are summarised in the appendix to this Notice and the rules of which are produced to the meeting and signed by the Chairman for the purposes of identification, is approved and the directors are authorised to:

(A) Make such modifications to the Plan as they may consider appropriate to take account of the requirements of the UK Listing Authority and best practice and to adopt the Plan as so modified and to do all such acts and things as they may consider appropriate to implement the Plan.

(B) Establish further plans for the benefit of employees outside the UK, based on the Plan but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such plans are treated as counting against the limits on individual and overall participation contained in the Plan.

25. To resolve as an ordinary resolution:
That the Marks and Spencer Group Executive Share Option Plan 2015 (the 'Option Plan') the principal terms of which are summarised in the appendix to this Notice and the rules of which are produced to the meeting and signed by the Chairman for the purposes of identification, is approved and the directors are authorised to:

(A) Make such modifications to the Option Plan as they may consider appropriate to take account of the requirements of HMRC, the UK Listing Authority and best practice and to adopt the Option Plan as so modified and to do all such acts and things as they may consider appropriate to implement the Option Plan.

(B) Establish further plans for the benefit of employees outside the UK, based on the Option Plan, but modified to take account of local tax, exchange control or securities laws in overseas territories, provided that any shares made available under such plans are treated as counting against the limits on individual and overall participation contained in the Option Plan.

By order of the Board

Amanda Mellor, Group Secretary

4 June 2015, London

Registered office Waterside House, 35 North Wharf Road, London W2 1NW.

Registered in England and Wales No. 4256886.

NOTES

1. Biographies of the directors seeking election are given in the Annual Report, including membership of the principal committees. The terms of their service contracts are such that all executive director appointments may be terminated by the Company giving 12 months' notice and by the individual giving six months' notice; non-executive directors have agreements for service which can be terminated on three months' notice by either party; Robert Swannell has an agreement for service which requires six months' notice by either party.

2. Registered Shareholders: Members are entitled to appoint a proxy to exercise all or any of their rights to attend, speak and vote on their behalf at the AGM. Members may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a shareholder of the Company. A proxy form which may be used to make such appointment and give proxy instructions accompanies this Notice. If you do not have a proxy form and believe that you should have one, or if you require additional proxy forms (to appoint more than one proxy), please contact our shareholder helpline on 0845 609 0810, or alternatively, you may photocopy the enclosed proxy form. Please indicate the number of shares in relation to which they are authorised to act as your proxy in the box below the proxy holder's name. Please also indicate if the instruction is one of multiple instructions being given. If a proxy is being appointed for less than your full entitlement, please enter in the box below the proxy holder's name, the number of shares in relation to which they are entitled to act. The proxy form accompanying this Notice assumes you wish to vote on all of your shares in the same way. To vote only part of your holding or to vote some shares one way and some another, please contact the shareholder helpline. All proxy forms must be signed and should be returned together.

3. If you would like to submit your vote electronically, please visit sharevote.co.uk, where there are full instructions. You are advised to read the terms and conditions of use. If you return paper and electronic instructions, those received last by the registrar before 11am on Friday 3 July 2015 will take precedence. Electronic communication facilities are available to all shareholders and those that use them will not be disadvantaged.

4. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

5. To be valid, any proxy form or other instrument appointing a proxy must be received by post (during normal business hours only) or by hand at Equiniti, Aspect House, Spencer Road, Lancing, West Sussex, BN99 6TW no later than 11am on Friday 3 July 2015.

6. The return of a completed proxy form, other such instrument or any CREST proxy instruction (as described in paragraph 13 below) will not prevent a shareholder attending the AGM and voting in person if he/she/they wishes to do so.

7. Indirect Shareholders: Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement between him/her and the shareholder by whom he/she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

8. The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 2 to 5 does not apply to Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.

9. To be entitled to attend, speak, and vote at the meeting (and for the purpose of the determination by the Company of the votes they may cast), shareholders must be entered on the Register of Members of the Company by 6pm on Friday 3 July 2015 (or, in the event of any adjournment, on the date which is 48 hours before the time of the adjourned meeting). Changes to the Register of Members after the relevant deadline shall be disregarded in determining the rights of any person to attend, speak and vote at the meeting.

