



## ASDA GROUP PLC

(Incorporated and registered in England and Wales  
with registered number 1396513)

**£150,000,000**

**6.625 per cent. Notes due 2015**

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Issue Price 101.316 per cent.

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Application has been made to the London Stock Exchange Limited (the "London Stock Exchange") for the Notes to be admitted to the Official List. Copies of this document, which comprises listing particulars in respect of the Notes as required by the listing rules made under Part IV of the Financial Services Act 1986, have been delivered to the Registrar of Companies in England and Wales as required by Section 149 of that Act.

Interest on the Notes is payable annually in arrear on 17th July in each year. Payments on the Notes will be increased by reference to deductions for or on account of taxes of the United Kingdom to the extent described under "Conditions of the Notes — Taxation".

The Notes mature on 17th July, 2015 at their principal amount. The Notes are subject to redemption (i) in whole (but not in part), at their principal amount, together with accrued interest, at the option of the Company at any time in the event of certain changes affecting taxes of the United Kingdom upon giving notice to the holders of the Notes and (ii) in whole or in part, at the price calculated in accordance with "Conditions of the Notes — Redemption at the Option of the Company", together with accrued interest, at the option of the Company at any time upon giving notice to the holders of the Notes. See "Conditions of the Notes — Redemption and Purchase".

The Notes will initially be represented by a temporary global Note (the "Temporary Global Note"), without interest coupons, which will be deposited with a common depositary for Cedel Bank, société anonyme ("Cedel Bank") and Morgan Guaranty Trust Company of New York, Brussels office, as operator of the Euroclear system ("Euroclear") on or about 17th July, 1998 (the "Closing Date"). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global Note (the "Permanent Global Note" and, together with the Temporary Global Note, the "Global Notes"), without interest coupons, on or after 26th August, 1998 upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury Regulations. The Permanent Global Note will also be deposited with a common depositary for Cedel Bank and Euroclear and interests in the Permanent Global Note will be exchangeable for definitive Notes in bearer form in the denominations of £1,000, £10,000 and £100,000 each, with interest coupons and, if applicable, one talon attached, only in the limited circumstances described below in "Summary of provisions relating to the Notes while represented by the Global Notes" and set out in the Permanent Global Note.

**Greenwich NatWest**

**Merrill Lynch International**

**Cazenove & Co.**

**HSBC Markets**

Dated 15th July, 1998



This Offering Circular comprises listing particulars issued in compliance with the listing rules of the London Stock Exchange for the purposes of giving information with regard to Asda Group PLC ("Asda" or the "Company"), to the Company and its subsidiaries and affiliates (the "Asda Group" or the "Group") and to the £150,000,000 6.625 per cent. Notes due 2015 (the "Notes"). The Company accepts responsibility for the information contained in this document. To the best of the knowledge and belief of the Company (which has taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Circular does not constitute an offer or an invitation by or on behalf of the Company or the Managers (as defined in "Subscription and Sale" below) to subscribe for or purchase any of the Notes.

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Company and the Managers to inform themselves of and observe any such restrictions. For a description of certain further restrictions on offers and sales of Notes and the distribution of this Offering Circular and other documents, see "Subscription and Sale" below.

No person is authorised to give any information or to make any representation in connection with the issue, offering or sale of the Notes other than those contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by or on behalf of the Company or any Manager. Neither the delivery of this Offering Circular nor the issue of the Notes nor any sale made hereunder shall, under any circumstances, imply that the information contained in this Offering Circular is correct as at any time subsequent to its date.

The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, (the "Securities Act") and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

Unless otherwise specified or the context otherwise requires, references to "£", "pounds", "pounds sterling" and "sterling" are to the currency of the United Kingdom of Great Britain and Northern Ireland (the "United Kingdom").

In connection with this issue, Merrill Lynch International may over-allot or effect transactions which stabilise or maintain the market price of the Notes at a level which might not otherwise prevail. Such stabilising, if commenced, may be discontinued at any time and shall be carried out in accordance with all applicable laws and regulations.

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## CONDITIONS OF THE NOTES

*The following are the Conditions of the Notes substantially in the form in which they will be endorsed on the Notes in definitive form, if issued.*

The issue of the £150,000,000 6.625 per cent. Notes due 2015 (the "Notes", which expression shall, where the context admits, include any further notes issued pursuant to Condition 14 (*Further Issues*) and forming a single series with the Notes) by Asda Group PLC (the "Company") was authorised by a resolution of a duly appointed committee of the Board of Directors of the Company passed on 14th July, 1998. The Notes are constituted by a First Supplemental Trust Deed dated 17th July, 1998 (the "First Supplemental Trust Deed") between the Company and Royal Exchange Trust Company Limited (the "Trustee", which expression shall include all persons for the time being the trustee or trustees under the Trust Deed (as defined below)) as trustee for the holders of the Notes (the "Noteholders") and the holders of the interest coupons relating to them (the "Couponholders" and the "Coupons" respectively, which latter expression shall, unless the context otherwise requires, include the talons for further interest coupons (the "Talons")), supplemental to the Trust Deed dated 24th April, 1997 between the same parties (the "Principal Trust Deed", and, together with the First Supplemental Trust Deed, the "Trust Deed"). These Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed. A paying agency agreement dated 17th July, 1998 (the "Agency Agreement") has been entered into in relation to the Notes between the Company, the Trustee, The First National Bank of Chicago, London Branch, as initial principal paying agent (the "Principal Paying Agent") and the other initial paying agents named in the Agency Agreement (together with the Principal Paying Agent, the "Paying Agents"). Copies of the Trust Deed and the Agency Agreement are available for inspection by the Noteholders and the Couponholders during usual business hours at the principal office of the Trustee (being at the date of issue of the Notes at 155 Bishopsgate, London EC2M 3TG) and at the specified offices of the Paying Agents for the time being. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and are deemed to have notice of those provisions of the Agency Agreement applicable to them.

Expressions which are not specifically defined herein shall have the same meanings as set out in the Trust Deed. References in these Conditions to Notes and Noteholders shall, where the context so admits and unless otherwise stated, include references to Coupons and Couponholders. References in these Conditions to the Principal Paying Agent and the other Paying Agents shall include any successor or successors appointed under the Agency Agreement.

The Notes are, on issue, listed on the London Stock Exchange Limited (the "London Stock Exchange").

