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5 March 2018

Tesco PLC (the "Company") and Booker Group plc ("Booker")

Recommended share and cash merger of the Company and Booker – Scheme now effective, New Tesco Shares, Mix and Match Facility satisfaction and appointment of new directors

Completion of Merger

On 27 January 2017, the boards of the Company and Booker announced that they had reached an agreement on the terms of a recommended share and cash merger (the "Merger"), to be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 (the "Scheme") and subject to the full terms and conditions as set out in the scheme document which was published on 5 February 2018.

The Company is pleased to announce that the Scheme has become effective as of today, in accordance with its terms, following sanction by the Court on 2 March 2018 and the delivery of the court order to the Registrar of Companies earlier today.

Issuance and admission of New Tesco Shares

1,547,854,846 New Tesco Shares issued in connection with the Scheme will be admitted to listing on the premium listing segment of the Official List and to trading on the London Stock Exchange's main market at 8.00 a.m. today, Monday 5 March 2018. Application has also been made for the admission of these New Tesco Shares to the Official List and to trading on the Main Securities Market of the Irish Stock Exchange.

An application has also been made for the cancellation of the listing on the Official List and trading on the London Stock Exchange's main market for listed securities of the ordinary shares of one penny each in the capital of Booker ("Booker Shares"), which will take effect from 8.00 a.m. today, Monday 5 March 2018.

Holders of Booker Shares on the register at the Scheme record time, being 6.00 p.m. on Friday 2 March 2018, will receive 42.6 pence in cash and 0.861 New Tesco Shares for each Booker share, subject to valid Elections (if applicable) made pursuant to the Mix and Match Facility. Any consideration due to Booker Scheme Shareholders will be paid within 14 days of the date of this announcement.

Following the admission to trading of the New Tesco Shares, the Company's issued share capital will consist of 9,756,373,524 ordinary shares admitted to trading on the London Stock Exchange and the Irish Stock Exchange, with each share carrying the right to one vote. The Company holds no ordinary shares in treasury. The total number of voting rights in the Company will therefore be 9,756,373,524. This figure may be used by shareholders as the denominator for the calculations by which they will determine if they are required to notify their interest, or a change to their interest, in the Company under the FCA's Disclosure Guidance and Transparency Rules.

The Company's International Securities Identification Number ("ISIN") is GB0008847096. The Company has an ADR programme. Each ADR represents three ordinary shares of 5 pence each. The ADRs have the trading symbol TSCDY and ISIN US8815753020.

Results of the Mix and Match Facility

Valid Share Elections (as defined in the Scheme Document) in respect of 794,666,641 Booker Scheme Shares, representing approximately 44.20 per cent. of the aggregate number of Booker Scheme Shares, and valid Cash Elections in respect of 130,715,154 Booker Scheme Shares, representing approximately 7.27 per cent. of the aggregate number of Booker Scheme Shares, were made by Booker Scheme Shareholders. The ability to satisfy Cash Elections and Share Elections (in each case as defined in the Scheme Document) was dependent upon other Booker Scheme Shareholders making equal and opposite elections.

Booker Scheme Shareholders who made valid Share Elections have had such elections scaled down on a pro rata basis by approximately 31.41 per cent. so that 68.59 per cent. of a valid Share Election has been satisfied in full. In respect of the Booker Scheme Shares for which a valid Share Election has been made and which has been satisfied, Booker Scheme Shareholders will receive 1.07 New Tesco Shares per Booker Scheme Share. In respect of the Booker Scheme Shares for which a valid Share Election has been made and which has not been satisfied due to the scale down, Booker Scheme Shareholders will receive the default consideration, which is 0.861 of a New Tesco Share and 42.6 pence in cash, per Booker Scheme Share.

Booker Scheme Shareholders who made valid Cash Elections have had such elections satisfied in full. In respect of Booker Scheme Shares for which a valid Cash Election has been made, Booker Scheme Shareholders will receive 220.22 pence per Booker Scheme Share.

Booker Scheme Shareholders who did not make valid Cash Elections or Share Elections have not participated in the Mix and Match Facility. In respect of Booker Scheme Shares for which no valid Cash Election or Share Election has been made, Booker Scheme Shareholders will receive the default consideration, which is 0.861 of a New Tesco Share and 42.6 pence in cash, per Booker Scheme Share.

Full details of the Merger and Mix and Match Facility are set out in the Scheme Document.

