



Tesco is a growth business

In the UK, Tesco is the leading food retailer with 639 stores. We aim to increase food sales while developing our non-food business, offering the convenience of one-stop shopping to our customers.

Outside the UK, we currently have 182 stores. In the last financial year, we acquired the largest food retailing business in Ireland and we are expanding our hypermarket businesses in Central Europe and Asia.

By understanding customer needs better than anyone, we aim to increase value for customers, earning their lifetime loyalty and to enhance returns to shareholders.

Financial highlights

- Group sales* up 6.3%
- Earnings per share*† up 7.7%
- Group operating profit* up 7.8%
- Dividend per share* up 6.5%

	1999 52 weeks £m	1998* 52 weeks (proforma) £m	1998 53 weeks (restated) £m	1997 52 weeks £m
Group sales (including value added tax)	18,546	17,447	17,779	14,984
Group operating profit (prior to integration costs and goodwill amortisation)	965	895	912	774
Profit on ordinary activities before tax ‡	881	817	832	750
Group enterprise value (market capitalisation plus net debt)	13,528	12,556	12,556	8,121
Earnings per share †‡	9.37p	8.70p	8.84p	7.83p
Dividend per share	4.12p	3.87p	3.87p	3.45p
Number of stores	821	781	781	758
Retail selling area (000 sq ft)	21,353	18,254	18,254	16,747

† Adjusted diluted

‡ Excluding net loss on disposal of fixed assets, net loss on disposal of discontinued operations, integration costs and goodwill amortisation

* 1998/99 was a 52 week year compared to 53 weeks for 1997/98. A proforma 52 week profit and loss account for 1998 has been used for comparison

Contents

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> 1 Chairman's statement 2 Chief Executive's review 4 Value: from pennies to pounds 6 Service: from dusk to dawn 8 Food: from essential to exotic | <ul style="list-style-type: none"> 10 Non-food: from cosmetics to computers 12 Store formats: from express to extra 14 International: from Peterborough to Prague 16 Operations: from complex to simple 18 Social responsibility: from awareness to action | <ul style="list-style-type: none"> 20 Board of Directors 22 Summary Directors' report 24 Summary financial statement 26 Investor information 28 Store directory |
|--|--|--|

chairman's statement

This year's results show that, once again, Tesco has continued to move ahead in increasingly competitive markets. Group sales have increased by 6.3% to £18.5bn. Group profit before tax and exceptional items is up by 7.8% to £881m and adjusted diluted earnings per share increased by 7.7% to 9.37 pence. The Board has proposed a final net dividend of 2.87 pence making the total dividend for the year 4.12 pence, maintaining cover at around 2.3 times.

We have made good progress with our strategy of growing the UK business and developing the foundations for additional future growth from international markets.

In the UK, despite difficult trading conditions for the industry, we have grown our like-for-like sales ahead of the sector average and have increased our market share to 15.8% from 15.2% last year. We have invested around £600m to improve existing stores and build new ones for our customers. We reduced prices further, improved service, extended our trading hours, and expanded the range of products sold, including the launch of a free internet service.



Outside the UK, we have invested in strategic opportunities in markets with a combined population of nearly 200 million people. We have made good progress with the business we acquired in Ireland. Sales and profits have achieved the targets we set whilst meeting the undertakings made to government at the time of acquisition. The business is performing strongly and remains full of potential for future growth. In Central Europe, a fast growing market, we opened six hypermarkets with a total selling area of nearly 600,000 sq ft. These new stores are performing in line with our expectations. We plan to open another 10 stores in Central Europe in 1999.

During the year, we started to grow our business in the less developed retail markets of Asia. In May 1998, we acquired a controlling interest in Lotus, a chain of 13 hypermarkets, in Thailand, for £206m. Lotus is already one of the leaders in its market. We announced in March 1999, after the financial year end, that we will be investing £130m to acquire an 81% stake in a partnership with Samsung Corporation to develop hypermarkets in South Korea.

We have strengthened the Board further this year. In January, in line with our policy of bringing experienced managers through the business, we appointed David Potts and Philip Clarke to the Board as executive directors. Charles Allen, (Chief Executive of Granada PLC) and Harald Einsmann, formerly of Procter & Gamble (Europe) have been appointed as non-executive directors. Gwyn Jones, a non-executive director for six years, retired from the Board last May and I would like to thank him for his contribution.

Finally, on behalf of the Board, I would like to thank all of our 200,000 employees world-wide for their contribution to this year's results. Their immense efforts to serve customers better, wherever they are, underpin our performance and our continued optimism for the future.

John Gardiner Chairman

“We have made good progress with our strategy of growing the UK business and developing the foundations for additional future growth from international markets”



One-stop shopping



Technology – making things easier



Good value, competitive prices

“We achieved strong growth by remaining focused on our customers, by the determination of our people and by investing in our business”



chief executive's review

This has been a year of significant progress for Tesco.

We have continued to grow the business profitably in the UK, in trading conditions which have been challenging for the industry. Tightened consumer spending and low inflation have meant that we have had to work even harder to drive sales ahead of the sector and manage our costs to ensure that good sales growth has delivered good profits growth. We have achieved this by remaining focused on our customers, through the drive and determination of our people and by investing in our other strategic assets, like our stores.

We have also grown the business further internationally.

Four years ago we became the leader in a market of 59 million people – the UK. We now operate in eight countries with a combined population of nearly 250 million, providing a large base for additional sales and profit growth in the future.

In my review last year, I introduced the core purpose of the Tesco business: ‘continually increasing value for customers, to earn their lifetime loyalty’. This remains the focus of everything we do, in improving the shopping experience, running our operations better for customers, simpler for staff and cheaper for Tesco, enabling us to grow profits and dividends for shareholders and to reward our people for a job well done. The remainder of this year's Annual Review looks at the progress we have made on these objectives.

In the rest of my review, I will focus on our three key strategic assets: our customers, our people and our stores.

Our customers

We now serve over two million customers every day and are constantly striving to improve the shopping trip for them. In the UK, Clubcard remains important for all our 10 million members and, during the year, customers received over £260m-worth in vouchers and product-specific coupons. Clubcard has also been successfully launched in our Irish stores.

We have continued to give customers lower prices. Having reduced prices last summer, we launched a further price



Looking after our staff

Customer assistant Mihir Patel at our Sevenoaks store



Expanding product choice



Growing internationally

initiative 'We've Cut Our Prices Again' in February 1999. Together, these represent a full year investment of around £100m. This is consistent with our long-term strategy of creating greater value for customers.

We have again invested in service through employing further staff at our checkouts, opening more service counters and extending store trading hours.

Improving product choice for our customers has been another significant area of development this year. We have made shopping more convenient for customers by extending our food and non-food ranges. We have brought many branded products into our stores this year, such as Fujitsu PCs, Vodafone mobile phones and Levi jeans, to meet the demands from our customers.

Our people

We now employ over 200,000 people world-wide. Our people are key to delivering our strategy, and their achievements this year have been significant. We are committed to developing our staff and 10,000 are on development programmes, enhancing their skills and providing Tesco with managers for the future.

It is good to see that over 70,000 of our staff are now shareholders and 106,000 are eligible for profit sharing this year, increasing their personal wealth as the company moves forward.

Our stores

We now have 821 stores world-wide and over 21 million sq ft of selling space in eight countries. Within the UK we opened 25 new stores this year in a number of different formats, including Extras, Superstores, Metros and Expresses. We also improved existing stores including 18 major refits and 18 extensions. A further 26 stores will open next year. In Ireland, the rebranding of stores to Tesco continues to help drive strong trading. We opened six hypermarkets in Central Europe this year along with our first new opening in

Thailand. These stores show good growth and we plan to open a further 14 hypermarkets in the year ahead. Our international store development will result in 30% of our selling space located overseas by the end of the new financial year.

Competition Commission

On 8 April 1999, the Director General of Fair Trading announced the referral of the grocery industry to the Competition Commission. The reference followed an inconclusive eight month inquiry by the Office of Fair Trading. We have not allowed this to affect our business.

We have welcomed this inquiry. We believe the Competition Commission will confirm that we are highly competitive and we do not expect them to reach any conclusion that might prevent us from continuing to deliver value for both our customers and our shareholders. Tesco is the UK's leading food retailer because customers like what we do.

Looking ahead

Tesco has never been in better shape. Our core UK business has proven to be strong and has responded well to challenging conditions. We are developing our business here to grow, in food, non-food and financial services. Overseas we are developing our business to provide a strong base for further growth.