10. The following documents are available for inspection at an agreed time (please ring +44 (0) 20 8718 9888) during normal business hours on any weekday (Saturdays, Sundays and public holidays excluded), at the Company's registered office, Waterside House, 35 North Wharf Road, London W2 1NW. They will also be available for inspection at Wembley Stadium, Wembley, London HA9 0WS from 10am on 7 July 2015 until the conclusion of the AGM:

- (i)** Copies of the executive directors' service contracts.
- (ii)** Copies of the non-executive directors' letters of appointment.
- (iii)** Copies of the directors' Deeds of Indemnity.
- (iv)** A copy of the current Memorandum and Articles of Association of the Company.

11. Shareholders are advised that unless otherwise specified, the telephone numbers, website and email addresses set out in this Notice or proxy forms are not to be used for the purpose of serving information or documents on the Company, including the service of documents or information relating to proceedings at the Company's AGM.

NOTES CONTINUED

12. As at 19 May 2015 (the latest practicable date before the publication of this Notice) the Company's issued share capital consists of 1,648,471,184 ordinary shares carrying one vote each. Therefore, the total voting rights in the Company as at 19 May 2015 are 1,648,471,184.

13. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the ACM and any adjournment thereof by using the procedures described in the CREST manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a service provider, should refer to their CREST sponsor or voting service provider, who will be able to take the appropriate action on their behalf.

14. In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST proxy instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instruction, as described in the CREST manual (available via euroclear.com/CREST). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Equiniti (ID RA19) by 11am on Friday 3 July 2015. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which Equiniti is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

15. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST proxy instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his/her/their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST manual concerning practical limitations of the CREST system and timings.

16. The Company may treat as invalid a CREST proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

17. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member, provided that they do not do so in relation to the same shares.

18. Under section 527 of the Companies Act 2006, members meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the auditor's report and the conduct of the audit) that are to be laid before the ACM; or (ii) any circumstance connected with an auditor of the Company ceasing to hold office since the previous meeting at which annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. The Company may not require the shareholders requesting any such website publication to pay its expenses in complying with sections 527 or 528 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's auditor not later than the time when it makes the statement available on the website. The business which may be dealt with at the ACM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

19. Any member attending the meeting has a right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the meeting but no such answer need be given if (a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.

20. A copy of this Notice, and other information required by section 311A of the Companies Act 2006, can be found at marksandspencer.com/thecompany.

21. A copy of the draft rules of the Marks and Spencer Group Performance Share Plan 2015 and the Marks and Spencer Group Executive Share Option Plan 2015 will be available for inspection at Slaughter and May, One Bunhill Row, London, EC1Y 8YY during normal business hours on any weekday, except Saturdays and public holidays, from the date of this Notice up to and including the date of the AGM, and at Wembley Stadium, Wembley, London HA9 0WS from at least 15 minutes prior to the meeting until its conclusion.

22. Please see the letter from the Group Secretary on page 14 dated 4 June 2015 for further explanatory notes.

APPENDIX

Summary of the principal terms of the Marks and Spencer Group plc Performance Share Plan 2015 (the 'PSP') and the Marks and Spencer Group Executive Share Option Plan 2015 (the 'Option Plan' and together the 'Plans').

The Company's Remuneration Committee (the 'Committee') will supervise operation of the Plans. References to awards below include PSP awards and Option Plan options unless otherwise indicated. One part of the Option Plan is designed to meet the requirements of a Company Share Option Plan (CSOP) under the Income Tax (Earnings and Pensions) Act 2003.

ELIGIBILITY

Any employee (including executive directors) of the Company and participating subsidiaries will be eligible to participate in either of the Plans at Committee discretion.

GRANT

PSP awards may comprise nil-cost options to acquire Company shares ('Shares'), rights to free Shares or Shares forfeitable if awards lapse. Equivalent cash-based or cash-satisfied awards may be granted. Option Plan awards are options to acquire Shares with an exercise price not less than the Shares' market value (i.e. the average over up to five business days before grant or, if the Committee decides, on the business day before grant). Share appreciation rights may be granted entitling participants to Shares/cash equal to the option gain at exercise.

