

News Release

Release date: 4 June 2009

Wm Morrison Supermarkets PLC 2009 AGM and Q1 Interim Management Statement

Strong sales through broader appeal of Fresh and Value

At Morrisons AGM today the Board will provide the following update.

Commenting on first quarter trading, Marc Bolland, Chief Executive, said: "Morrisons continues to grow strongly. Our broadening customer appeal saw us welcome half a million more new customers each week to our stores during the first quarter. This is a particularly good result which is on top of the similar level of growth we reported in last year's Q1 update. With shoppers increasingly attracted by our outstanding fresh food and our great value, we are taking the next step from national to nationwide."

Trading

The Group has made a good start to the new financial year, continuing to achieve sales growth well ahead of the market, despite facing tough prior year comparative figures.

In the 13 weeks to 3 May total sales* excluding fuel were up by 9.2% (5.7% including fuel).

Like for like sales* increased by 8.2% (5.0% including fuel), building further on the 8.2% growth (11.2% including fuel) achieved in the full year ended 1 February 2009.

Customer numbers increased once again, with growth well ahead of the market.

During the period Morrisons showed the strength of its innovation and product development across its food ranges. At the "Grocer Own Label Excellence Awards" (an annual scheme to recognise innovation and quality in own label product development), Morrisons won an unprecedented total of nine of the twenty eight awards, much more than any other retailer.

Morrisons continued to invest in value with a further 8,000 price cuts and over 5,000 price promotions featuring as part of its popular 'Price Crunch' campaign. The 'Value' range was further extended and market share gains from premium food retailers saw 'The Best' range achieve good sales performance.

*Excluding VAT

Store expansion

The Group has opened two new stores so far this financial year, and, in addition to the normal programme of openings and store extensions, 2009 will see the integration of the Co-Op and Somerfield stores, following the transaction announced last year. The Group has taken possession of these stores, which are now closed for refurbishment and rebranding to Morrisons standards, including the installation of Market Street. The first converted stores to open will be at Kingsbridge (Devon) and Shefford (Bedfordshire) in June. A number of stores are currently going through a competition review process with the OFT.

Corporate Social Responsibility

This quarter saw publication of the Group's annual Corporate Social Responsibility report, which highlighted further good progress towards stretching targets. In particular, we achieved our goal of reducing carbon emissions by 36% one year ahead of plan, and in the process became the first grocer to be awarded the Carbon Trust Standard. We issued a further 12m reusable bags, an initiative that has helped us to reduce carrier bag usage in our stores by 505m units since 2006. During February and March we issued nearly 100,000 items of gardening equipment to over 15,000 schools taking part in our "Let's Grow" campaign, encouraging children, their teachers and parents to take an interest in where food comes from and how it is grown. We also launched a major initiative called "Great Taste Less Waste" to help educate our customers in the reduction of food waste – this has the twin benefits of being good for the environment and helping customers to save money in the challenging economic circumstances of today.

Pension Scheme

Following successful consultation with our pension scheme members, we are now in position to conclude the process of putting our defined benefit pension schemes onto a sound financial footing for the long term. Previously, we have injected £200m into the schemes, reduced – in consultation with the Trustees – the funds' exposure to equity investments and put the actuarial valuation on a very prudent basis of assumptions, particularly mortality rates. The final step, to be implemented at the half year stage, will be to move all future benefit accrual onto a career average basis, such that it will grow in line with inflation rather than being linked to final salary. This is expected to result in the recognition of an exceptional credit in the income statement at the interim stage.

Credit Rating

During the quarter, our credit rating was upgraded, for the second successive year, by Moody's to A3, further strengthening the Group's investment grade rating. This was welcome external recognition of the prudence of our balance sheet principles and strength of our financial performance.

Outlook

The Board is encouraged by the progress of the business at this early stage of the year. Performance in the first quarter has been in line with our expectations and our financial outlook for the year remains unchanged.

Ends

Q1 2009/10 Sales Growth – inc VAT

	Inc fuel	Ex fuel
Total sales	4.3%	8.2%
LFL sales	3.5%	7.3%