Terry Leahy Chief Executive

from pennies to



Price reductions

'We've Cut Our Prices Again' makes Tesco even better value for customers

Tesco aims to be customers' first choice store for value. A key goal is to continually lower prices that customers pay for everyday products. In addition, Clubcard means pounds saved off the cost of shopping.



Our most recent initiative, launched at the beginning of 1999 and backed by a multi-million pound investment in price reductions on key products, announced 'We've Cut Our Prices Again'. We have introduced bigger packs, representing even better value, on products like coffee, tea and bread – and have also added 60 new products to the Value range, bringing the total to over 200. On Tesco Value, we promise customers that our prices won't be beaten. We have continued our popular promotions, which this year included 20% off wine and champagne, VAT-free CDs and videos and 10% off all bakery products.

This year we have seen Clubcard continuing as popular as ever, with over 10 million regular users. The Clubcard database is helping us to give customers an even better and more focused offer: the mail-out at the end of February 1999 contained 80,000 variations of letter, offer and magazine, and issued £50m-worth of reward vouchers, together with £25m-worth of product coupons. By understanding customers' shopping habits, we are now even better at targeting our offers to them.



Clubcard rewards

Since Clubcard was introduced in May 1995, Tesco has issued nearly £500m-worth of reward vouchers



We also extended the benefits of Clubcard by offering our members special deals with other organisations. Customers who spent just £200 at

Tesco in an eight week qualifying period, received a £50 discount voucher valid for package holidays sold by Going Places and a test drive in a Skoda car earned 1,000 Clubcard points.

There are now more ways than ever for customers to collect Clubcard points. As well as the regular scheme, we offer extra points on some products including double or

£12m
MAY 95

£81m
MAY 96

£185m
MAY 97

£363m
MAY 98

pounds

“Competitive pricing and good value means big savings for all our customers”



Financial services

Launched in July 1997, over one million people now use Tesco for financial services

triple points on petrol. In September we extended our partnership with Norweb so that their ENERGi customers can earn Clubcard points on electricity as well as gas. Tesco Personal Finance customers earn points when they use their Visa card, and when they buy some of our new products on promotion, like pensions and home insurance. This added even more value to our simple, attractive range of financial services and helped Tesco Personal Finance to grow strongly last year.

Earning points

Customers, served by customer assistant Adrian Tilbrook, earn Clubcard points at the new Peterborough store



from dusk

Service is increasingly important to customers and we are refining our offer on a store-by-store basis to meet precise local needs. One element of this is extended trading hours – 24-hour opening, late nights and Sundays are an important example of how Tesco makes customers' lives easier and increases their loyalty to our stores.

24HRS

Non-stop service Fishmonger Peter Taggart serves a customer at the new Kensington store



to dawn

Last year, we invested an extra £30m on more staff and better service in our existing stores. Our research shows that there is no such thing as an 'average' customer. In areas where shoppers place a higher priority on personal service, we invested in extra customer assistants and added more counters. There are now 211 hot chicken counters, 211 meat counters, and 210 pharmacies. More parking spaces, wider aisles and more conveniently placed products all make life easier.

Our customers' lifestyles are changing. They work longer, value their free time more and have less time for shopping. Extended trading hours allow customers to shop when it is convenient for them. Our customers want this, and it provides profitable volume growth for Tesco. Our superstore at Gatwick, for example, is now trading for twice as many hours as it did when it first opened 12 years ago. We now have 271 stores operating extended trading hours including 87 stores open 24 hours a day, six days a week.

The quality of our people is central to customers' satisfaction. This year has seen a major series of developments in staff recruitment and training, firmly focused on customer service. This covers not only essential skills related to specific checkout tasks, but also broader abilities like recognising customer types, needs and sales opportunities. At 82%, our staff retention rate continues to be one of the best in food retailing, reflecting the superior benefits and prospects we offer. We have a number of intensive development programmes in place and are in an excellent position to meet our future requirements for store, team and section managers.



Quality staff

All our staff like customer assistant Peter Harries, at Peterborough, are trained to provide a top-quality service



Plenty of choice

We aim to have an excellent selection of fresh produce available at all times

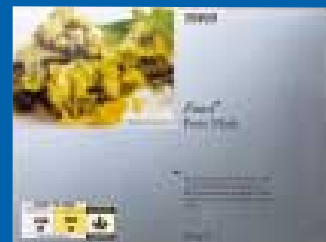
New counters opened in the year

PHARMACY+15 BAKERY+29 FISHMONGER+23 BUTCHER+35 DELI+21

from essential



POTATOES



to exotic

We give customers genuine choice and variety in food. Tesco selects, prepares and packages everyday products in dozens of different ways – from fresh to frozen, from value packs to gourmet treats, from raw ingredients to ready meals.

We are continually innovating and investing in new lines to increase choice for our customers. The average Tesco superstore carries more than 20,000 different food products, including 2,500 under our own label, and last year alone, we introduced 2,000 new lines.

The Tesco Finest range, introduced in February last year, has been a great success and is now available in 120 selected stores. It offers superb quality and flavour in both fresh and prepared foods, including a core range of over 100 products and new lines which change with the seasons. We launched our new spring range in January 1999, and plan further developments for the year ahead.

We are developing and extending our range of chilled ready meals including a new premium Indian range. Ready meals appeal to all our busy customers who prefer someone else to do the cooking. This market is growing and our share of it increased from 15% to 20% last year.

Our wines and spirits have grown over the year, we now offer over 800 different wines including New World varieties. In addition, our 'great with' wines make teaming the right bottle with the right meal that much easier.

More and more customers are now seeking out organic foods. We aim to offer organic alternatives at the lowest possible price, allowing customers to choose between organic and conventionally grown produce on our most popular lines. This all helped sales to double last year. Our new organic research facility at Aberdeen University, opened by the Prince of Wales in October 1998, is dedicated to researching ways to grow organic produce cost-effectively, so that we can offer our customers even better value.



from cosmetics

Star range

Our make-up collection is winning customers and awards with good looks and great value

Strong non-food growth is a strategic goal for Tesco. Our customers tell us they want one-stop shopping in stores where they can buy a wide range of everyday products along with their food and household goods. We believe they are paying too much for many consumer items and therefore we want to offer them even more choice and value.

We are now offering our full non-food range in 50 Tesco stores across the UK. For our largest stores, we have introduced 'Worlds' – products grouped into lifestyle areas, giving customers the chance to browse and shop in a more leisurely way than in traditional supermarkets. We now offer 'Worlds' of health & beauty, children & baby, home entertainment, clothing, stationery, home-shop, sports & leisure and cooking.

In adult clothing we sell an excellent range. This includes a succession of special branded purchases where we can offer our customers excellent value by negotiating directly with manufacturers like Lee Cooper, Pretty Polly and Speedo.

Health, beauty and personal care is another important area. Our cosmetic range, developed over the past two years in conjunction with top make-up artist Barbara Daly, is now in 179 stores. Our make-up beat new ranges from many established international brands to win the prestigious New Woman Beauty awards in *New Woman* magazine, yet no item costs more than £5.

Sales of our children and baby products, including clothes, toys and books (which shadow the National Curriculum), have continued to grow over the past year. We launched 43

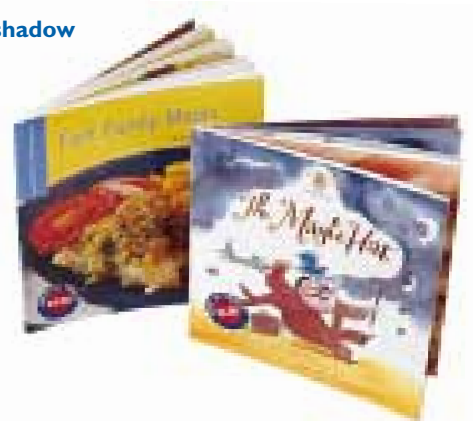
new cookery and children's books, all using original commissions giving a break to new authors and selling for no more than £6.

In home entertainment we have become one of the largest retailers of music and videos, with a market share of 20%. Sales increased 40% on the previous year, helped by the best-selling videos, *Titanic* and *The Full Monty*.



