



News release...

Tuesday 5 December 2006

TESCO PLC THIRD QUARTER TRADING STATEMENT

TESCO MAINTAINS STRONG GROWTH

The Group maintained strong growth during the third quarter, driven by all four parts of our strategy. The core UK business delivered another strong performance; in non-food, sales and market share again increased in a subdued market; our international operations made further good progress and our retailing services businesses continued to attract new customers.

Strong deflation in petrol prices reduced the headline sales growth rate. Group sales, excluding petrol, increased by 10.3% in the 13 weeks to 25 November 2006, and by 9.6% including petrol.

Excluding petrol, UK like-for-like growth in the quarter was 5.6% and total sales growth was 8.5%. Including petrol, UK sales grew by 7.4%, with like-for-like growth of 4.4% and 3.0% from net new stores. Deflation overall was 0.1% but excluding petrol, our stores saw inflation of 0.8%, driven by higher energy costs and increases in market prices for produce and meat. We expect these inflationary pressures to subside in the months ahead.

This year's programme of new UK space is on track, with almost a third of the total footage opening in the fourth quarter. We opened seven new stores last week, including our flagship environment store in Wick, which is expected to have a 50% smaller carbon footprint than comparable stores.

Non-food sales continued to see double-digit growth in the period and the successful launch of Tesco Direct strengthened an already good performance in tesco.com.

International sales in the third quarter increased by 17.9% at constant exchange rates, a similar rate of growth to the first half, and by 17.5% at actual rates. We plan to open over 300 stores with a total of more than 4.5 million square feet of sales area in International during the second half this year, representing our largest ever opening programme overseas.

Our next trading update will be on 16 January 2007 and will cover the Christmas and New Year period.

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