Awards may be granted within six weeks following shareholder approval of the Plans and announcement of Company results for any period. Awards may also be granted when exceptional circumstances in the Committee's view justify grant.

INDIVIDUAL LIMIT

An individual may not receive PSP awards in any financial year over Shares with a market value exceeding the director PSP maximum in the prevailing Remuneration Policy (currently 300% of annual base salary).

An individual may not receive Option Plan options in any financial year over Shares with market value exceeding the director Option Plan maximum in the prevailing Remuneration Policy (currently 250% of annual base salary or on recruitment 400% of annual base salary). The maximum value of Shares for CSOP grants may not exceed the CSOP legislation limit (currently £30,000).

VESTING

PSP awards and Option Plan options normally vest following the third anniversary of grant after determination of performance conditions provided the participant remains employed in the Group. Following vesting, awards which are options are normally exercisable up to the tenth anniversary of grant.

The Committee may decide that PSP participants receive cash/Shares on vesting equivalent to dividends that would have been paid between grant and vesting.

PERFORMANCE CONDITIONS

PSP award vesting will depend on performance against performance conditions set by the Committee. For initial PSP awards in 2015, the conditions are Earnings Per Share (EPS), Return on Capital Employed (ROCE) and a strategic scorecard of financial measures.

EPS (50% of maximum award)

EPS of 5% for threshold vesting and 12% for maximum vesting remains unchanged from the 2014 awards.

ROCE (20% of maximum award)

ROCE of 15% for threshold vesting and 16.5% for maximum vesting remains unchanged from the 2014 awards.

Financial strategic scorecard (30% of maximum award)

To reflect our strategic priorities, the three revenue metrics of the scorecard will be replaced by four equally weighted financial measures as follows:

- International sales growth over three years (with a target range of 5% p.a. to 15% p.a.).
- M&S.com sales growth over three years (with a target range of 11% p.a. to 18% p.a.).
- General Merchandising (GM) gross margin improvement.
- Cumulative free cash flow (with a target range of £1.35bn to £1.65bn).

The revenue growth targets for International and M&S.com reflect growth ambitions for these elements of the business. GM gross margin improvement and free cash flow metrics reflect the priorities essential to the transformation plan. Targets for the GM gross margin measure are considered commercially sensitive at the current time, but will be disclosed in the full at the point of vesting of awards.

APPENDIX CONTINUED

The Committee may set different targets and measures for awards made in future financial years. Chosen measures will aim to support and drive top-line and bottom-line performance in line with business strategy. For Executive Directors, any changes to targets and measures will be in line with the Directors' Remuneration Policy in place at the time.

The vesting of Option Plan options will be subject to such performance conditions as the Committee sets at grant.

LEAVERS

An award will lapse if a participant leaves the Group before the first anniversary of grant. It will also lapse if a participant leaves between then and vesting unless because of death, disability, ill-health, injury, retirement with the agreement of his/her employer, sale of the employing company/business out of the Group or any other reason at Committee discretion. In these circumstances the award will vest on the normal vesting date (unless the Committee permits vesting on leaving), to the extent performance conditions are satisfied. Awards will be pro-rated, unless the Committee otherwise decides, to reflect the period between grant and leaving.

DILUTION LIMITS

In any ten-year period the Company may not issue (or be able to issue) more than (a) 10% of the Company's issued ordinary share capital under the Plans and any other employee share plan adopted by the Company and (b) 5% of the Company's issued ordinary share capital under the Plans and any other executive share plan adopted by the Company. These limits include treasury Shares unless institutional investor bodies decide they need not count but exclude lapsed awards.

MALUS AND CLAWBACK

The Committee may in its absolute discretion determine before vesting to reduce the number of award Shares, cancel the award or impose further conditions on the award in circumstances it considers that is appropriate including, but not limited to, a material misstatement of the Company's audited results. In addition, the Committee may in its absolute discretion reclaim awards paid to individuals for up to two years after the respective vesting date, if the Committee determines the circumstances to be appropriate. Circumstances include gross misconduct or where a material misstatement of the financial reports has occurred. Clawback may be effected by requiring transfer of Shares, cash payment or reduction of awards.