Fun to browse

From children's books to PCs, Tesco offers a wide range of top-value entertainment and electronic products



to computers

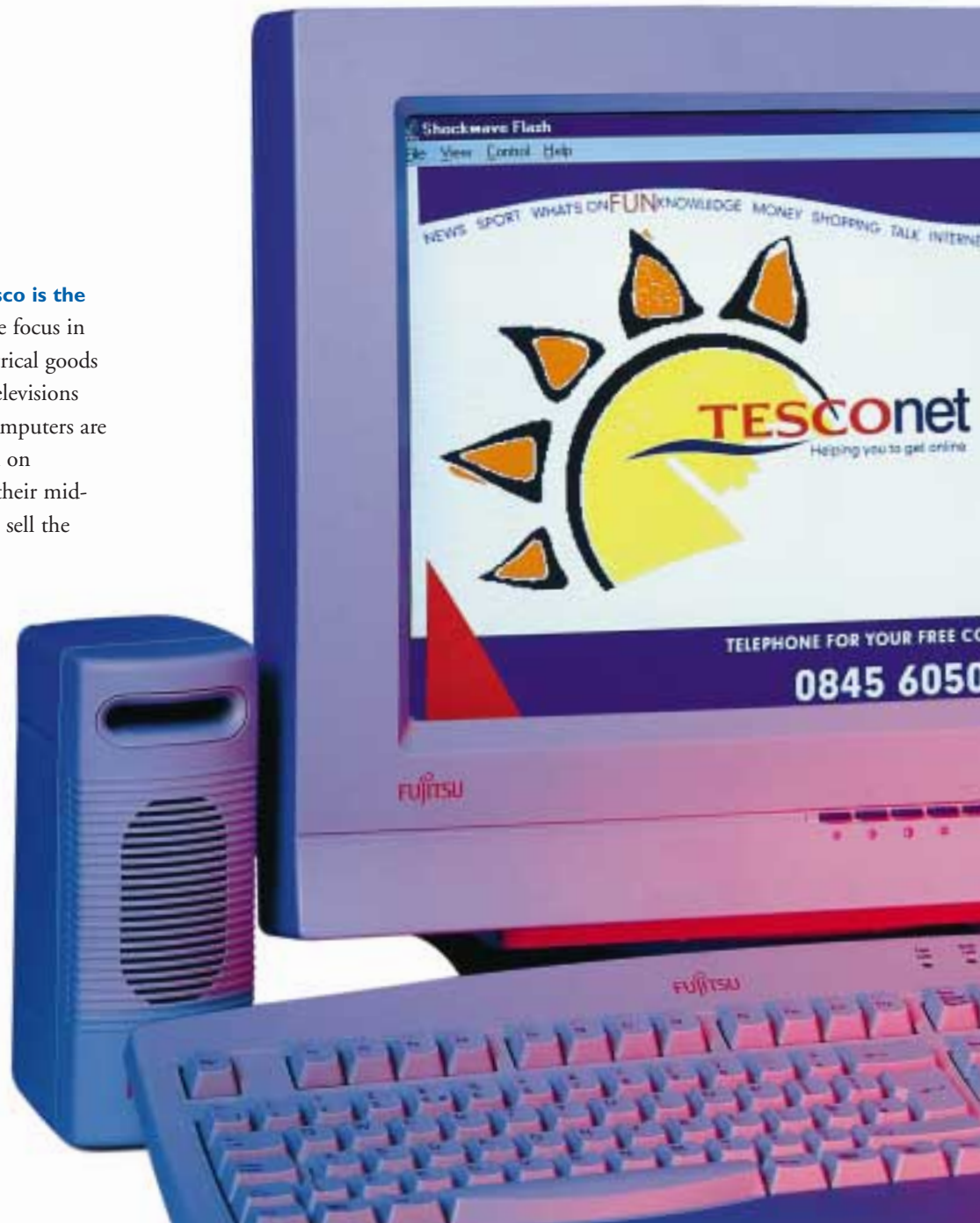


Best buys

We offer an extensive range of adult clothing at excellent value

There is a growing acceptance that Tesco is the place to find top consumer brands. The focus in 1998 has been on offering a range of electrical goods at great value prices, including Amstrad televisions and Vodafone mobile phones. Personal computers are on sale in around 250 of our stores, based on partnership deals with manufacturers for their mid-range PCs and, recently, Tesco was first to sell the new Fujitsu Pentium III computer.

To support the development into non-food products, we have built a new 500,000 sq ft depot in Milton Keynes. It has the latest handling and price-labelling systems for a wide range of products, including clothing.





Extra everything

More products, more space, more choice – the new Tesco Extra stores, like this one at Peterborough, offer ‘Worlds’ of one-stop shopping

Tesco has an enviable asset base – a portfolio of bigger, better quality stores than any other UK retailer.

The sheer flexibility of size and format gives us more opportunities to serve our customers in ways which suit their different lifestyles.

Last year, we invested £240m in upgrading and expanding our existing stores. This included 18 major refits and 18 major extensions, adding over 200,000 sq ft of selling space. We also spent £350m on building new stores, opening 25 last year and adding over 635,000 sq ft of new selling space. These programmes included one new store and improvements to existing stores in Northern Ireland.

Part of our investment programme also included creating a further four Extra stores. Two were new stores – at Cardiff and Peterborough – and two were refits and extensions to our existing stores at New Malden and Baldock. Together with Pitsea, extended to an Extra store in 1997, this brings our total to five Extra stores. They have all



On the move

Tesco Express stores offer top-selling everyday products



been extremely popular with customers, showing the opportunity that exists for large, one-stop convenience shopping bringing together both food and non-food.

At the other end of the scale in terms of size, we opened our second Metro store in the city of London, at Bishopsgate, and two new Express Stores.

The Express stores, located at petrol stations, are trading successfully, and we are working with Esso to develop this format further.

Every Tesco store is tailored to its location and market, aiming to be 'No.1 locally'. There is no better example than our new superstore at Kensington, a stunning design occupying a highly visible location. Inside, the store layout has been specially designed for the busy shoppers of west and central London.

UK store formats



Number of stores



Average sales area (sq ft)

Extra	Very large stores including an extensive range of non-food 'Worlds'	5	80,600
Superstore	Large stores offering a full food range and many non-food products	269	38,600
Compact superstore	Our superstore range, but within a more compact environment	67	20,700
Other stores	'High street' stores, mainly selling food ranges and household goods	240	13,800
Metro	City-centre stores serving the needs of a busy working population	41	11,100
Express	Petrol station forecourt shops selling a range of everyday products	17	2,100
		639	25,000

from Peterborough

Our international growth strategy is to develop large stores in big markets where we can establish a leading position. During 1998, we extended our existing activities in the Republic of Ireland and Central Europe, and acquired a supermarket business in Thailand.

In the Republic of Ireland, where we acquired the leading supermarket chain in 1997, we have rebranded 30 of the 76 stores as Tesco. Rebranding brings real benefits to customers, with new ranges in both food and non-food. Together with local suppliers, we have developed and introduced over 180 new products and 60 Tesco branded products. We are working to create systems for central ordering and distribution which will enable a new supply chain to be formed.

It has been an important year for Tesco in Central Europe.

We opened six more hypermarkets across the region, with three in Hungary, two in the Czech Republic and one in Poland. This gives us eight large stores across the region, with three-quarters of a million sq ft of selling space. We plan to expand the business further in the coming years by opening new stores, with 10 more in the pipeline for 1999, adding over one million sq ft.