### 1. Form, Denomination and Title

#### (a) Form and Denomination

The Notes are serially numbered and in bearer form in the denominations of £1,000, £10,000 and £100,000 each with Coupons and, if applicable, one Talon attached on issue. Notes of one denomination may not be exchanged for Notes of another denomination.

#### (b) Title

Title to the Notes and Coupons passes by delivery. Except as otherwise required by law, the Company, the Trustee and the Paying Agents may deem and treat the holder of any Note or Coupon as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on it, or its theft or loss) and no person will be liable for so deeming and treating the holder.

### 2. Status

The Notes and Coupons constitute direct, unconditional and (subject to Condition 3 (*Negative Pledge*)) unsecured obligations of the Company and rank and shall at all times rank *pari passu* and rateably without any preference or priority amongst themselves. The payment obligations of the Company under the Notes and Coupons shall (subject to Condition 3 (*Negative Pledge*)) at all times

rank at least equally with all its other present and future unsecured and unsubordinated obligations but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

### **3. Negative Pledge**

So long as any Note or Coupon remains outstanding:

- (a) the Company shall not create or permit to subsist any mortgage, charge, pledge, lien, encumbrance or other security interest (each an "Encumbrance") upon the whole or any part of its present or future undertaking, assets or revenues (including any uncalled capital) to secure any Relevant Debt, or any guarantee of, or indemnity in respect of, any Relevant Debt;
- (b) subject as provided below, the Company shall procure, so far as the Company by the proper exercise of voting and other rights or powers of control exercisable by the Company in relation to Subsidiaries (as defined in the Trust Deed) can procure, that no Subsidiary shall create or permit to subsist any Encumbrance upon the whole or any part of the present or future undertaking, assets or revenues (including any uncalled capital) of that Subsidiary to secure (i) any of the Company's Relevant Debt, or any guarantee of, or indemnity in respect of, any of the Company's Relevant Debt or any guarantee or indemnity by the Company of any Relevant Debt of any other person, or (ii) any of the Relevant Debt of that Subsidiary or any other person or any guarantee of, or indemnity in respect of, any such Relevant Debt; and
- (c) the Company shall procure that no Subsidiary shall give any guarantee of, or indemnity in respect of, any of the Relevant Debt of the Company,

unless, at the same time or prior thereto, the Company's obligations under the Notes, the Coupons and the Trust Deed (i) are secured equally and rateably therewith or benefit from a guarantee or indemnity in substantially identical terms thereto, as the case may be, in each case to the satisfaction of the Trustee, or (ii) have the benefit of such other security, guarantee, indemnity or other arrangement as the Trustee in its absolute discretion shall deem to be not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution of the Noteholders.

The covenant in sub-paragraph (b) above shall not apply to any Encumbrance securing the Relevant Debt of any Subsidiary which is acquired by the Company after 17th July, 1998, which Encumbrance is in existence at the date of, but was not created in contemplation of, such acquisition and provided that the amount secured at the date of such acquisition is not thereafter increased.

For the purposes of this Condition, "Relevant Debt" means any indebtedness for moneys borrowed (other than indebtedness which has a stated maturity not exceeding one year) in the form of, or represented by, bonds, notes, debentures, loan stock or other similar securities which (with the consent of the Company) are for the time being quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other recognised securities market.

### **4. Interest**

The Notes bear interest from and including 17th July, 1998 at the rate of 6.625 per cent. per annum, payable annually in arrear on 17th July in each year (each an "interest payment date"). Each Note will cease to bear interest from its due date for redemption unless, upon due presentation, payment of principal is improperly withheld or refused or unless default is otherwise made in respect of payment. In such event it shall continue to bear interest as provided in the Trust Deed. If interest is required to be calculated for a period of less than one year, it will be calculated on the basis of a 360 day year consisting of 12 months of 30 days each.

### **5. Redemption and Purchase**

#### **(a) Final Redemption**

Unless previously redeemed or purchased and cancelled as hereinafter provided, the Notes will be redeemed at their principal amount on 17th July, 2015. Notes may not be redeemed at the option of the Company other than in accordance with this Condition.

(b) *Redemption at the Option of the Company*

The Company may, at any time, having given not less than 30 nor more than 45 days' notice to the Noteholders in accordance with Condition 15 (*Notices*) (which notice shall be irrevocable), redeem the Notes in whole or in part (but if in part, being not less than £1,000,000 in principal amount or an integral multiple of £1,000,000 in principal amount) at the price (the "Redemption Price") which shall be the higher of the following:

- (i) the principal amount thereof; and
- (ii) that price, expressed as a percentage rounded to three decimal places (0.0005 being rounded up), at which the Gross Redemption Yield on the Notes, if they were to be purchased at such price on the third dealing day prior to the date of the publication of the notice of redemption, would be equal to the Gross Redemption Yield on such dealing day on the 8 per cent. Treasury Stock 2015 or on such other United Kingdom Government Stock as the Trustee, with the advice of three leading brokers operating in the gilt-edged market and/or gilt-edged market makers, shall determine to be appropriate (the "Reference Stock") on the basis of the middle market price of the Reference Stock prevailing on such dealing day, as determined by Merrill Lynch International (or such other person(s) as the Trustee may approve),

together with interest, on the principal amount thereof, accrued to but excluding the date of redemption.

The "Gross Redemption Yield" on the Notes and the Reference Stock will be expressed as a percentage and will be calculated on the basis indicated by the Joint Index and Classification Committee of the Institute and Faculty of Actuaries as reported in the Journal of the Institute of Actuaries, Vol. 105, Part 1, 1978, page 18 or on such other basis as the Trustee may approve.

In the case of a partial redemption of Notes, Notes to be redeemed will be selected individually by lot in such place as the Trustee may approve and in such manner as the Trustee shall deem to be appropriate and fair without involving any part only of a Note, not more than 60 days before the date fixed for redemption. Any notice given by the Company pursuant to this paragraph will specify the date fixed for redemption and the Redemption Price and, in the case of a partial redemption, the aggregate principal amount of the Notes to be redeemed, the serial numbers of the Notes called for redemption, the serial numbers of the Notes (if any) previously called for redemption and not presented for payment and the aggregate principal amount of the Notes which will be outstanding after the partial redemption.

Upon the expiry of any such notice as is referred to above, the Company shall be bound to redeem the Notes to which the notice refers at the relative Redemption Price, together with interest, on the principal amount thereof, accrued to but excluding the date of such redemption.