Charles Wilson's election to receive additional New Tesco Shares in respect of his entire holding of Booker Shares has been scaled down under the Mix and Match Facility on the same basis as other Booker Shareholders. The effect of this is that Charles Wilson has rolled over approximately 94 per cent. of his Booker Shares into New Tesco Shares as a result of the scaling back under the Mix and Match Facility, and will receive part of his consideration in cash pursuant to the terms of the Merger. Charles Wilson has given an irrevocable dealing instruction to his broker to purchase Tesco Shares in the market in an aggregate amount equal to those cash proceeds after deducting an amount to cover applicable taxes. Charles Wilson has confirmed that he intends to hold these further Tesco Shares, together with the New Tesco Shares that he receives pursuant to the Merger, for five years from today on, and subject to, the terms set out in the Lock-up Agreement, subject to certain customary carve-outs.

Appointment of new directors to the Tesco Board

As announced on 5 February 2018, Charles Wilson has been appointed as CEO of Tesco's retail and wholesale operations in the UK & ROI with effect as of today, 5 March 2018. The Company is also pleased to announce, with effect as of today, that Stewart Gilliland (the Chairman of Booker) has been appointed to the Tesco board as a non-executive director. Stewart Gilliland resigned as chairman and a non-executive director of Booker on 5 March

2018. Biographical details for each of these new directors and details of their other appointments are included in the prospectus which was published on 5 February 2018 (the "Prospectus"). Other than as stated in the Prospectus, there are no additional matters that would require disclosure pursuant to Listing Rule 9.6.13R.

Unless otherwise defined, all capitalised terms in this Announcement have the same meaning as those contained in the Prospectus.

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Freshfields Bruckhaus Deringer LLP are retained as legal advisers for Tesco.

Clifford Chance LLP are retained as legal advisers for Booker.

Important Notices

This Announcement is for information purposes only and does not constitute or form part of any offer to sell or subscribe for or any invitation to purchase or subscribe for any securities of the solicitation of any vote or approval in any jurisdiction pursuant to the Merger. It does not constitute a prospectus or prospectus equivalent document.

Certain figures included in this Announcement have been subjected to rounding adjustments.

Overseas Jurisdictions

The release, publication or distribution of this Announcement in or into jurisdictions other than the UK may be restricted by law and therefore any persons who are subject to the law of any jurisdiction other than the UK should inform themselves about, and observe, any applicable legal or regulatory requirements. Any failure to comply with the applicable restrictions may constitute a violation of the securities laws of any such jurisdiction. To the fullest extent permitted by applicable law, the companies and persons involved in the Merger disclaim any responsibility or liability for the violation of such restrictions by any person. This Announcement has been prepared for the purpose of complying with English law and the Code and the information disclosed may not be the same as that which would have been disclosed if this Announcement had been prepared in accordance with the laws of jurisdictions outside of England and Wales. Unless otherwise determined by Tesco or required by the Code, and permitted by applicable law and regulation, the Merger will not be made available directly or indirectly, in, into or from a Restricted Jurisdiction where to do so would violate the laws in that jurisdiction and no person may vote in favour of the Merger by any such use, means, instrumentality or form within a Restricted Jurisdiction or any other jurisdiction if to do so would constitute a violation of the laws of that jurisdiction.

Copies of this Announcement and any formal documentation relating to the Merger will not be and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Merger.

The availability of New Tesco Shares under the Merger to Booker Shareholders who are not resident in the United Kingdom or the ability of those persons to hold such shares may be affected by the laws or regulatory requirements of the relevant jurisdictions in which they are resident. Persons who are not resident in the United Kingdom should inform themselves of, and observe, any applicable legal or regulatory requirements.

Further details in relation to Overseas Shareholders are contained in the Scheme Document.

Additional Information for US Investors

The Merger is being made to acquire the securities of an English company by means of a scheme of arrangement provided for under English law. A transaction effected by means of a

scheme of arrangement is not subject to the tender offer rules under the US Exchange Act and is exempt from the registration requirements under the US Securities Act. Accordingly, the Scheme will be subject to disclosure requirements and practices applicable in the UK to schemes of arrangement, which are different from the disclosure and other requirements of the US tender offer and securities laws. The financial information included in this Announcement and the Scheme documentation has been or will have been prepared in accordance with International Financial Reporting Standards and thus may not be comparable to financial information of US companies or companies whose financial statements are prepared in accordance with generally accepted accounting principles in the US.