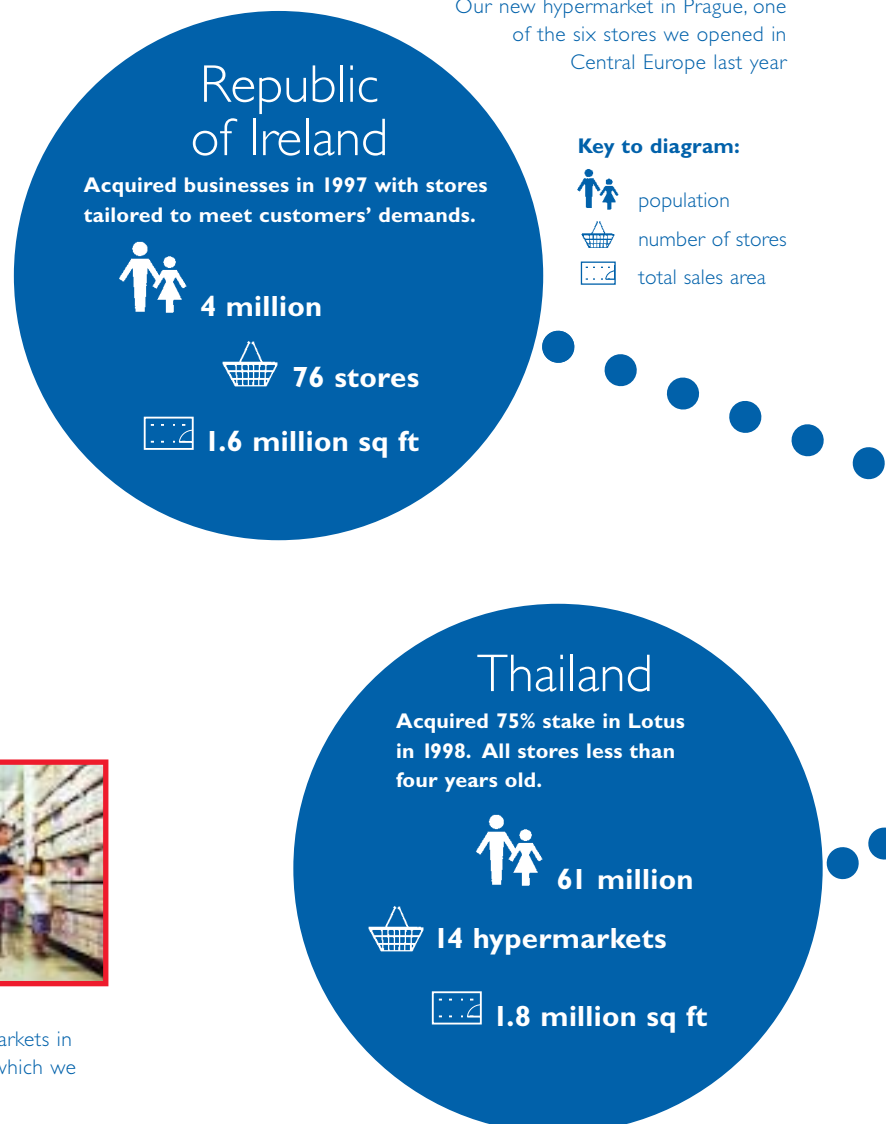
We have been researching the south-east Asian markets for nearly three years. Despite current economic difficulties, the region meets all our criteria for future growth in retailing. In May 1998 we acquired Lotus, the second largest retailing business in Thailand. Lotus has 1.6 million sq ft of selling space in 13 modern hypermarkets. We plan to make it the market leader by doubling the number of stores over the next three years. We have already opened one new store in Bangkok.

In March we announced our partnership with Samsung Corporation to develop hypermarkets in South Korea. We currently have two hypermarkets with plans to develop further stores in line with our long-term strategy. We are continuing to research opportunities in Taiwan and Malaysia.

Our hypermarkets in Central Europe and Thailand are very different from those in the UK. There are more products on sale, with a higher proportion of non-food ranges, and the whole operation is geared towards one-stop shopping. We have brought to these businesses our high service standards and specialist skills in retailing. At the same time, we are developing new skills and experience from these businesses which we can put into practice in the UK and around the world.

Central European expansion

Our new hypermarket in Prague, one of the six stores we opened in Central Europe last year



Irish development
 Tesco in Dublin, one of the stores rebranded and relaunched as Tesco since we acquired our Irish business in 1997



Asian acquisition
 Inside one of the 13 hypermarkets in the Lotus chain in Thailand, which we acquired in 1998

to Prague

Central Europe

Stores throughout Poland, the Czech Republic, Slovakia and Hungary. Six new hypermarkets opened this year.



64 million



91 stores (8 hypermarkets)



2 million sq ft



from complex

“Using technology effectively to enable staff to help customers”

Our major change programmes, Project Future, Supply Chain and Build for the Future, are bringing new simplicity to our complex operations. The savings these generate enable us to continue investing in our customers, rewarding our people and growing returns for our shareholders.



Staff involvement

Tesco people at Brook Green store contribute their ideas for making the most of change programmes at their store

Project Future is the productivity programme designed to simplify tasks in-store. It makes jobs more enjoyable and frees up more time for our staff to help customers. The impact, in terms of efficiencies gained, has been dramatic. For example, we have stopped doing tasks that were not adding value for customers, and have significantly reduced both physical and electronic mail to stores. Project Future has done its job in the stores, and is moving on to tackle head office and distribution. It has evolved into a continuous programme, known as Project Simple, based on



Delivering benefits

New technology in our depots means we can replenish stock more efficiently, helping staff like non-food general assistant Sarah Wright to serve our customers



to simple

the principle of ‘if it’s easy to understand, easy to do and makes sense – then we should do it.’

The Supply Chain covers suppliers, buyers, distribution, stores and office support, aiming to give stores what they need to serve customers better. Supply Chain improvements have continued to deliver savings in line with our target of £100m between 1997 and 2000. Last year, we saved £60m to spend on our customers. For example, continuous replenishment systems are now in place and a new scanning system has been installed in every store.

Build for the Future, the programme aimed at saving around £200m over five years from the annual cost of building and maintaining stores, is progressing well. We are working in partnership with suppliers to make construction easier and more cost-effective. One important

initiative is to reduce build times by having structural panels factory-made in standard sizes and to assemble them on site, rather than custom-building them on site. It will also reduce future costs by enabling Tesco to buy modules in bulk.

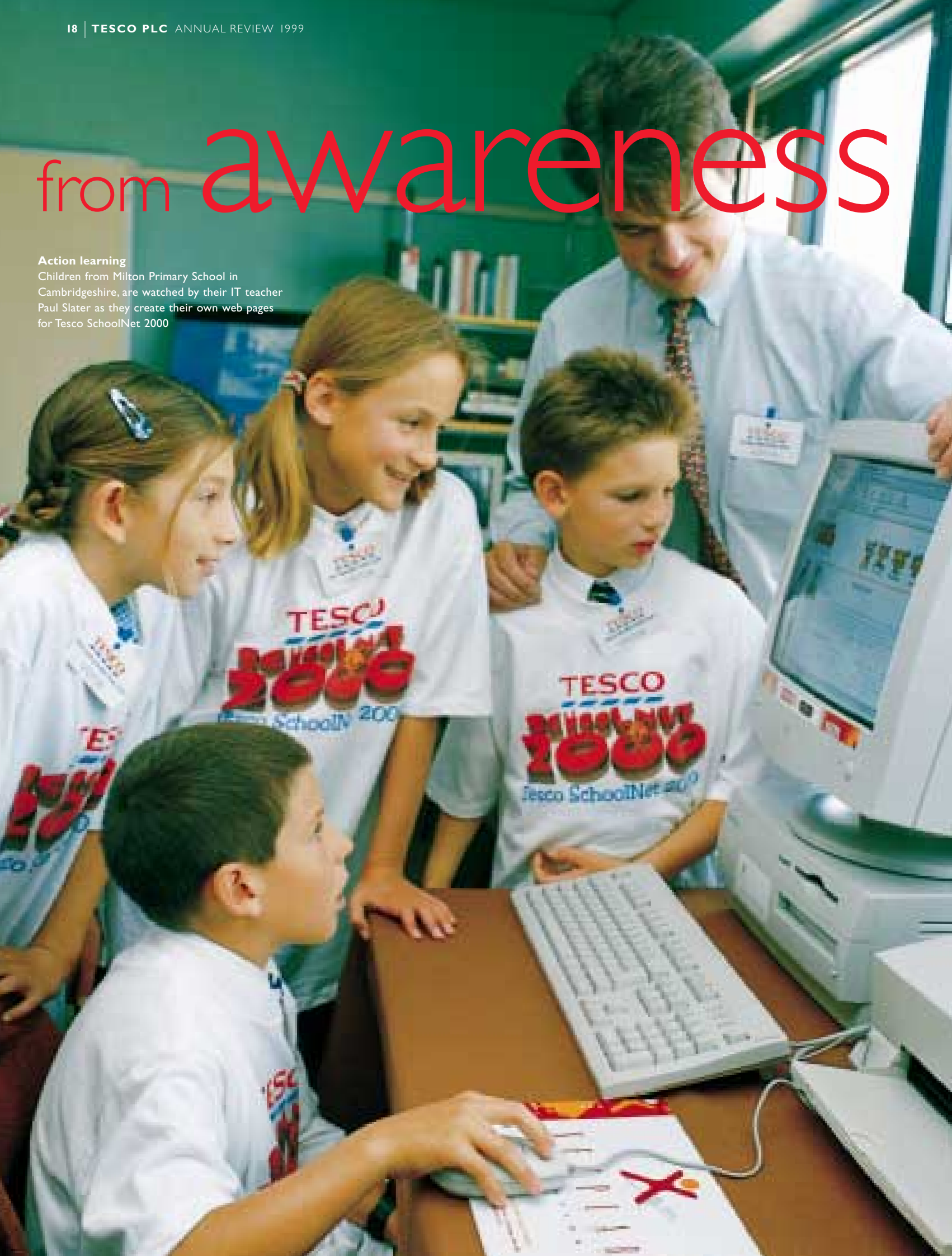
Time to serve
Project Future has freed up staff like Austin Ledlie, at Sevenoaks, to give customers individual service



from awareness

Action learning

Children from Milton Primary School in Cambridgeshire, are watched by their IT teacher Paul Slater as they create their own web pages for Tesco SchoolNet 2000



to action

“Reporting on our support for communities and the environment”

Tesco is helping to create a better life for everyone, taking practical steps to protect the environment, and support projects which make a real difference at local level to the communities in which we work.