(c) *Redemption for Taxation Reasons*

- (i) If at any time the Company satisfies the Trustee immediately prior to the giving of the notice referred to below that, if a payment of principal or interest in respect of the Notes were to be due (whether or not the same is in fact then due) on or before the 60th day after the next interest payment date, the Company would, for reasons outside its control, be unable (after using such endeavours as the Trustee shall consider reasonable) to make such payment of principal or interest without having to pay additional amounts as provided or referred to in Condition 7 (*Taxation*), the Company may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 15 (*Notices*), redeem all, but not some only, of the Notes then outstanding at their principal amount together with interest accrued up to (but excluding) the date of redemption.
- (ii) Subject only to the obligation of the Company to use such endeavours as aforesaid, it shall be sufficient to establish the existence of the circumstances required to be established pursuant to this paragraph (c) if the Company shall deliver to the Trustee a certificate of an independent lawyer or accountant satisfactory to the Trustee in a form satisfactory to the Trustee to the effect either that such circumstances exist or that, upon a change in the

taxation laws (or regulations made thereunder) of the United Kingdom or any political subdivision thereof or any authority thereof or therein having power to tax or in the application or interpretation of such laws or regulations, which at the date of such certificate is proposed and which in the opinion of such lawyer or accountant can reasonably be expected to become effective on or prior to the 60th day after such interest payment date as is referred to in (i) above, becoming so effective, such circumstances would exist.

Upon the expiry of any such notice as is referred to above, the Company shall be bound to redeem the Notes at their principal amount together with interest accrued to but excluding the date of such redemption.

The Company shall not give a notice under this paragraph (c) if it has already given a notice under paragraph (b) above and such latter notice has not expired.

(d) *Purchase*

The Company or any of its Subsidiaries may at any time purchase Notes in the open market or otherwise at any price. Any purchase by tender shall be made available to all Noteholders alike. The Notes so purchased, while held by or on behalf of the Company or any such Subsidiary, shall not entitle the holder to vote at any meetings of the Noteholders and shall be deemed not to be outstanding for the purposes of calculating quorums at meetings of the Noteholders and for the purposes of Condition 8 (*Events of Default*), 9 (*Enforcement*) and 12 (*Meetings of Noteholders, Modification, Waiver and Substitution*).

(e) *Cancellation*

All Notes so redeemed, together with any unmatured Coupons (which expression, for the avoidance of doubt, shall include Coupons falling to be issued on the exchange of matured Talons) attached to or surrendered with them, will be cancelled and may not be re-issued or resold. All Notes so purchased may be held, re-issued, re-sold or cancelled.

**6. Payments and Exchange of Talons**

(a) *Methods of Payment*

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of a partial payment, endorsement) of the Note or the appropriate Coupons (as the case may be) at the specified office of any Paying Agent by sterling cheque drawn on, or by transfer to a sterling account maintained by the payee with, a bank in London. Payments of interest due in respect of any Note other than on presentation and surrender of matured Coupons shall be made only against presentation and either surrender or endorsement (as appropriate) of the relevant Note.

(b) *Payments subject to fiscal laws*

All payments are subject in all cases to any applicable fiscal or other laws or regulations, but without prejudice to the provisions of Condition 7 (*Taxation*). No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of any payment.

(c) *Surrender of Unmatured Coupons*

Each Note should be presented for redemption together with all unmatured Coupons (which expression, for the avoidance of doubt, shall include Coupons falling to be issued on the exchange of matured Talons) relating to it, failing which an amount of principal equal to the amount of any such missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal amount due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relevant missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7 (*Taxation*)) for the relevant payment of principal (whether or not the Coupon would otherwise have become void pursuant to Condition 10 (*Prescription*)) or, if later, five years after the date on which the Coupon would have become due, but not thereafter. Upon

any of the Notes becoming due and repayable on or prior to 17th July, 2000, the unmatured Talons appertaining thereto will become void for all purposes and no further Coupons will be issued in respect thereof.

(d) *Payments on Business Days*

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

"Presentation Date" means a day which (subject to Condition 10 (*Prescription*)):

- (i) is or falls after the relevant due date or, if the due date is not or was not a Business Day in London, is or falls after the next following such Business Day; and
- (ii) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment and (in the case of payment by transfer to a sterling account in London as referred to above) in London.

"Business Day" means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments in sterling in that place.

(e) *Exchange of Talons*

On and after the interest payment date on which the final Coupon comprised in any Coupon sheet matures, the Talon comprised in the Coupon sheet may be surrendered at the specified office of any Paying Agent in exchange for a further Coupon sheet subject to the provisions of Condition 10 (*Prescription*). Each Talon shall, for the purposes of these Conditions, be deemed to mature on the interest payment date on which the final Coupon comprised in the relative Coupon sheet matures.

(f) *Paying Agents*

The names of the initial Paying Agents and their initial specified offices are set out below. The Company reserves the right at any time with the approval of the Trustee to vary or terminate the appointment of any Paying Agent and appoint additional or other Paying Agents, provided that it will maintain (i) a Principal Paying Agent and (ii) Paying Agents having specified offices in at least two major European cities approved by the Trustee (including London, so long as the Notes are listed on the London Stock Exchange). Notice of any change in the Paying Agents or their specified offices will promptly be given to the Noteholders by the Company in accordance with Condition 15 (*Notices*).

## 7. **Taxation**

All payments of principal and interest in respect of the Notes and the Coupons shall be made free and clear of, and without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("Taxes") imposed, levied, collected, withheld or assessed by or within the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax, unless such withholding or deduction of Taxes is required by law. In that event the Company shall pay such additional amounts as will result in receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented for payment:

- (a) by or on behalf of a holder who is liable to any Taxes in respect of the Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note or Coupon; or
- (b) by or on behalf of a holder who would not be liable or subject to such withholding or deduction by making a declaration of non-residence or other similar claim for exemption to the relevant tax authority; or
- (c) in the United Kingdom; or

- (d) more than 30 days after the Relevant Date except to the extent that the holder of the Note or Coupon would have been entitled to such additional amounts on presenting such Note or Coupon for payment on the last day of such period of 30 days, assuming, whether or not it is in fact the case, such last day to be a Presentation Date.

