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European Progress Review

Bob Robbins

CEO Europe

Priorities in 2002

- Developing quality assets
- Developing infrastructure
- Targeting market leadership
- Growing returns

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Hypermarkets

Number of stores

100 More Hypers

	Dec 2002	Feb 2006
Hungary	26	57
Poland	21	49
Czech	11	28
Slovakia	12	32
Turkey	-	8
Total	70	174

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Multi-format development

- 5k compact hypermarket – now 36 stores
- 3k destination store – now 34 stores
- 2k destination store – now 9 stores
- 1k discount store – now 46 stores
- Express – trial in Turkey

Plus 11 department stores and 56 small supermarkets

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Multi-format

3K

5K

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Multi-format

1K

2K

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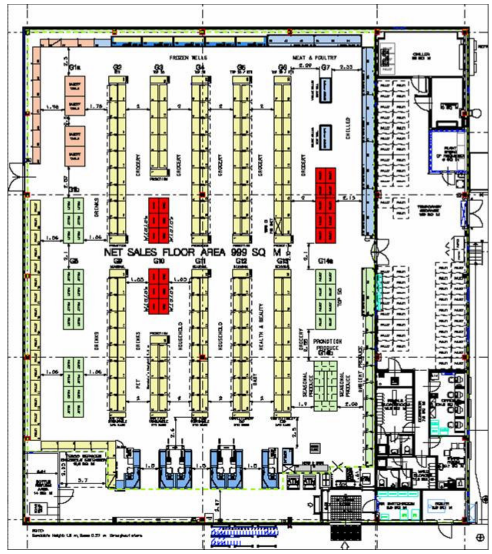
1K format

- 3,000 products
- Brands
- All categories
- Non-food



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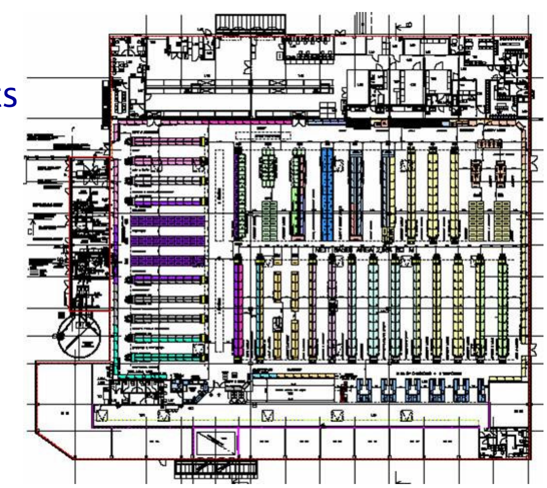
3K format

- 15,000 products
- More non-food
- Clothing
- Mall space



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Carrefour deal

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Developing quality assets

	Stores	Space	% Total
Hungary	90	4.4m	28%
Poland	101	4.6m	29%
Czech*	75	3.9m	25%
Slovakia	38	2.3m	14%
Turkey	8	0.6m	4%
Total*	312	15.8m	100%

Almost 16m sq ft in Europe

*Includes Carrefour stores

Note: Excludes Ireland (91 stores, 2.1m sq ft)

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Accelerating our growth

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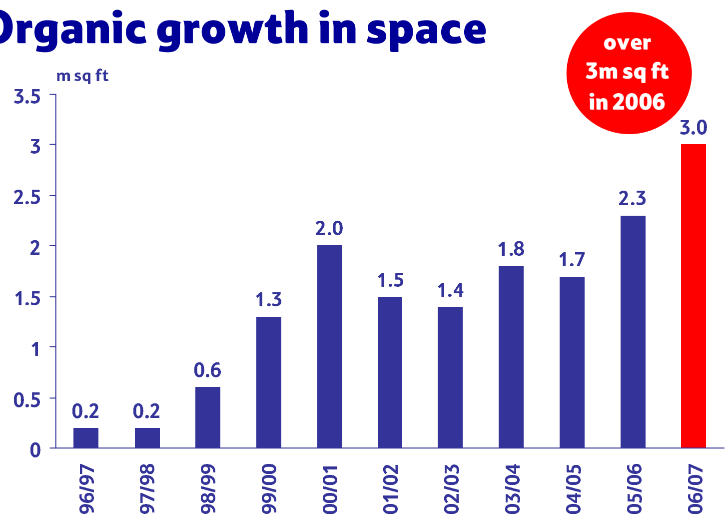
Organic growth in space



Note: Excludes acquisitions

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Building our infrastructure

- Modern depot network
- Ambient, fresh & non-food capacity
- Dedicated clothing depot

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Investing for customers

- Lowering prices
- Produce quality
- Better availability
- Cherokee
- Improving non-foods

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Strong market positions

% Market share

	Tesco		Main Competitor
	2005	2004	
Hungary	15.1	14.1	4.3 Auchan
Poland	4.0	3.6	3.0 Real
Czech	4.7	3.7	12.9 Kaufland
Slovakia	11.0	9.1	7.2 Lidl
Turkey	0.6	0.4	4.6 Migros

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Summary

- Quality assets, multi-format
- Strong new space pipeline
- Infrastructure in place or being developed
- Good market positions
- Consolidating markets
- Growing sales, profits and returns

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Q & A