CORPORATE EVENTS

On a takeover, scheme of arrangement or winding up (except an internal reorganisation) awards vest to the extent that the performance conditions have, in the Committee's opinion, been satisfied. Awards will be prorated (unless the Committee decides otherwise) to reflect the period between grant and vesting. On an internal reorganisation, awards will be replaced by equivalent awards over shares in a new holding company unless the Committee decides otherwise.

If a demerger, special dividend or similar event is proposed which, in the Committee's opinion, would materially affect the market price of Shares under awards, the Committee may determine those awards will vest to the extent the performance conditions have, in the Committee's opinion, been satisfied. Awards will be prorated (unless the Committee decides otherwise) to reflect the period between grant and vesting.

GENERAL

On a variation in the Company's share capital, a special dividend or any event that would materially affect the market price of the Shares, the Committee may adjust the number of award Shares and/or exercise price. No awards may be granted more than ten years after shareholder approval of the Plans. Awards are not transferable except on death and are not pensionable. No payment is required for grant. Shares allotted rank equally with other issued Shares, except dividends or rights with an earlier record date.

ALTERATIONS

The Committee may amend the Plans. Shareholder approval is needed for amendments to the advantage of participants relating to eligibility, limits, the basis for determining a participant's entitlement to, and the terms of, Shares or cash provided under the Plans and adjustment of awards. It is not needed for minor alterations to benefit the administration of the Plans, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or for any Group company. The Committee may amend any performance condition if an event occurs which causes it to consider it would not achieve its original purpose and the amended condition is, in its opinion, no less difficult to satisfy but for the event in question. The Company may also establish modified plans to take account of local tax, exchange control and securities laws in any overseas jurisdictions.

AGM SCHEDULE

WEMBLEY STADIUM, WEMBLEY, LONDON HA9 0WS

TIMINGS

Date: **Tuesday 7 July 2015**

9.30am Doors open, registration begins
Question Desk opens in the Bobby Moore Room on level 1
Tea and coffee available

10.15am Doors to the Great Hall open. Please make your way to the Great Hall on level 3 where hosts will direct you to your seats.

11.00am AGM begins

1.00pm (approximately) AGM closes – the results of the poll will be released to the London Stock Exchange once collated.

ADMISSION

Admission will be through the Club Wembley Main Entrance on Level B2 (see map opposite). Please plan to arrive before 10.30am to allow enough time for registration and security clearance, bringing your attendance card with you. This is either attached to your proxy form or, for those registered for electronic communications, is attached to the email you will have received. This will help us to register you more swiftly.

Shareholders with special needs Wembley Stadium is easily accessible by wheelchair users and has lift access inside. The Great Hall is also covered with an assisted hearing system and handsets will be available from the Customer Services Desk in the Bobby Moore Room on level 1.

For further information on the special needs facilities at the venue, please call Wembley Stadium direct on: 020 8795 9748 or 020 8795 9660.

Security Security measures will be in place to ensure your safety. Please note that bag searches will be in operation and any items deemed inappropriate will be removed and stored until the end of the event. It is highly unlikely, but should it be required, body searches may also be in operation. Flash photography is not allowed at the AGM.

TRANSPORT

Wembley Stadium is well served by numerous public transport links. In line with our Plan A commitments, we recommend that shareholders use these to travel to the meeting if possible.

London Underground and Main Line Railway Stations

Wembley Stadium is served by three stations:

Wembley Park (600m walk) – Jubilee and Metropolitan lines. There is only one lift to street level at this station, so please allow sufficient time to make your way to the venue.

Wembley Stadium (750m walk) – on the Chiltern Main Line, linking London Marylebone and the Midlands, Oxfordshire and Buckinghamshire.

Wembley Central (2km walk) – Bakerloo line and London Overground. Bus routes 83, 92 and 182 run towards Wembley Stadium from stop CM.

For further information regarding your journey, please contact Transport for London travel information on 0343 222 1234.