In these Conditions, "Relevant Date" means the date on which such payment first becomes due but, if the full amount payable has not been received in London by the Principal Paying Agent or the Trustee on or prior to such due date, it means the date on which, the full amount payable having been so received, notice to that effect shall have been given to the Noteholders in accordance with Condition 15 (*Notices*). Any reference in these Conditions to (i) principal shall be deemed to include any premium which may be payable under Condition 5(b) (*Redemption at the Option of the Company*) and any additional amounts which may be payable under this Condition or any undertaking given in addition thereto or in substitution therefor under the Trust Deed and (ii) interest shall be deemed to include any additional amounts which may be payable under this Condition or any undertaking given in addition thereto or in substitution therefor under the Trust Deed.

## **8. Events of Default**

If any of the following events (each an "Event of Default") occurs and is continuing the Trustee at its discretion may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified to its satisfaction), give notice to the Company that the Notes are, and they shall thereupon forthwith become, immediately due and repayable at their principal amount together with accrued interest as provided in the Trust Deed:

- (a) *Non-Payment*

the Company fails to pay the principal of or interest on any one or more of the Notes when due and such failure continues for a period of 14 days; or

- (b) *Breach of Other Obligations*

the Company does not perform or comply with any one or more of its other obligations under these Conditions or the Trust Deed which default, in the opinion of the Trustee, is incapable of remedy or, if capable of remedy, is not in the opinion of the Trustee remedied within 30 days (or such longer period as the Trustee may permit) after written notice requiring such default to be remedied shall have been given to the Company by the Trustee; or

- (c) *Cross-Default*

(i) any other present or future indebtedness of the Company or any of the Principal Subsidiaries for or in respect of moneys borrowed or raised becomes due and payable prior to its stated maturity by reason of default or (ii) any such indebtedness is not paid by the later of its due date and the expiry of any applicable grace period or (iii) taking into account any applicable grace period therefor the Company or any of the Principal Subsidiaries fails to pay when due any amount payable by it under any present or future guarantee of, or indemnity in respect of, any indebtedness for or in respect of moneys borrowed or raised, provided that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned above in this paragraph (c) has occurred equals or exceeds £30,000,000 or its equivalent in any other currency or currencies (as reasonably determined by the Trustee) and provided further that there shall not be included any indebtedness, guarantee or indemnity in respect of which liability to make payment is being contested in good faith by the Company or the relevant Principal Subsidiary on the basis of advice obtained by it from independent legal advisers of recognised standing that it is reasonable so to do; or

- (d) *Enforcement Proceedings*

a distress, attachment, execution, sequestration or other legal process is levied, enforced or sued out on or put in force against the whole or any substantial part of the property, assets or revenues of the Company or any of the Principal Subsidiaries and is not discharged or stayed within 45 days (or such longer period as the Trustee may permit) or any encumbrancer takes possession of the



whole or a substantial part of the property, assets or revenues of any of them and is not removed, paid out or discharged within 45 days (or such longer period as the Trustee may permit); or

(e) *Insolvency*

the Company or any of the Principal Subsidiaries is deemed unable to pay its debts as they fall due for the purposes of Section 123 (2) of the Insolvency Act 1986 or stops payment of its debts or stops or suspends or threatens to stop or suspend carrying on all or a substantial part of its business (otherwise than for the purposes of such a reconstruction, amalgamation, reorganisation, merger or consolidation as is referred to in (f) below) or (except as previously approved by the Trustee in writing or by an Extraordinary Resolution of the Noteholders) makes a general assignment or an arrangement or composition with or for the benefit of its creditors or (except as aforesaid) a moratorium is agreed or declared in respect of or affecting all or any part of (or a particular type of) the debts of the Company or any of the Principal Subsidiaries; or

(f) *Winding up*

(i) an administrative receiver, administrator or other similar official is appointed in relation to the Company or any of the Principal Subsidiaries or, as the case may be, in relation to the whole or a substantial part of the undertaking or assets of any of them and is not discharged within 45 days (or such longer period as the Trustee may permit) or (ii) an order of a court of competent jurisdiction is made (and is not discharged or stayed within a period of 30 days (or such longer period as the Trustee may permit)) or an effective resolution is passed for the winding up or dissolution of the Company or any of the Principal Subsidiaries, except for the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation either (A) on terms approved by the Trustee or by an Extraordinary Resolution of the Noteholders or (B) in the case of a Principal Subsidiary only, whereby the undertaking and assets of the Principal Subsidiary are transferred to or otherwise vested in the Company or another of its Subsidiaries;

Provided that, in the case of any Event of Default other than those described in paragraphs (a) and (in the case only of a winding up or dissolution of the Company) (f) above, the Trustee shall have certified in writing to the Company that, in its opinion, the Event of Default is materially prejudicial to the interests of the Noteholders.

For the purpose of this Condition 8, "Principal Subsidiary" means any Subsidiary of the Company (i) of which the net profits after tax but before extraordinary items (attributable to the Company) represent not less than 20 per cent. of the consolidated net profits after tax but before extraordinary items (attributable to the shareholders of the Company) of the Company and its Subsidiaries or (ii) of which the net assets (attributable to the Company) represent not less than 20 per cent. of the consolidated net assets (attributable to the shareholders of the Company) of the Company and its Subsidiaries, in each case determined by reference to the then most recently published audited consolidated accounts of the Company and its Subsidiaries and the most recently audited accounts of such Subsidiary (and its Subsidiaries, if any) or (iii) to which is transferred the whole or substantially the whole of the assets and undertaking of a Subsidiary of the Company which immediately prior to such transfer is a Principal Subsidiary provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary, all as more particularly described in the Trust Deed.

## 9. Enforcement

At any time after the Notes have become immediately due and repayable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Company as it may think fit to enforce the provisions of the Notes, the Coupons and the Trust Deed, but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding at least one-quarter in principal amount of the Notes then outstanding, and (b) it shall have been indemnified to its satisfaction. No Noteholder or Couponholder may proceed directly against the Company unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

## **10. Prescription**

Notes and Coupons (which for this purpose shall not include Talons) will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 6 (*Payments and Exchange of Talons*). There shall not be included in any Coupon sheet issued upon exchange of a Talon any Coupon which would be void upon issue pursuant to the provisions of this Condition or Condition 6 (*Payments and Exchange of Talons*).

