

## Press Release

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### **Marks and Spencer: UKSA expands on its challenge to the new management and invites a public response.**

Earlier this week, UKSA issued a challenge to Marks and Spencer to set out a long-term plan, communicate with its private shareholders in future, and to ensure incentives were appropriately aligned.

We have today published a paper discussing each of these aspects, setting out in some detail the thinking behind the challenge. We welcome comments and suggestions from employees, shareholders of M&S and interested members of the public, including M&S customers. These should ideally be by e-mail and addressed to [debate@uksa.org.uk](mailto:debate@uksa.org.uk). The paper, entitled "M&S\_Debate", is available at <http://www.uksa.org.uk>.

David Blundell, Chairman of UKSA, said as follows:

"We believe that it is entirely appropriate for shareholders to require companies to explain their business strategies, and that companies should ask shareholders for their support. But this support should come with a price. Our paper puts forward some radical ideas on executive remuneration, as well as some questions for business strategy.

"If the board ultimately decides that a major change of direction is required, it will be wise to request patience from shareholders, and not to set itself unrealistic or inappropriate short term targets for either sales volumes or margins. But make no mistake, in the long term, shareholders are hoping that the business will generate large amounts of cash in dividends. That requires a focus on the business's distinctive competitive advantages – not just 'raising the moat' (to use a favourite Buffett term), but deciding where the moat

**UKSA—The independent voice of the private shareholder**

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should be in the first place. Profits require satisfied customers, are a by-product of running the business well, and cannot be targeted exactly.

“Whilst the dialogue needs to be an ongoing one, the forthcoming AGM is a great opportunity for the Board to engage in real discussion with the shareholders. Our members hope that a decent amount of time at the AGM will be set aside for this, and that the discussion will focus on the opportunities and threats to the business, with no time wasted on trivialities.

“We note that the company plans to give a presentation to the institutions two days prior to the AGM. In some ways this is regrettable. We would hope private shareholders will also be given as much information as the institutions, with enough time to reflect upon it before the AGM.”

#### **Note to editors:**

Quoting from or reproduction of the UKSA M&S discussion paper is permitted, in whole or in part, providing the source is acknowledged, together with the fact that the whole document may be viewed or downloaded from <http://www.uksa.org.uk> .

#### **About The UK Shareholders Association (UKSA)**

UKSA is the leading independent organisation which represents the interests of private shareholders in the United Kingdom. We campaign to protect the rights of shareholders in public companies, and to promote improved standards of corporate governance. Our educational activities, regular regional meetings, company “analyst” meetings and the resources of our web site, help to inform the public on investment management. UKSA is solely owned by and primarily financially supported by its individual members.

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