



News release...

Wednesday 5th December 2012

TESCO ANNOUNCES STRATEGIC REVIEW OF FRESH & EASY

- **Decision taken to conduct strategic review of Fresh & Easy; all options under consideration**
- **Tim Mason, CEO of Fresh & Easy, to leave Tesco**

In October, we announced that new capital investment in Fresh & Easy was to be tightly constrained whilst the business focused on reducing costs and improving the profitability of its existing stores.

It is now clear that Fresh & Easy will not deliver acceptable shareholder returns on an appropriate timeframe in its current form.

We have therefore appointed Greenhill to assist with the review of options. In recent months, we have had a number of approaches from parties interested in acquiring either all or part of Fresh & Easy, or in partnering with us to develop the Fresh & Easy business. We will communicate progress on this process when we present our full year results for the current financial year in April 2013.

We are also announcing that Tim Mason is to leave Tesco after 30 years' service with the company.

Philip Clarke – Chief Executive:

“I have been clear since my appointment as CEO was announced that my role is to deliver long-term value for shareholders. Following a year in which my priority for Fresh & Easy was to improve its performance, I have now made a fully-informed assessment of its longer term potential.

“Whilst the business has many positives, its journey to scale and acceptable returns will take too long relative to other opportunities. I have therefore decided to conduct a strategic review of Fresh & Easy, with all options under consideration.

“Tim Mason, who leaves Tesco today, has played an important part in our success over a 30 year career with the company, and he leaves with my thanks and good wishes.”

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