## **11. Replacement of Notes and Coupons**

If any Note or Coupon is lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of any Paying Agent, subject to all applicable laws and stock exchange requirements, upon payment by the claimant of the expenses incurred in connection with such replacement and on such terms as to evidence, security, indemnity and otherwise as the Company may require (provided that the requirement is reasonable in the light of prevailing market practice). Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## **12. Meetings of Noteholders, Modification, Waiver and Substitution**

### **(a) Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider matters affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by the Company or the Trustee or at the request of Noteholders holding not less than 10 per cent. in principal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution will be one or more persons holding or representing a clear majority in principal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the principal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, amongst other things, (i) to modify the maturity of the Notes or the dates on which interest is payable in respect of the Notes, (ii) to reduce or cancel the principal amount of, or interest on, or to vary the method of calculating the rate of interest on, the Notes, (iii) to change the currency of payment of the Notes or the Coupons, or (iv) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass an Extraordinary Resolution, in which case the necessary quorum will be one or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in principal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on all Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

### **(b) Modification and Waiver**

The Trust Deed provides that the Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification, and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Notes, the Coupons or the Trust Deed which in the opinion of the Trustee is not materially prejudicial to the interests of the Noteholders and (ii) any other modification of any of the provisions of the Notes, the Coupons or the Trust Deed which is of a formal, minor or technical nature or is made to correct a manifest error. Any such modification, waiver or authorisation shall be binding on the Noteholders and the Couponholders and, unless the Trustee otherwise agrees, any such modification shall be notified to the Noteholders by the Company as soon as practicable in accordance with Condition 15 (*Notices*).

### **(c) Substitution**

The Trust Deed contains provisions permitting the Trustee to agree, subject to such modification of the Trust Deed and such other conditions as the Trustee may require (including, without limitation, the guarantee by the Company of all amounts payable in respect of the Notes and the Coupons and under the Trust Deed by the new principal debtor), but without the consent of

the Noteholders or the Couponholders, to the substitution of any other company in place of the Company, or of any previous substituted company, as principal debtor under the Notes, the Coupons and the Trust Deed. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or Couponholders to a change of the law governing the Notes, the Coupons and/or the Trust Deed provided that such change would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders.

(d) *Exercise of its Functions by the Trustee*

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Company, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 (*Taxation*) and/or any undertaking given in addition to, or in substitution for, Condition 7 (*Taxation*) pursuant to the Trust Deed.

**13. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility in certain circumstances, including provisions relieving it from instituting proceedings to enforce repayment unless indemnified to its satisfaction. The Trustee is entitled to enter into business transactions with the Company and any entity related to the Company without accounting for any profit.

**14. Further Issues**

The Company may from time to time, without the consent of the Noteholders or Couponholders, create and issue further notes or bonds (whether in bearer or registered form) either ranking *pari passu* in all respects (or in all respects except for the first payment of interest on them) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) or upon such terms as to ranking, interest, conversion, premium, redemption and otherwise as the Company may determine at the time of their issue. Any further notes or bonds forming a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Principal Trust Deed or any deed supplemental to it shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Principal Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

**15. Notices**

Notices to Noteholders will be valid if published in a leading English language daily newspaper having general circulation in London (which is expected to be the *Financial Times*) or, if in the opinion of the Trustee such publication shall not be practicable, in an English language daily newspaper of general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once, on the first date on which publication is made. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee shall approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this Condition.

**16. Governing Law**

The Notes, the Coupons and the Trust Deed are governed by, and shall be construed in accordance with, English law.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

*The following is a summary of the provisions to be contained in the Trust Deed constituting the Notes and in the Global Notes which will apply to, and in some cases modify, the Conditions of the Notes while the Notes are represented by the Temporary Global Note and/or the Permanent Global Note.*

1. The Notes will initially be represented by the Temporary Global Note, without interest coupons, which will be deposited with a common depositary for Cedel Bank and Euroclear on or about the Closing Date. Interests in the Temporary Global Note will be exchangeable for interests in the Permanent Global Note on or after 26th August, 1998 upon certification as to non-U.S. beneficial ownership as required by U.S. Treasury Regulations. The Permanent Global Note will also be deposited with a common depositary for Cedel Bank and Euroclear.

2. The Permanent Global Note will be exchangeable by the Company in whole, but not in part, (free of charge to the holder) for definitive Notes only (i) upon the happening of any of the Events of Default set out in Condition 8 (*Events of Default*), (ii) if either Cedel Bank or Euroclear is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available, or (iii) if the Company would suffer a disadvantage in respect of the Notes as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Cedel Bank and/or Euroclear which would not be suffered were the Notes in definitive form and a certificate signed by two Directors of the Company to such effect is given to the Trustee. Thereupon (in the case of (i) above) the Trustee or the holder may give notice to the Company, (in the case of (ii) above) the holder may give notice to the Trustee and the Company and (in the case of (iii) above) the Company will give notice to the Trustee and the Noteholders, of the exchange of the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below) specified in the notice.

On or after the Exchange Date the holder of the Permanent Global Note may, and, in the case of (iii) above, shall, surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Company will deliver, or procure the delivery of, an equivalent aggregate principal amount of duly executed and authenticated definitive Notes (each having attached to it Coupons in respect of interest which has not already been paid on the Permanent Global Note and, if applicable, one Talon), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Principal Paying Agent will cause the Permanent Global Note to be cancelled and destroyed.

"Exchange Date" means a day falling not less than 45 days after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (ii) above, in the city in which the relevant clearing system is located.

3. No payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note will only be made upon certification as to non-U.S. beneficial ownership, unless such certification has already been made.

4. For so long as all the Notes are represented by one or both of the Global Notes and such Global Note is, or Global Notes are, as the case may be, held on behalf of Cedel Bank and/or Euroclear, notices to Noteholders may be given by delivery of the relevant notice to Cedel Bank and/or Euroclear (as the case may be) for communication to the relative Accountholders (as defined below) rather than by publication as required by Condition 15 (*Notices*) except that, so long as the Notes are listed on the London Stock Exchange and the rules of that exchange so require, notices shall also be published in a leading daily newspaper having general circulation in London (which is expected to be the *Financial Times*). Any such notice given only by delivery as aforesaid shall be deemed to have been given to the Noteholders on the seventh day after the day on which such notice is delivered to Cedel Bank and/or Euroclear (as the case may be) as aforesaid.
5. For so long as any of the Notes is represented by a Global Note and such Global Note is held on behalf of Cedel Bank and/or Euroclear, each person who is for the time being shown in the records of Cedel Bank or Euroclear as the holder of a particular principal amount of such Notes (each an "Accountholder") (in which regard any certificate or other document issued by Cedel Bank or Euroclear as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Company, the Trustee and the Paying Agents as the holder of such principal amount of such Notes for all purposes (including for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders) other than with respect to the payment of principal and interest on such Notes, the right to which shall be vested, as against the Company and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed (and the expressions "Noteholders" and "holder of Notes" and related expressions shall be construed accordingly). Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Cedel Bank and/or Euroclear, as the case may be. Each Accountholder must look solely to Cedel Bank or Euroclear, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.
6. Claims against the Company in respect of principal and interest on the Notes while represented by a Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7 (*Taxation*)).
7. Cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.
8. No drawing of Notes will be required under Condition 5(b) (*Redemption at the Option of the Company*) in the event that the Company exercises its call option pursuant to such Condition in respect of less than the aggregate principal amount of the Notes outstanding at such time. In such event, Notes will be selected for redemption in accordance with the procedures of Cedel Bank and/or Euroclear.
9. Any reference herein to Cedel Bank and/or Euroclear shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system approved by the Company, the Principal Paying Agent and the Trustee and, for so long as the Notes remain listed on the London Stock Exchange, the London Stock Exchange.

