

Direct line:
Local fax:
Email:

The Directors
RETAIL PLC

15 December 2004

For the attention of the Company Secretary

Dear Sirs

RETAIL PLC (the “Company”)

The UK Listing Authority is writing to all listed companies which were members of either the FTSE 100 or FTSE 250 indices on 1 December 2004 and which are defined by the London Stock Exchange's website as being within the 'General Retailers' or 'Food and Drug Retailers' Business Sectors. The UK Listing Authority recognises that trading performance over the Christmas and New Year period is particularly important for retail companies and that increased speculation concerning trading is seen in the media. We therefore feel it may be helpful to remind such companies of the need to ensure compliance with the continuing obligations under the UK Listing Authority's Listing Rules (the “Listing Rules”) at this time.

We would note in particular that:

- a) Any major changes to a listed company's trading strategy or business model, which if made public would be likely to lead to substantial movement in the price of its listed securities, should be announced without delay. An example of this might be a decision to embark upon a long term strategy of price reduction. Such a change in strategy would constitute 'new developments within a listed company's sphere of activity' (see Listing Rule 9.1);
- b) under Listing Rule 9.2, a listed company must notify a Regulatory Information Service without delay of all relevant information, which is not public knowledge, concerning a change in the performance of its business or in the company's expectation as to its performance, which, if made public, would lead to a substantial movement in the price of its listed securities. Hence if a listed company experiences a period of trading below its expectations, such that, if it were made public, it would be likely to substantially affect the price of its securities, the company should release a trading update without delay, even if it believes that it can recoup the gap between trading and expectations in a subsequent trading period. For example, should a company's trading performance over December be substantially below expectations,

but the company believes that, by taking remedial action to increase its sales and/or reduce the cost of sales in January, that it will be able to meet expectations for its year end, the poor trading performance for December should still be announced without delay.

- c) there is no '10% rule'; i.e. a company should not only announce information which it believes would cause a share price movement of 10% or more. A listed company needs to assess what is price sensitive in relation to its own particular set of circumstances. Larger companies may have less volatile share prices than smaller companies. As members of the FTSE 100 and FTSE 250 indices, relatively small share price movements in your listed securities may be considered substantial. The application of an arbitrary 10% rule may lead to listed companies failing to comply with the Listing Rules. In any event, all relevant factors need to be considered when deciding whether or not an announcement is necessary.

This letter will be published on the FSA website not prior to Wednesday 22nd December. In addition, the Listing Rules, UKLA Guidance Manual, and the UKLA newsletter "*List!*" are available on www.fsa.gov.uk/ukla.

Should you have any questions on the above please contact myself or the Company Monitoring Team on 020 7066 8354. I hope the above advice is helpful.

Yours faithfully,

Gay Huey Evans
Director, Markets Division