Tesco will be one of a small number of companies to meet the Government's recommendation on energy reduction from the Kyoto summit. Climate change caused by greenhouse gas emissions is a major global threat so we are leading the way in reducing energy consumption in our stores. Our buildings are designed and our equipment is chosen to minimise energy use.

We won a *Retail Week* award for energy awareness, and continue to run trial installations of environmentally friendly refrigerants.

Our integrated distribution system is a leader in minimising fuel

consumption. This year we have made progress on backhauling, focusing on achieving efficiencies in distribution from suppliers to depots. We have developed with our suppliers state-of-the-art vehicles using a new kind of exhaust to trap and clean emissions. We intend to expand our existing fleet of vehicles as city derv, the fuel on which it runs, comes on-line across the country.

Our support for the community continues with a special focus on schools. To help celebrate the millennium, Tesco is the Official Education Sponsor of the Millennium Experience. We are also sponsoring the Learn zone in the Dome at Greenwich. This will show-case Tesco SchoolNet 2000, which is already operating in 15,000 schools.

As part of their school work and linked to the curriculum, thousands of children are talking to people of all ages to create a collective website full of ideas and discoveries about life in their communities. Tesco provides free resources including 340 internet centres, equipped with computers, cameras and scanners, which can be used by schools. Forty advisory teachers are on secondment from education to Tesco to help teachers and pupils get the most out of the project.



Official Education Sponsor

This has been the eighth year of Tesco Computers for Schools which, to date, has put £44m-worth of computer equipment into schools across the UK. It is one of the most successful national cause-related marketing programmes ever.

Our customer focus means that much of what we do has a very local dimension.

We donated a total of £900,000 in charitable grants and community sponsorship and we introduced the Tesco Community Awards which benefited 67 local charities. We also raised over £1m across the country for Help the Aged – our 1998 Charity of the Year. Our Charity of the Year for 1999 is NCH Action for Children. We supported local authority work in the community by providing customer recycling facilities at all our stores.



For those without cars or who cannot drive, we invest £3m a year in free bus services for customers. And to best match the needs of the community we work closely with local people when we develop plans for new stores. In the current year, we also led a 'Seeing is Believing' visit for Business in the Community, taking business leaders into a Tower Hamlets school to demonstrate how businesses can best support the communities in which they operate.

Lower emissions

The new Tesco lorry with its special exhaust filter is currently the cleanest vehicle of its type on the road



board of directors



John Gardiner

Non-executive Chairman ◆ ▲ ●

John Gardiner, 62, was appointed a non-executive director in 1988, and non-executive Chairman in 1997. He is chairman of The Laird Group PLC and on the board of the Economist.



Terry Leahy

Chief Executive ●

Terry Leahy, 43, became Chief Executive in February 1997. He joined Tesco in 1979 and held a number of marketing and commercial positions prior to being appointed to the Board in 1992.



David Reid CA

Deputy Chairman

David Reid, 52, became Deputy Chairman in 1996. He was appointed to the Board in 1985 as Finance Director, having joined Tesco in the same year. He is responsible for overseas operations, systems and strategic planning. He is a non-executive director of The Greenalls Group plc.



Andrew Higginson

Finance Director

Andrew Higginson, 41, was appointed to the Board in 1997. He is a non-executive director of FirstGroup PLC and chairman of the Economic Affairs Committee of the British Retail Consortium.



Lesley James

Human Resources Director

Lesley James, 49, was appointed to the Board in 1995. She joined Tesco in 1985 and is a non-executive director of Selfridges plc.



Tim Mason

Marketing Director

Tim Mason, 41, was appointed to the Board in 1995. He joined Tesco in 1982.



Charles Allen

Non-executive ◆ ▲

Charles Allen, 42, was appointed a non-executive director on 19 February, 1999. He is chief executive of Granada Group Plc.



John Melbourn

Non-executive ◆ ▲ ●

John Melbourn, 61, was appointed non-executive director in 1996. He is deputy chairman of 3i Group plc.



Baroness O'Cathain OBE

Non-executive ▲ ●

Baroness O'Cathain, 61, was appointed a non-executive director in 1985. She is also a non-executive director of British Airways plc, BNP UK Holdings Ltd, South East Water plc and Thistle Hotels Plc.



Rowley Ager

Company Secretary

Rowley Ager, 53, was appointed to the Board in 1992. He joined Tesco in 1986 and became Company Secretary in 1990. He is a non-executive director of Oasis Stores Plc.



Philip Clarke

Supply Chain and Distribution

Philip Clarke, 38, was appointed to the Board on 16 November, 1998. He joined Tesco in 1981 as a graduate management trainee and held a number of roles in store operations, commercial and marketing. In 1995, he was appointed Regional Managing Director of Tesco Stores Ltd.



John Gildersleeve

Commercial and Trading Director

John Gildersleeve, 54, was appointed to the Board in 1984. He is a non-executive director of Gallaher Group Plc and Vodafone Group Plc.



David Potts

Head of Operations in Northern Ireland and the Republic of Ireland

David Potts, 41, was appointed to the Board on 16 November, 1998. He joined Tesco in 1973 and has held a number of store and head office positions.



Michael Wemms

Retail Director

Michael Wemms, 59, became Retail Director in 1992. He was appointed to the Board in 1989, having joined Tesco in 1972. He is a non-executive director of House of Fraser plc and the Benefits Agency.



Dr Harald Einsmann

Non-executive

Dr Harald Einsmann, 64, was appointed a non-executive director on 1 April, 1999. He was Europe president of Procter & Gamble until 1 October, 1998. He retired from Procter & Gamble on 1 April, 1998. He is also non-executive director of the EMI Group Plc, and is on the board of Stora Enso Oyj, part of the Wallenberg Group, and is a director of British American Tobacco plc.

Graham Pimlott

Non-executive ♦ ▲ ●

Graham Pimlott, 49, was appointed a non-executive director in 1993. He is director of planning, operations and technology at Barclays plc.

- ♦ Member of the Audit Committee
- ▲ Member of the Remuneration Committee
- Member of the Nominations Committee

summary directors' report

Principal activity and business review

The principal activity of the Group is the operation of food stores and associated activities in the UK, Republic of Ireland, France, Czech Republic, Slovakia, Hungary, Poland and Thailand. The business review is within the summary financial statement on pages 24 to 25.

Dividends

The directors recommend the payment of a final dividend of 2.87p per ordinary share to be paid on 1 July 1999 to members on the Register at the close of business on 23 April 1999. Together with the interim dividend of 1.25p per ordinary share paid in December 1998, the total dividend for the year comes to 4.12p, compared with 3.87p for the previous year, an increase of 6.5%.

Directors

Details of the current members of the Board are shown on pages 20 to 21. David Potts and Philip Clarke were appointed to the Board on 16 November 1998. Charles Allen was appointed to the Board on 19 February 1999 and Dr Harald Einsmann was appointed on 1 April 1999. Terry Leahy, John Gildersleeve, Tim Mason and Baroness O'Cathain will retire from the Board by rotation. David Potts, Philip Clarke, Charles Allen and Dr Harald Einsmann being appointed in the year will also retire. Being eligible, they offer themselves for re-election at the Annual General Meeting. Terry Leahy, John Gildersleeve, Tim Mason, David Potts and Philip Clarke have service contracts with two years' notice. Charles Allen, Dr Harald Einsmann and Baroness O'Cathain do not have service contracts.

Corporate governance

The company has complied with all the provisions of the Combined Code of Best Practice. The Board is committed

to proper standards of corporate governance and will continue to keep procedures under review should the code develop. The company has established a framework of internal financial control which is reviewed by the Audit Committee and has a separate Executive Committee, Remuneration Committee and Nominations Committee. A full corporate governance statement is contained in the Annual Report and Financial Statements 1999.

Summary report of the directors on remuneration

Directors' remuneration policy

The remuneration packages, including contract periods, of executive directors are determined by the Remuneration Committee. It ensures that the remuneration package is appropriate for their responsibilities, taking into consideration the overall financial and business position of the Group, the highly competitive industry of which the Group is part and the importance of recruiting and retaining management of the appropriate calibre.

Compliance

The Committee is constituted and operated throughout the period in accordance with the principles outlined in the Stock Exchange Listing Rules derived from Schedule A of the Combined Code. In framing the remuneration policy, full consideration has been given to the best practice provisions set out in Schedule B, annexed to the Listing Rules.