## USE OF PROCEEDS

The net proceeds of the issue of the Notes, which are expected to amount to approximately £148,209,000, will be used for general corporate purposes.

## CAPITALISATION OF THE ASDA GROUP

The following tables set out the consolidated shareholders' funds of the Group as at 2nd May, 1998, based on the audited consolidated balance sheet as at that date, and a summary of the indebtedness of the Group as at 27th June, 1998.

### Share capital and reserves of the Group as at 2nd May, 1998

|  | £<br>million   |
|--|----------------|
| Authorised share capital                             |                |
| Ordinary shares of 25p each . . . . .                | 1,250.0        |
| Called up share capital                              |                |
| Ordinary shares of 25p each <sup>(1)</sup> . . . . . | 761.1          |
| Share premium account . . . . .                      | 403.5          |
| Revaluation reserve . . . . .                        | 229.4          |
| Profit and loss account . . . . .                    | 885.8          |
|  | <u>2,279.8</u> |

*Note:*

Save for the issue of 1,447,617 ordinary shares of 25p each, issued as fully paid, there has been no change to the called up share capital of the Company since 2nd May, 1998.

### Indebtedness of the Group as at 27th June, 1998

|   | £<br>million<br>(unaudited) |
|---|-----------------------------|
| Bank finance . . . . .                                    | 155.1                       |
| Finance leases . . . . .                                  | 4.7                         |
| 9 <sup>5</sup> / <sub>8</sub> % Bonds due 2002 . . . . .  | 58.3                        |
| 8.375% Notes due 2007 . . . . .                           | 197.3                       |
| 10 <sup>7</sup> / <sub>8</sub> % Bonds due 2010 . . . . . | 75.9                        |
| Total indebtedness as at 27th June, 1998                  | <u>491.3</u>                |

*Notes:*

- (1) The above table has not been adjusted to reflect the issue of the Notes.
- (2) All of the indebtedness of the Group is unsecured.
- (3) As at 27th June, 1998 the Group had cash in hand and bank balances of £15.8 million and other investments maturing within one year of £156.7 million.

## BUSINESS DESCRIPTION OF THE ASDA GROUP

The Company is the holding company of one of the largest retailing groups in Great Britain. The Group's primary business is as an operator of value for money food, clothing and home and leisure superstores. It operates from approximately 218 stores throughout Great Britain, has a share of the British food retailing market of approximately 11.8 per cent., and serves approximately 6.6 million customers per week. Asda also has a property development business called Gazeley.

Asda's operating profits have risen from £180 million in 1992 to £414 million in 1998. During this period, annual sales have risen from £4.5 billion to £7.6 billion.

Asda has a programme for refurbishing its existing stores and building new stores. The Company expects that during the financial year ending 1st May, 1999 it will refurbish 16 stores and open 12 new stores, of which six will be new sites and six will be re-builds.

### Management

The Directors of the Company are:

#### *Executive Directors*

Archibald John Norman  
(Chairman)

Allan Leslie Leighton (Chief  
Executive)

Philip Robert Cox

Steven Cain

Lloyd Anthony Campbell

Paul Mason

#### *Non-Executive Directors*

Francis William Knight

Ian Gibson

Francis Anthony Aylmer Maude

Susan Caroline Ellen

Dr. Martin Peter Read

Richard Conway North

Ian Robinson

#### *Principal other activities*

Non-Executive Director of Railtrack Plc  
Member of Parliament for Tunbridge Wells  
Chief Executive and Deputy Chairman of  
the Conservative Party

Non-Executive Director of Wilson (Connolly) Holdings Plc

Non-Executive Director of Allied Carpets plc  
Chairman of Virgin Rail

Non-Executive Director of First Choice plc

Chairman of Field Group plc  
Chairman of More Group plc  
Non-Executive Director of Ocean Group Plc

Managing Director of Nissan Motor Manufacturing UK  
Limited  
Vice President of Nissan Europe N.V. and Board member of  
various Nissan Group Companies

Director of Gartmore Shared Equity Trust plc  
Member of Parliament for Horsham  
Shadow Chancellor of the Exchequer

Managing Director of United Racecourse Holdings Limited  
Non-Executive Director of Birmingham Midshires Building  
Society

Chief Executive of Logica Plc  
Director of Hampshire Technology Centre  
Director of the Southern Focus Trust

Director of Bass PLC  
Director of the Bristol Hotel Company

Chief Executive of Scottish Power plc  
Chairman of the Advisory Task Force for Scotland for  
Welfare to Work

Dame Sue Tinson

Associate Editor of ITN  
Trustee of the Heritage Lottery Fund  
Non-Executive Director of Vardon plc  
Non-Executive Director of CTN  
Fellow and Vice-President of the Royal Television Society

The business address of each of the Directors is Asda House, South Bank, Great Wilson Street, Leeds LS11 5AB.



## UNITED KINGDOM TAXATION

The following is a summary of the Company's understanding of current law and practice in the United Kingdom relating to the taxation of the Notes. The summary relates only to the position of persons who are the absolute beneficial owners of the Notes and Coupons and may not apply to certain classes of taxpayer (such as dealers). Prospective Noteholders who are in any doubt as to their personal tax position or who may be subject to tax in a jurisdiction other than the United Kingdom should seek their own professional advice.