CAR PARKING

For those who wish to travel to the AGM by car, there is parking available in the Green Car Park. The location of the car park is indicated on the map opposite. It is operated by CSP Ltd and car park spaces are pay on display. For further information regarding parking please visit gotocsp.com.

FURTHER INFORMATION

WEBCAST

For shareholders unable to attend the AGM, the meeting will be webcast live from 11.00am via our website, marksandspencer.com/thecompany. This will be publicly available to all internet users and will also be available to view online after the event. To register to view the webcast, please visit the website and follow the relevant links.

Shareholders attending the AGM should be aware that the proceedings of the meeting will be filmed for the purposes of this webcast. M&S reserves the right to retain and use footage or stills for any purposes, including Annual Reports, marketing materials and other publications.

If you have any queries about the AGM or the contents of this document, please call Marks & Spencer Group Secretariat on **+44 (0) 20 8718 9888**.

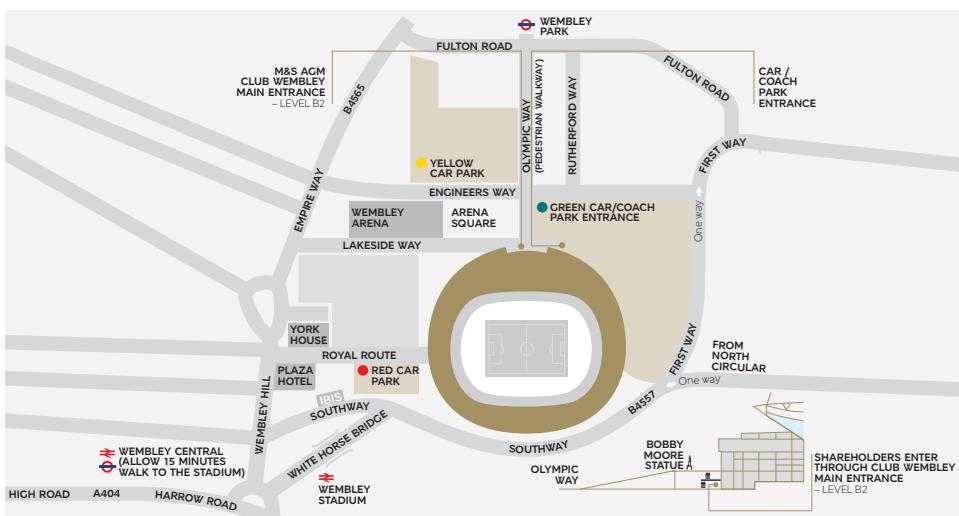
Live webcast from 11.00am
via our website
marksandspencer.com/thecompany

M&S

EST. 1884



AGM LOCATION



2015/16 FINANCIAL CALENDAR AND KEY DATES

28 May 2015	Ex-dividend date – Final dividend
29 May 2015	Record date to be eligible for the final dividend
07 July 2015	Results – Quarter 1 Interim Management Statement [†]
07 July 2015	Annual General Meeting (11am)
10 July 2015	Final dividend payment date for the year to 28 March 2015
04 November 2015*	Results – Half Year [†]
12 November 2015*	Ex-dividend date – Interim dividend
13 November 2015*	Record date to be eligible for the interim dividend
January 2016*	Results – Quarter 3 Interim Management Statement [†]
08 January 2016*	Interim dividend payment date

[†] Those who have registered for electronic communication or news alerts at marksandspencer.com/thecompany will receive notification by email when this is available.

* Provisional dates.

SHAREHOLDER SECURITY

An increasing number of shareholders have been contacting us to report unsolicited and suspicious phone calls received from purported 'brokers' who offer to buy their shares at a price far in excess of their market value. It is unlikely that firms authorised by the Financial Conduct Authority (FCA) will contact you with offers like this. As such, we believe these calls are part of a scam, commonly referred to as a 'boiler room'. The callers obtain your details from publicly available sources of information, including the Company's share register, and can be extremely persistent and persuasive.