A summary of directors' emoluments and interests, including executive options, is set out on page 23. A more detailed analysis is provided in the Annual Report and Financial Statements 1999. Copies of the executive directors' contracts of employment are available for inspection by shareholders as required.

Auditors' statement to the shareholders of Tesco PLC

We have examined the summary financial statement set out on pages 24 and 25, and the Directors' emoluments and share details included on page 23.

Respective responsibilities of Directors and Auditors

The summary financial statement is the responsibility of the directors. Our responsibility is to report to you our opinion on its preparation and consistency with the annual financial statements and Directors' report.

Basis of opinion

We conducted our work in accordance with Auditing Guideline 'The auditors' statement on the summary financial statement' adopted by The Auditing Practices Board.

Opinion

In our opinion the summary financial statement is consistent with the annual financial statements and the Directors' report of Tesco PLC for the year ended 27 February 1999 and complies with the requirements of Section 251 of the Companies Act 1985, and the regulations made thereunder.

PRICEWATERHOUSECOOPERS 

Chartered Accountants and Registered Auditors
London 12 April 1999

Directors' emoluments

	Salary £000	Profit sharing £000	Benefits £000	Incentive scheme		Total 1999 £000	Total 1998 £000
				Short term £000	Long term £000		
Lord MacLaurin (a)	–	–	–	–	–	–	259
Mr J A Gardiner	300	–	–	–	–	300	232
Mr T P Leahy	565	8	16	184	128	901	798
Mr D E Reid	512	8	36	165	115	836	743
Mr R S Ager	366	8	17	117	82	590	550
Mr C L Allen (b)	3	–	–	–	–	3	–
Mr P A Clarke (b)	58	2	2	14	9	85	–
Mr J Gildersleeve	475	8	40	153	106	782	709
Mr A T Higginson	347	–	11	115	80	553	267
Mrs L James	257	8	21	83	58	427	385
Dr M G Jones (c)	10	–	–	–	–	10	33
Mr T J R Mason	347	8	20	113	79	567	493
Mr J W Melbourn	37	–	–	–	–	37	31
Baroness O'Cathain	32	–	12	–	–	44	40
Mr G F Pimlott	30	–	–	–	–	30	28
Mr D T Potts (b)	79	2	3	19	13	116	–
Mr J M Wemms	398	8	35	128	89	658	589
	3,816	60	213	1,091	759	5,939	5,157

a) Former director.

b) Mr P A Clarke and Mr D T Potts were appointed to the Board on 16 November 1998 and Mr C L Allen was appointed to the Board on 19 February 1999.

c) Dr M G Jones resigned from the Board on 11 June 1998.

Summary of executive share options and disclosable shareholdings

	Number of shares				Exercise price pence	Value realisable 1999 £000	27 Feb 1999 Ordinary shares
	Options held 28 Feb 1998	Granted	Exercised	Options held 27 Feb 1999			
Mr J A Gardiner	–	–	–	–	–	–	353,325
Mr T P Leahy	2,293,044	126,832	–	2,419,876	70.0-164.0	–	1,233,415
Mr D E Reid	1,600,065	90,245	–	1,690,310	70.0-164.0	–	1,418,418
Mr R S Ager	1,322,100	265,435	443,991	1,143,544	70.0-178.0	386	797,067
Mr C L Allen	–	–	–	–	–	–	–
Mr P A Clarke	493,365	194,655	251,580	436,440	98.3-178.0	153	65,145
Mr J Gildersleeve	1,550,982	570,756	923,949	1,197,789	98.3-178.0	781	771,244
Mr A T Higginson	411,642	436,999	–	848,641	160.3-176.7	–	60,512
Mrs L James	904,839	132,777	523,230	514,386	77.3-178.0	466	737,681
Dr M G Jones	–	–	–	–	–	–	–
Mr T J R Mason	1,212,771	468,287	729,357	951,701	98.3-178.0	594	452,596
Mr J W Melbourn	–	–	–	–	–	–	6,570
Baroness O'Cathain	–	–	–	–	–	–	46,473
Mr G F Pimlott	–	–	–	–	–	–	26,134
Mr D T Potts	749,586	327,486	532,767	544,305	98.3-178.0	410	157,588
Mr J M Wemms	1,426,116	65,658	256,060	1,235,714	70.0-176.7	232	765,054

Options granted in the year were at the exercise prices of 176.7p, 164.0p and 178.0p.

In addition, certain directors held options under the company's savings-related share option scheme.

summary financial statement

Profit and loss account

This year was another successful trading year for the Group. Total sales increased by 6.3% to £18,546m and Group underlying pre-tax profit increased by 7.8% to £881m. Adjusted diluted earnings per share rose 7.7% to 9.37p. A final dividend of 2.87p per share is proposed, making the full year dividend 4.12p, an increase of 6.5% over last year.

UK retail sales have grown 8.0% to £17,070m. Like-for-like sales were 4.0% which consists of volume of 2.5% and inflation of 1.5%. New stores continue to perform well, contributing 4.0% to sales including an additional 10 weeks of sales from Northern Ireland this year compared to last year. UK operating profit has increased to £919m, up 7.0%.

Our UK operating margin fell 0.1% to 5.8% reflecting our continued investment in service including longer opening hours and more service counters. Our change programmes continue to deliver greater efficiencies helping us to manage costs and grow profits.

Cash flow statement

Cash flow from operations remained strong generating £1,321m and comfortably covering capital expenditure. Interest and tax payments were £129m and £237m respectively for the year.

Group capital expenditure in the year was £1,067m. This included £73m in Ireland, £119m in Central Europe and £27m in Thailand. In the coming year we expect our Group capital expenditure to increase to around £1.3bn as

Balance sheet

Total net assets have increased by £474m to £4,377m over last year.

Fixed assets increased by £1,057m after charging depreciation of £406m, an increase of £48m over last year.

Gearing at the year end was 39.1% while interest cover was 7.4 times. Total shareholder return to Tesco continues to out-perform both the sector and the market.

Over the past five years it has been 22.7% compared to a market average of 15.1%.

Sales in Europe remain strong with total sales up 25% to £1.3bn. Sales in the Republic of Ireland are up 25%, reflecting the early benefits of our store rebranding programme. In Central Europe sales are up 37.5%. Our six new hypermarkets across the region have all traded strongly since opening.

Our business in Thailand, Lotus, has contributed £170m to Group sales and made an operating loss of £2m.

Tesco Personal Finance has now been trading for two years and our share of losses this year are £12m with the joint venture expected to break even in the second half of next year. Property joint ventures contributed £18m.

Tax has been charged for the year at an effective rate of 27.8%, a decline over last year mainly reflecting the impact of the QUEST scheme.

Net interest payable for the year was £90m, an increase of £18m over the previous year mainly reflecting our investment in Asia. Capitalised interest is marginally higher than last year at £35m.

we step up our development plans in Central Europe and Asia.

Cash used to acquire businesses totalled £255m, including £182m for our Lotus acquisition in Thailand in May 1998.

Net debt at the year end was £1,720m, an increase of £529m on the previous year, and gearing was 39.1%. This increase mainly reflects investment to implement our overseas development strategy.

The summary financial statement on pages 24 and 25 and the summary Directors' report on pages 22 and 23 are a summary of information in the Annual Report and Financial Statements 1999. This summary financial statement does not contain sufficient information to allow for a full understanding of the results of the Group and the state of affairs of the company or of the Group.

The Directors' report, the accounts and Auditors' report on those accounts, which is unqualified, are contained in a separate publication entitled Annual Report and Financial Statements 1999. Copies may be obtained free of charge by writing to: The Company Secretary, Tesco House, Delamare Road, Cheshunt, Hertfordshire EN8 9SL. Telephone 01992 632222.

Shareholders wishing to receive the Annual Report and Financial Statements as well as the Annual Review and Summary Financial Statement in future years should write to this address.

Profit and loss account

	1999 52 weeks £m	1998* 52 weeks (proforma) £m	1998 53 weeks (restated) £m
Sales at net selling price	18,546	17,447	17,779
Turnover excluding value added tax	17,158	16,142	16,452
Operating expenses	(16,155)	(15,212)	(15,505)
Employee profit-sharing	(38)	(35)	(35)
Operating profit	965	895	912
Profit/(loss) from joint ventures	6	(6)	(6)
Interest	(90)	(72)	(74)
Underlying pre-tax profit	881	817	832
Loss on disposal of fixed assets/operations	(8)	(9)	(9)
Integration costs	(26)	(63)	(63)
Goodwill amortisation	(5)	–	–
Profit before tax	842	745	760
Tax	(237)	(223)	(228)
Minority interest	1	–	–
Profit for the financial year	606	522	532
Dividends	(277)	(255)	(255)
Retained profit	329	267	277
Adjusted diluted earnings per share[†]	9.37p	8.70p	8.84p
Dividend per share	4.12p	3.87p	3.87p

[†] Excluding goodwill amortisation, integration costs, net losses on disposal of fixed assets and discontinued operations.
* 1998/99 was a 52 week year compared to 53 weeks for 1997/98. A proforma 52 week profit and loss account for 1998 has been used for comparison.