### Interest on the Notes

1. The Notes will constitute "quoted Eurobonds" within the meaning of section 124 of the Income and Corporation Taxes Act 1988 ("ICTA") as long as they are and continue to be in bearer form and listed on a "recognised stock exchange" within the meaning of section 841 of ICTA. The London Stock Exchange is currently so recognised. Accordingly, while Notes remain in global bearer form, are and continue to be quoted on a recognised stock exchange and are held in a recognised clearing system designated as such for the purposes of section 841A of ICTA, payments of interest on such Notes may be made without withholding or deduction for or on account of United Kingdom income tax (provided that, where payment is made to, or at the direction of, a depositary for the clearing system, in accordance with regulations made by the Inland Revenue, the depositary has provided a declaration to the relevant payer or the relevant payer has received notice as mentioned below). If Notes are issued in definitive form and are and continue to be in bearer form and quoted on a recognised stock exchange, then payments of interest on the Notes may be made without withholding or deduction for, or on account of, United Kingdom income tax:

- (a) where payment is made by or through an overseas paying agent; or
- (b) where the payment is made by or through a person who is in the United Kingdom but either:
  - (i) the beneficial owner of the Notes and the related Coupons is not resident in the United Kingdom (provided that a declaration of non-residence in the required form has been made in advance to the payer by or on behalf of the beneficial owner of the Notes and the related Coupons in respect of each payment of interest or the Inland Revenue has issued a notice to the payer stating that the Inland Revenue considers that the beneficial owner of the Notes and the related Coupons is not resident in the United Kingdom); or
  - (ii) the Notes are held in a "recognised clearing system" (as to which see above) and payment is made directly or indirectly to the system or to a depositary for the system (provided that the depositary has made a declaration in the required form to the payer confirming that the Notes are held in a recognised clearing system or the Inland Revenue has issued a notice to the payer stating that the Inland Revenue considers that the Notes are held in a recognised clearing system). Euroclear and Cedel Bank have each been designated as a "recognised clearing system" for this purpose.

In all other cases an amount must be withheld on account of United Kingdom income tax at the lower rate (currently 20 per cent.), subject to any direction to the contrary by the Inland Revenue under an applicable double taxation treaty.

2. Any person in the United Kingdom who, in the course of a trade or profession, either:
  - (a) acts as custodian of the Notes and receives interest on the Notes or directs that interest on the Notes be paid to another person or consents to such payment being made; or
  - (b) collects, or secures payment of, or receives interest on the Notes for a Noteholder or a Couponholder (except by means solely of clearing a cheque or arranging for the clearing of a cheque),

may withhold a sum on account of United Kingdom income tax at the lower rate unless:

- (i) the relevant Notes are held in a "recognised clearing system" (as to which see above) and the person either:
  - (A) pays or accounts for the interest directly or indirectly to the "recognised clearing system"; or
  - (B) is acting as depositary for the "recognised clearing system" in respect of the relevant Notes; or
- (ii) the person beneficially entitled to the interest is not resident in the United Kingdom and beneficially owns the relevant Notes.

In the case of each of the above exceptions, further administrative conditions imposed by regulations may have to be satisfied for the relevant exemption to be available.

There are also other exemptions for certain types of Noteholders (e.g. pension funds, charities and certain non resident trusts).

3. Interest on the Notes constitutes United Kingdom source income for tax purposes and, as such, remains subject to United Kingdom income tax by direct assessment even where paid without withholding or deduction for, or on account of, tax.

However, interest paid on the Notes will generally not be chargeable to United Kingdom tax by direct assessment in the hands of a Noteholder who is not resident for tax purposes in the United Kingdom throughout the relevant tax year unless that Noteholder has a "U.K. representative" within the meaning of section 126 and Schedule 23 of the Finance Act 1995 in relation to the interest.

4. Holders of the Notes should note that the provisions relating to additional amounts set out in Condition 7 (*Taxation*) of the Notes above would not apply if the Inland Revenue sought to assess the person entitled to the relevant interest directly to United Kingdom tax on that interest. However, exemption from or reduction of such United Kingdom tax liability might be available under an appropriate double taxation treaty.
5. Notwithstanding the fact that interest is received subject to deduction of income tax at source, Noteholders may be liable to pay further United Kingdom income tax on the interest received or be entitled to a refund of all or part of the tax deducted at source depending on their individual circumstances.

#### **Accrued Income Scheme — Individual Noteholders**

6. The provisions of the accrued income scheme (the "Scheme") may apply to individuals transferring Notes or to individuals to whom such Notes are transferred. On a transfer of securities with accrued interest, the Scheme usually applies to deem the transferor to receive an amount of income equal to the accrued interest and to deem the transferee to obtain an equivalent credit to set against the deemed or actual interest he subsequently receives. However, where a Note constitutes a variable rate security for the purposes of the Scheme, the amount of accrued income deemed to be received by a holder of such a Note upon transfer will be such amount as the Inland Revenue decides is just and reasonable and the transferee will not be entitled to any credit under the Scheme to set against any actual or deemed interest that he receives or is deemed to receive. Generally, persons who are neither resident nor ordinarily resident in the United Kingdom and who do not carry on a trade in the United Kingdom through a branch or agency to which the Notes are attributable will not be subject to the provisions of these rules.

#### **Taxation of Chargeable Gains — Individual Noteholders**

7. Individual holders of Notes may be subject to United Kingdom taxation on capital gains on a disposal or redemption of Notes if they are resident or ordinarily resident in the United Kingdom or if they carry on a trade in the United Kingdom through a branch or agency to which the Notes are attributable. For individual holders, the exemption from United Kingdom taxation on capital

gains for “qualifying corporate bonds” under Section 115 of the Taxation of Chargeable Gains Act 1992 will apply to the Notes if they, *inter alia*, represent and have at all times represented a “normal commercial loan” for the purposes of that exemption, are denominated in Sterling and in respect of which no provision is made for conversion into, or redemption in, a currency other than Sterling. Where Notes are “qualifying corporate bonds”, no chargeable gain and (normally) no allowable loss will arise on a disposal of such Notes.

**U.K. Corporation Tax Payers**

8. Holders of Notes who are subject to United Kingdom corporation tax will generally be obliged to bring all profits and gains on the Notes, whether of an income or capital nature (including those attributable to fluctuations in exchange rates), into charge for United Kingdom corporation tax purposes on an authorised accruals or mark-to-market basis of accounting.

**Stamp Duty and SDRT**

9. No United Kingdom stamp duty or stamp duty reserve tax will be payable on the issue or on a transfer by delivery of the Notes.

