

News Release

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Encouraging start to the year

Wm Morrison Supermarkets PLC

Q1 Interim Management Statement – 13 weeks to 1 May 2011

Morrisons has made an encouraging start to its new financial year with sales growth continuing ahead of the market.

As anticipated the economic backdrop remains challenging. The high price of oil, together with increases in other commodity prices, has further compounded the existing pressures on consumers' disposable incomes.

In this environment our unique fresh and quality offer, backed by value pricing and an outstanding and innovative promotional programme has again proved to be exactly what consumers want. Our "Biggest Ever Price Crunch" promotion at the start of the year and our "Fuel Britannia" and "Let's Celebrate" campaigns for Easter and the Royal Wedding, have attracted record numbers of customers into our stores.

In this period Morrisons has delivered another good performance. Total sales* excluding fuel were up by 4.2% (7.3% including fuel). Like for like sales* grew by 2.5% (5.8% including fuel).

We remain focussed on managing our costs tightly and generating profitable growth through the delivery of the operating and strategic initiatives that we outlined in March. These are all on track.

In March we announced a programme to retire £1 billion of equity over the next two years. To date we have acquired 24.7m shares at a total investment of £68.7m.

Outlook

The Board is encouraged by the Group's progress in the first quarter but with consumers' disposable incomes falling and an uncertain economic environment, we remain cautious. Our overall expectations for the full year remain unchanged.

*exc. VAT and reported in accordance with IFRIC 13