Cash flow statement

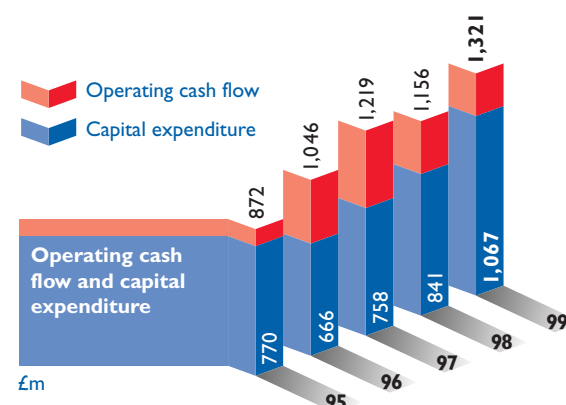
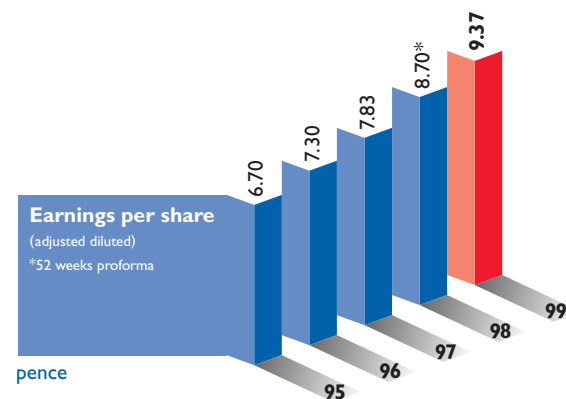
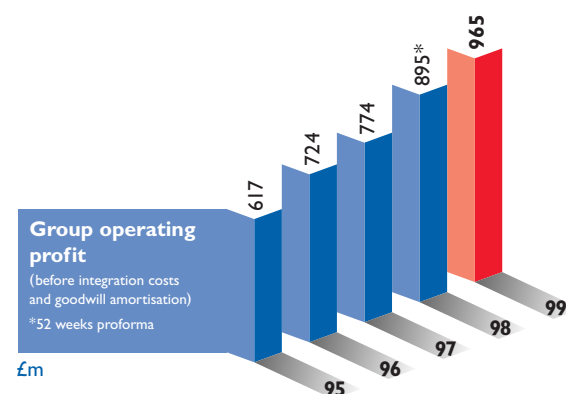
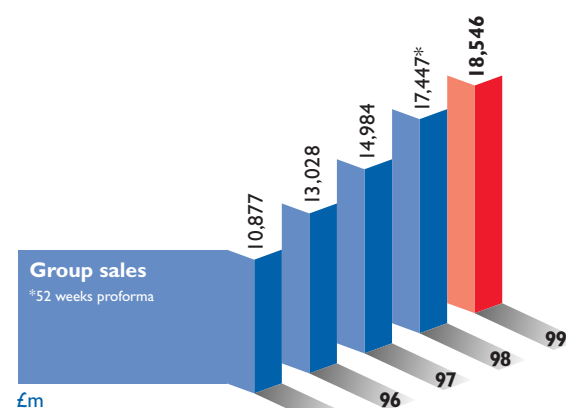
	1999 £m	1998 (restated) £m
Cash from operations	1,321	1,156
Interest	(129)	(94)
Tax	(237)	(238)
Gross trading cash flow	955	824
Net capital expenditure	(1,005)	(723)
Changes in financing	14	30
Dividends	(238)	(214)
Normal cash flow	(274)	(83)
Business acquisitions/disposals	(255)	(359)
Movement in net debt	(529)	(442)
Opening net debt	(1,191)	(749)
Closing net debt	(1,720)	(1,191)

Balance sheet

	1999 £m	1998 (restated) £m
Fixed assets	7,553	6,496
Current assets	1,146	942
Short term creditors	(3,075)	(2,713)
Net current liabilities	(1,929)	(1,771)
Total assets less current liabilities	5,624	4,725
Long term creditors	(1,230)	(812)
Provisions	(17)	(10)
Total net assets	4,377	3,903

Terry Leahy
Andrew Higginson
Directors

The summary financial statement was approved by the Board on 12 April 1999.



investor information

summary five year record

Year ended February	1995 £m	1996 £m	1997 £m	1998 52 weeks (proforma) £m	1999 £m
Turnover excluding VAT					
UK	9,655	11,560	13,118	14,677	15,835
Rest of Europe	446	534	769	1,465	1,167
Thailand	–	–	–	–	156
	10,101	12,094	13,887	16,142	17,158
Operating profit (pre-integration costs and goodwill amortisation)					
UK	600	713	760	859	919
Rest of Europe	17	11	14	36	48
Thailand	–	–	–	–	(2)
	617	724	774	895	965
Underlying profit	595	681	750	817	881
Profit before tax	551	675	750	745	842
Adjusted diluted earnings per share	6.70p	7.30p	7.83p	8.70p	9.37p
Dividend per share	2.87p	3.20p	3.45p	3.87p	4.12p
UK food retailing productivity					
Turnover per employee (£)	140,842	143,335	146,326	139,770	146,236
Weekly sales per sq ft (£)	17.00	18.31	19.74	20.48	21.05
UK food retail statistics					
Market share in food and drink shops	12.0%	13.7%	14.6%	15.2%	15.8%
Number of stores	519	545	568	618	639
Total sales area (000 sq ft)	12,641	13,397	14,036	15,215	15,975
Full-time equivalent employees	68,552	80,650	89,649	105,008	108,284

shareholder profile

	Number of holdings	%	Balance as at 27 Feb 1999	%
Analysis by type of shareholder				
Employees	70,033	35.27	161,598,399	2.39
Other individuals	105,570	53.16	526,054,124	7.77
Corporate institutions	22,984	11.57	6,082,544,575	89.84
	198,587	100.00	6,770,197,098	100.00
Analysis by size of shareholding				
1 – 1,000	100,385	50.55	22,116,059	0.33
1,001 – 10,000	79,306	39.93	292,901,040	4.32
10,001 – 100,000	16,861	8.49	389,451,847	5.75
100,001 – 1,000,000	1,427	0.72	436,564,307	6.45
above 1,000,000	608	0.31	5,629,163,845	83.15
	198,587	100.00	6,770,197,098	100.00

Corporate institutions such as banks, insurance companies and pension funds represent many thousands of people through their accounts, policies and memberships and therefore the company works in the interests of a rich variety of investors.

Secretary and registered office

Rowley Ager, Tesco House, Delamare Road,
Cheshunt, Hertfordshire EN8 9SL
Telephone 01992 632222

Registrar

Lloyds TSB Registrars, The Causeway,
Worthing, West Sussex BN99 6DA
Telephone 01903 502541

Investor enquiries

Investor Relations department,
Tesco PLC, Tesco House, Delamare Road, Cheshunt,
Hertfordshire EN8 9SL
Telephone 01992 646484
Fax 01992 644839
e.mail at investor_relations@tesco.e-mail.com

Annual General Meeting

Royal Lancaster Hotel, Lancaster Terrace, London
W2 2TY on Friday 4 June 1999 at 11.00 am.

Amalgamation of accounts

Shareholders who receive duplicate sets of company mailings owing to multiple accounts in their name should write to Lloyds Bank Registrars to have their accounts amalgamated.

Low cost dealing

The company has arranged a low cost postal share dealing service through Lloyds TSB Registrars in conjunction with the company's brokers, BT Alex Brown and Morgan Stanley. For details and a dealing form please telephone **01903 833398**.

Individual Savings Account (ISA)

The Government introduced the ISA on 6 April 1999 to promote long term savings. The ISA replaces the PEP and the Tax Exempt Special Savings Account (TESSA).

An ISA enables you to invest without paying tax – no personal income tax and no capital gains tax on any profits should you decide to sell your investment. You don't even need to show details of your ISA in your tax return.