## SUBSCRIPTION AND SALE

Merrill Lynch International, NatWest Capital Markets Limited (as agent for National Westminster Bank Plc), Cazenove & Co. and Midland Bank plc (the "Managers") have, pursuant to a Subscription Agreement dated 15th July, 1998, jointly and severally, agreed with the Company subject to the satisfaction of certain conditions, to subscribe and pay for the Notes at the issue price of 101.316 per cent. of their principal amount less a selling commission of 1.875 per cent. of such principal amount plus accrued interest, if any. The Company has agreed to pay to the Managers a combined management and underwriting commission of 0.625 per cent. of such principal amount. In addition, the Company has agreed to reimburse the Managers for certain of their expenses in connection with the issue of the Notes. The Subscription Agreement entitles the Managers to terminate it in certain circumstances prior to payment being made to the Company.

## SELLING RESTRICTIONS

### United States

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each dealer to which it sells Notes during the restricted period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by a dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### United Kingdom

Each Manager has agreed that:

- (a) it has not offered or sold and will not offer or sell any Notes to persons in the United Kingdom prior to admission of the Notes to listing in accordance with Part IV of the Financial Services Act 1986 (the "FSA") except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995 or the FSA;
- (b) it has complied and will comply with all applicable provisions of the FSA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom; and
- (c) it has only issued or passed on, and will only issue or pass on, in the United Kingdom any document received by it in connection with the issue of the Notes, other than any document which consists of or any part of listing particulars, supplementary listing particulars or any other document required or permitted to be published by listing rules under Part IV of the FSA, to a

person who is of a kind described in Article 11(3) of the Financial Services Act 1986 (Investment Advertisements) (Exemptions) Order 1996 or is a person to whom the document may otherwise lawfully be issued or passed on.

#### **General**

Each Manager has acknowledged that no representation is made by the Issuer or any other Manager that, save for obtaining the approval of this Offering Circular as listing particulars by the London Stock Exchange and delivery of copies of this Offering Circular to the Registrar of Companies in England and Wales, any action has been or will be taken in any jurisdiction by the Issuer or any other Manager that would permit a public offering of the Notes, or possession or distribution of this Offering Circular or any other offering material, in any country or jurisdiction where action for that purpose is required. Each Manager has undertaken to comply with all applicable laws and regulations in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Circular or any other material. Each Manager has acknowledged that it is not authorised to give any information or to make any representation in connection with the offering or sale of the Notes other than such information and representations as are contained in this Offering Circular and in any other information made public by the Company.

## GENERAL INFORMATION

### 1. Clearing Systems

The Notes have been accepted for clearance through Euroclear and Cedel Bank with a Common Code of 8892873. The International Securities Identification Number for the Notes is XS0088928733.

### 2. Listing

The listing of the Notes on the London Stock Exchange will be expressed as a percentage of their principal amount (exclusive of accrued interest). It is expected that listing of the Notes on the London Stock Exchange will be granted on or about 17th July, 1998, subject only to the issue of the Temporary Global Note. Prior to official listing, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will be effected for settlement in pounds sterling and for delivery on the third working day after the day of the transaction.

### 3. Consents and Authorisations

The Company has obtained all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes. The issue of the Notes was authorised by resolution of a duly appointed committee of the Board of Directors of the Company passed on 14th July, 1998.

### 4. No Significant or Material Change

There has been no significant change in the financial or trading position of the Company or of the Group since 2nd May, 1998 (being the date to which the preliminary results for the fifty two week period ended 2nd May, 1998 have been prepared, as published in the Asda preliminary results announcement dated 25th June, 1998) and no material adverse change in the financial position or prospects of the Company or of the Group since 3rd May, 1997 (being the date of the last published annual accounts of the Group).

### 5. No Litigation

Neither the Company nor any of its Subsidiaries is involved in any litigation or arbitration proceedings which may have, or have had during the 12 months preceding the date of this document, a significant effect on the financial position of the Group nor is the Company aware that any such proceedings are pending or threatened.

### 6. Legend

The Notes and Coupons will bear the following legend: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

### 7. Accounts

Copies of the latest annual report and consolidated accounts of the Company and the latest interim consolidated accounts of the Company may be obtained, and copies of the Trust Deed and the Agency Agreement will be available for inspection at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.

### 8. Auditors

Ernst & Young (Chartered Accountants) have audited, and rendered unqualified audit reports on, the accounts of the Company for the three years ended 2nd May, 1998.

### 9. Documents Available for Inspection

Copies of the following documents may be inspected at the offices of Slaughter and May, 35 Basinghall Street, London EC2 during usual business hours on any weekday (Saturdays and public holidays excepted) for 14 days from the date of this document:

- (a) the Memorandum and Articles of Association of the Company;
- (b) the audited consolidated annual accounts of the Group for the past two financial years ended 3rd May, 1997;
- (c) the Asda preliminary results announcement dated 25th June, 1998;
- (d) the Subscription Agreement referred to above;
- (e) the Principal Trust Deed dated 24th April, 1997 between the Company and Royal Exchange Trust Company Limited; and
- (f) drafts (subject to modification) of the Agency Agreement, and of the First Supplemental Trust Deed which, together with the Principal Trust Deed, will constitute the Notes and which will include the form of the Temporary Global Note, the Permanent Global Note, the definitive Notes, the Coupons and the Talons.

**REGISTERED/HEAD OFFICE  
OF THE COMPANY**

Asda House,  
Southbank,  
Great Wilson Street,  
Leeds LS11 5AD

**AUDITORS**

**Ernst & Young**  
Becket House,  
1 Lambeth Palace Road,  
London SE1 7EU

**TRUSTEE**

**Royal Exchange Trust Company Limited**  
155 Bishopsgate,  
London EC2M 3TG

**PRINCIPAL PAYING AGENT**

**The First National Bank of Chicago, London Branch**  
27 Leadenhall Street,  
London EC3A 1AA

**PAYING AGENTS**

**Crédit Agricole Indosuez Luxembourg S.A.**  
39 Allée Scheffer,  
L-2520 Luxembourg

**UBS AG, Zurich**  
Paradeplatz 6,  
CH-8001 Zurich

**LEGAL ADVISERS**

*To the Company*  
**Slaughter and May**  
35 Basinghall Street,  
London EC2V 5DB

*To the Managers and the Trustee*  
**Allen & Overy**  
One New Change,  
London EC4M 9QQ

**LISTING AGENT**

**Merrill Lynch International**  
Ropemaker Place,  
25 Ropemaker Street,  
London EC2Y 9LY