The receipt of consideration pursuant to the Merger by a US holder for the transfer of its Booker Scheme Shares pursuant to the Scheme may be a taxable transaction for United States federal income tax purposes and under applicable United States state and local, as well as foreign and other, tax laws. Each Booker Shareholder is urged to consult his independent professional adviser immediately regarding the tax consequences of the Merger applicable to him.

It may be difficult for US holders of shares to enforce their rights and any claims they may have arising under US federal securities laws in connection with the Merger, since Tesco and Booker are each organised under the laws of a country other than the US, some or all of their officers and directors may be residents of countries other than the US and most of the assets of Tesco and Booker are located outside of the US. US holders may not be able to sue a non-US company or its officers or directors in a non-US court for violations of US securities laws. Further, it may be difficult to compel a non-US company and its affiliates to subject themselves to a US court's jurisdiction or judgement.

The Merger has been carried out under a scheme of arrangement provided for under English company law. Any Tesco Shares issued pursuant to the Scheme to Booker Shareholders are issued in reliance upon the exemption from the registration requirements of the US Securities Act, provided by Section 3(a)(10) thereof.

Securities issued pursuant to the Scheme will not be registered under any US state securities laws and may only be issued to persons resident in a state pursuant to an exemption from the registration requirements of the securities laws of such state.

For the purpose of qualifying for the exemption provided by Section 3(a)(10) of the US Securities Act, Booker advised the Court that its sanctioning of the Scheme will be relied on by Tesco as an approval of the Scheme.

Investors are urged to read any documents related to the Merger filed, furnished or to be filed or furnished with the SEC because they will contain important information regarding the Merger and any related offer of securities. Such documents will be available free of charge at the SEC's website at www.sec.gov and Tesco's website at www.tescopl.com and Booker's website at www.bookergroup.com/investor-centre.

Important Notices Relating to Financial Advisers

Greenhill, which is authorised and regulated in the UK by the FCA, is acting exclusively for Tesco and no one else in connection with the Merger and will not be responsible to anyone other than Tesco for providing the protections afforded to clients of Greenhill nor for providing advice in relation to the Merger or any other matters referred to in this Announcement. Neither Greenhill nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever

(whether direct or indirect, whether in contract, tort or, under statute or otherwise) to any person who is not a client of Greenhill in connection with this Announcement, any statement contained herein, the Merger or otherwise.

Barclays, which is authorised by the PRA and regulated by the FCA and the PRA in the UK, is acting exclusively for Tesco and no one else in connection with the Merger and will not be responsible to anyone other than Tesco for providing the protections afforded to clients of Barclays nor for providing advice in relation to the Merger or any other matters referred to in this Announcement.

Citi, which is authorised by the PRA and regulated by the PRA and the FCA, is acting exclusively for Tesco and no one else in connection with the Merger and will not be responsible to anyone other than Tesco for providing the protections afforded to its clients for providing advice in relation to the Merger or in relation to the contents of this Announcement or any transaction or any other matters referred to herein.

Forward-looking statements

This Announcement (including information incorporated by reference into this Announcement), oral statements made regarding the Merger, and other information published by Tesco and Booker contain statements which are, or may be deemed to be, "forward-looking statements" with respect to the financial condition, results of operations and businesses of Booker and Tesco and the Booker Group and the Tesco Group, and certain plans and objectives of Booker and Tesco with respect to the Combined Group. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Tesco and Booker about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this Announcement include statements relating to the expected effects of the Merger on Tesco and Booker, the expected timing and scope of the Merger and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects", "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although Tesco and Booker believe that the expectations reflected in such forward-looking statements are reasonable, Tesco and Booker can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. Neither Tesco nor Booker, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Each forward looking statement speaks only as of the date of this Announcement. None of Booker, the Booker Group, Tesco or the Tesco Group undertakes any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Publication on website and availability of hard copies

A copy of this Announcement will be made available, subject to certain restrictions relating to persons resident in Restricted Jurisdictions, on Tesco's website at www.tescopl.com. For the avoidance of doubt, the contents of this website are not incorporated into and do not form part of this Announcement.

Tesco Shareholders may request a hard copy of this Announcement by: (i) contacting Equiniti during business hours on +44 371 384 2977 if calling from the UK, or +44 121 415 7053 if calling from outside the UK (lines are open from 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales)); or (ii) by submitting a request in writing to Equiniti at Equiniti Limited, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA. Calls to 03 numbers cost no more than a national rate call to a 01 or 02 number.

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.