Existing PEPs will continue and the Company is also introducing a Corporate Sponsored ISA enabling shareholders to hold Tesco shares in a tax advantageous manner. For more details please contact: Lloyds TSB Registrars, ISA Team, The Causeway, Worthing, West Sussex BN99 6DA
Telephone 0870 24 24 244

Corporate Personal Equity Plans (PEPs)

From 6 April 1999, no new PEPs are available. Existing PEPs have been transferred from Bradford & Bingley (PEPs) Ltd to The Share Centre Limited PO Box 1000, Tring, Herts HP23 5AN. Please contact: The Plan Manager
Telephone 01442 890800/890811

The Share Centre Limited is regulated by the Personal Investment Authority.

Tesco share price line

Up-to-the-minute share price and company information can be obtained by calling **0891 121200** (calls from within the UK cost 50p per minute).

Capital gains tax

For the purpose of UK capital gains tax the market value of the company's ordinary shares on 31 March 1982 was 21p after adjustments for the rights issues in 1985 and 1991, and capitalisation issues in 1987 and 1998.

CREST – share settlement system

The company entered the CREST system on 7 April 1997 and the ordinary shares are available for settlement in CREST. As the membership system is voluntary, shareholders not wishing to participate can continue to hold their own share certificates.

A guide to Tesco PLC financial statements

The company has prepared a booklet to aid understanding of the financial statements included within the Tesco PLC Annual Report and Accounts. If you would like a free copy of this booklet please contact the Investor Relations department at the address shown in the panel above.

Annual Report on internet

The 1999 Tesco PLC Annual Report and the 1999 Tesco PLC Annual Review and Summary Financial Statement are available via the internet at <http://www.tesco.co.uk/>

Financial calendar	1999
Financial year end	27 February
Results announced	13 April
Final dividend: ex-dividend date	19 April
Final dividend: record date	23 April
Annual Report posted	5 May
AGM and trading statement	4 June
Final dividend pay date	1 July
Half year end	14 August
Interim results announced	late September
Interim dividend: ex-dividend date	late September
Interim dividend: record date	early October
Trading statement	mid November
Interim dividend pay date	mid December
	2000
Trading statement	mid January
Financial year end	26 February
Results announced	mid April

from a to z our growing store network

Tesco now operates 821 stores in eight countries. The business trades from over 21 million sq ft of space and employs more than 200,000 people. We aim to be leaders in each of our markets, but our store formats, products and services vary widely – always responding to the needs of the local area.

UK

Extra (5)

Baldock
Cardiff
New Malden
Peterborough
Pitsea

Superstores (269)

Aberdeen
Abingdon
Aldershot
Altrincham
Amersham
Andover
Ashby de la Zouch
Ashford, Kent
Ashford, Middlesex
Aylesbury (2)
Ayr
Banbury
Bangor
Bangor (NI)
Bar Hill
Barking
Barkingside
Barnsley
Barnstaple
Barrow-in-Furness
Basildon
Basingstoke
Batley
Beckenham
Bedford (2)
Bedworth
Belfast (2)
Bidston Moss
Bishop's Stortford
Blackburn
Blackpool
Bognor Regis
Borehamwood
Boston
Bournemouth
Braintree
Brent Cross
Bridgend (2)
Bristol (4)
Brixton
Bromley-by-Bow
Burgess Hill
Bury
Bury St Edmunds
Cambridge
Cardiff (2)
Carlisle
Carmarthen
Catford
Chatham
Chelmsford (2)
Cheltenham
Cheshunt
Chester
Chesterfield

Chichester
Chorley
Cirencester (2)
Cleethorpes
Colchester (2)
Coleraine (NI)
Colney Hatch
Coventry
Crawley
Derby
Doncaster
Dorchester
Dover
Dudley
Dundee (3)
Dunstable
Ealing
East Dereham
Eastbourne
Ebbw Vale
Edgbaston
Edmonton (2)
Ely
Exeter
Exmouth
Falkirk (2)
Feltham (2)
Ferndown
Finchley
Flitwick
Folkestone
Formby
Fulbourn
Gateshead
Gatwick
Gillingham
Glasgow
Gloucester
Goodmayes
Greenock
Guildford
Handforth
Hanley
Harlow (2)
Harrow
Hartlepool
Hastings
Hatfield
Haverfordwest
Hayes
Hemel Hempstead
Hereford
High Wycombe (2)
Horsham
Horwich
Huddersfield
Hull
Huntingdon
Inverness
Ipswich
Irlam
Irvine
Ivybridge
Kensington

Kettering
King's Lynn
Kirkcaldy
Leatherhead
Leeds
Leicester
Lewes
Lewisham
Lincoln (2)
Lisburn (NI)
Liverpool
Llandudno
Llanelli
Londonderry (NI) (2)
Loughborough
Lowestoft
Macclesfield
Maidstone
Mansfield (2)
Martlesham
Meir
Milngavie
Milton Keynes (3)
Mold
Montrose
Neasden
Neath
New Milton
Newbury
Newcastle upon Tyne
Newport (2)
Newton Abbot
Newtonabbey (2)
Northampton (2)
Northwich
Norwich (2)
Nottingham (2)
Oban
Oldham
Osterley
Oxford
Perth
Plymouth
Pontypridd
Poole (2)
Portsmouth (2)
Prestwich
Purley
Quedgeley
Rainham, Essex
Ramsgate
Reading
Redditch (2)
Rochdale
Romford (2)
Rotherham
Royston
Rugby
Runcorn
Ryde
Sale
Salisbury
Sandhurst
Scunthorpe

Sevenoaks
Sheerness
Sheffield
Shoreham
Shrewsbury
Sidcup
Slough
Solihull
South Tottenham
Southampton (2)
Southend
Southport
Stafford
Stevenage
Stirling
Stoke-on-Trent
Stratford-upon-Avon
Stroud
Sunbury
Surrey Quays
Sutton (2)
Sutton Coldfield
Swansea
Swindon
Talbot Green
Telford
Thetford
Thornton Heath
Trowbridge
Truro
Twickenham
Walkden
Walsall (2)
Watford
Wellingborough
West Durrington
West Thurrock
Weston super Mare
Weybridge
Whitstable
Winchester
Wokingham
Worcester (2)
Worksop
Wrexham
Yate
Yeading
Yeovil
York (2)

Compact superstores (67)

Aberdare
Abertillery
Ammanford
Ashford, Kent
Aviemore
Axminster
Birmingham
Bishop's Cleeve
Blandford Forum
Brackley
Braintree
Brigg
Burnham-on-Sea

Burton-on-Trent
Cardigan
Chard
Chepstow
Clevedon
Cupar
Droylesden
Dunblane
Dungannon (NI)
Enfield
Faversham
Great Dunmow
Hackney
Halifax
Hammersmith
Harlow
Havant
Helston
Henley-on-Thames
Holyhead
Honiton
Hook, Hampshire
Hythe
Ipswich
Kidsgrove
Launceston
Ledbury
Leyton
Littlehampton
Maidstone
March
Midsomer Norton
Milford Haven
Musselburgh
Penarth
Penzance
Pinner Green
Port Talbot
Potters Bar
Princes Risborough
Shepton Mallet
Southwark
St Austell
St Neots
Stowmarket
Stow-on-the-Wold
Sudbury
Thornbury
Tring
Uttoxeter
Watton
Woodford Green
Woolton
Ystrad Mynach

Other stores (240)

Antrim (NI)
Atherton
Ballymena (NI)
Ballymoney (NI)
Banbridge (NI)
Banff
Bangor (NI)
Barry

Basildon
Bathgate
Belfast (NI) (6)
Berkhamsted
Bexhill
Bicester (2)
Birkenhead
Blackwood
Blairgowrie
Bo'ness
Bootle
Bracknell (2)
Bradford
Bridlington
Brighouse
Bristol
Broadstairs
Buckingham
Caernarfon
Caerphilly
Camborne
Campbeltown
Carlisle
Carnoustie
Carrickfergus (NI)
Castle Bromwich
Cheshunt
Chichester
Clacton-on-Sea
Cleckheaton
Cleveleys
Clitheroe
Coatbridge
Conssett
Cookstown (NI)
Cosham
Coventry (2)
Craigavon (NI)
Craigavonloch
Crossgates
Cumbernauld
Dalgety Bay
Dalkeith
Deal
Derby
Devises
Didcot
Dingwall
Doncaster
Driffield
Dumfries
Dunbar
Dunmurry (NI)
East Didsbury
East Molesey
Eastbourne
Eastleigh
Edgware
Edinburgh
Egham
Elgin
Ely
Epping
Evesham



Tesco PLC, Tesco House, Delamare Road, Cheshunt, Hertfordshire EN8 9SL

Front cover: *Customer assistant Irene Collins helping customers at our store in Sevenoaks*