Shareholders are cautioned to be very wary of any unsolicited advice, offers to buy shares at a discount, sell your shares at a premium or requests to complete confidentiality agreements with the callers. **Remember, if it sounds too good to be true, it probably is!**

More detailed information and guidance is available on our corporate website. An overview of current common scams is available on the Action Fraud website actionfraud.police.uk.

SHAREHOLDER INFORMATION

USEFUL CONTACTS

Marks and Spencer Group plc

Registered Office

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

Registrar

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

MANAGING YOUR SHARES ONLINE

Shareholders can manage their holdings online by registering with Shareview, a secure online platform provided by Equiniti. Registration is a straightforward process and allows shareholders to:

- Sign up for electronic shareholder communication.
- Receive trading updates by email.
- View all of their shareholdings in one place.
- Update their records following a change of address.
- Have dividends paid into their bank account.
- Vote in advance of Company general meetings.

M&S encourages shareholders to sign up for electronic communication as the reduction in printing costs and paper usage makes a valuable contribution to our Plan A commitments. It is also beneficial to shareholders, who can be notified by email whenever we release trading updates to the London Stock Exchange, which are not mailed to shareholders.

To find out more information about the services offered by Shareview and to register, please visit shareview.co.uk.

DIVIDENDS

Paid in January and July each year. We encourage shareholders to have their dividends paid directly into their bank account to ensure efficient payment and that cleared funds are received on the payment date. Shareholders who receive their dividend payments in this way receive a single, consolidated tax voucher annually in January, covering both dividend payments made during the tax year. We are able to send separate tax vouchers if preferred.

Shareholders can change their preferred dividend payment method online at shareview.co.uk or by contacting Equiniti.

DUPLICATE DOCUMENTS

Around 10,000 shareholders have more than one account on the share register and receive duplicate documentation from us as a result. If you fall into this group, please contact Equiniti to combine your accounts.

Online: help.shareview.co.uk (from here, you will be able to securely email Equiniti with your enquiry).

Group Secretary and Head of Corporate Governance

Amanda Mellor

Additional documents

An interactive version of our Annual Report is available online at marksandspencer.com/annualreport2015.

Additionally, both the Annual Report and Strategic Report are available for download in pdf format at marksandspencer.com/thecompany. Alternatively, call 0800 591 697.

Students

Please note, students are advised to source information from our website.

General queries

Customer queries: 0333 014 8555
Shareholder queries: 0845 609 0810
Alternatively, email us at chairman@marks-and-spencer.com.

NEW SHAREHOLDER LOYALTY SCHEME

2015 saw the launch of the Equiniti Payment Plus Scheme, a new loyalty scheme for private investors developed by Equiniti in collaboration with M&S. The scheme enables M&S shareholders to apportion anything up to a maximum of £900 of their dividend payment to purchase credit on an M&S Shareholder Card, which can be used to shop in our stores. This is similar to an M&S gift card, however the credit is offered to shareholders at a 10% discount. So, a shareholder who allocates the full £900 would receive £1,000 credit on their card. Our private investors are some of our most loyal customers and we are pleased to be able to introduce this fantastic new scheme that directly rewards their level of investment in our Company.

The scheme is not currently available for investors whose shares are held in nominee accounts. However, we will work with both Equiniti and nominee companies to seek a solution that will allow those whose shares are held in this way to participate in future years.

Further information on the scheme and a detailed FAQ can be found at shareview.co.uk/info/paymentplus.

SHAREGIFT

If you have a very small shareholding that is uneconomical to sell, you may want to consider donating it to ShareGift (Registered charity no. 1052686), a charity that specialises in the donation of small, unwanted shareholdings to good causes. You can find out more by visiting sharegift.org or by calling +44 (0)207 930 3737.

SHAREHOLDER QUERIES

The Company's share register is maintained by our Registrar, Equiniti. Shareholders with queries relating to their shareholding should contact Equiniti directly using one of the methods listed above. For more general queries, shareholders should consult the 'Investors' section of our corporate website.

This booklet provides an overview of the business. It is not intended to be a summary of the Annual Report and Financial Statements 2015 and should not be regarded as a substitute Annual Report. For a copy of the full Annual Report go to marksandspencer.com/annualreport2015. Those with a QR Reader app can use this link.

