THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or the action you should take, you are recommended to seek your own financial advice as soon as possible from your stockbroker, bank, solicitor, accountant or other appropriate independent financial adviser duly authorised under the Financial Services and Markets Act 2000 ("FSMA"), if you are in the United Kingdom, or, from another appropriately authorised independent professional adviser if you are taking advice in a territory outside the United Kingdom.

If you sell or have sold or otherwise transferred all your Tesco Shares, please send this document together with the accompanying documents at once to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, such documents should not be forwarded or transmitted in or into any jurisdiction in which such act would constitute a violation of the relevant laws in such jurisdiction. If you sell or have sold or otherwise transferred only part of your holding of Tesco Shares, you should retain these documents and consult the stockbroker, bank or other agent through whom the sale or transfer was effected.

The release, publication or distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and, therefore, any persons who are subject to the laws of any jurisdiction other than the United Kingdom should inform themselves about, and observe, any applicable requirements. This document has been prepared for the purposes of complying with English law and the Listing Rules and the information disclosed may not be the same as that which would have been disclosed if this document had been prepared in accordance with the laws and regulations of any jurisdiction outside of England.

TESCO

TESCO PLC

(incorporated and registered in England and Wales with registered number 00445790)

Proposed Disposal of the Homeplus Group
and
Notice of General Meeting

The whole document should be read. Your attention, in particular, is drawn to the risk factors set out in Part II (*Risk Factors*) of this document and the letter from the Chairman of Tesco that is set out in Part I (*Letter from the Chairman of Tesco*) of this document and which contains a recommendation from the Directors that you vote in favour of the Resolution to be proposed at the General Meeting.

Notice of a General Meeting of Tesco to be held at Park Plaza Riverbank London, 18 Albert Embankment, London SE1 7TJ at 2:00 p.m. on 30 September 2015 is set out in Part VIII (*Notice of General Meeting*) of this document.

The actions to be taken in respect of the General Meeting are set out in Section 10 of Part I (*Letter from the Chairman of Tesco*) of this document. Shareholders will find enclosed with this document a Form of Proxy for use in connection with the General Meeting. Whether or not you intend to attend the General Meeting in person, please complete and sign the Form of Proxy (or appoint a proxy electronically, as referred to in this document) in accordance with the instructions printed on it and return it to Tesco's Registrars, Equiniti Limited, as soon as possible and, in any event, so as to be received no later than 48 hours (excluding any part of a day that is not a working day) prior to the time appointed for the holding of the General Meeting. Completion and return of a Form of Proxy will not preclude Shareholders from attending and voting in person at the General Meeting, should they so wish.

If you have any questions about this document, the General Meeting or on the completion and return of the Form of Proxy, please call the Equiniti shareholder helpline between 8:30 a.m.

and 5:30 p.m. (London (UK) time) Monday to Friday (except UK public holidays) on 0871 384 2977 (calls to this number are charged at 10 pence per minute plus network extras) or on +44 121 415 7053 from outside the UK. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Disposal.

Barclays, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for Tesco and for no one else in connection with the matters described in this document and will not regard any other person (whether or not a recipient of this document) as a client in connection with the matters described in this document and is not, and will not be, responsible to anyone other than Tesco for providing the protections afforded to clients of Barclays nor for providing advice in connection with the matters set out in this document or any transaction, arrangement or other matter referred to in this document.

HSBC, which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the Financial Conduct Authority and the Prudential Regulation Authority, is acting exclusively for Tesco and for no one else in connection with the matters described in this document and is not, and will not be, responsible to anyone other than Tesco for providing the protections afforded to its clients nor for providing advice in connection with the matters set out in this document.

Capitalised terms have the meanings ascribed to them in Part VII (*Definitions*) of this document.

AVAILABILITY OF HARD COPIES

If you have received this document in electronic form, you may request a hard copy of this document and/or any information incorporated by reference into this document by calling the Equiniti shareholder helpline between 8.30 a.m. and 5.30 p.m. (London (UK) time) Monday to Friday (except UK public holidays) on 0871 384 2977 (calls to this number are charged at 10 pence per minute plus network extras) or on +44 121 415 7053 from outside the UK. Please note that calls may be monitored or recorded and the helpline cannot provide financial, legal or tax advice or advice on the merits of the Disposal. You may also request that all future documents, announcements and information to be sent to you in relation to the Disposal should be in hard copy form. Copies of this document and any document or information incorporated by reference into this document will not be provided unless such a request is made.

INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

This document contains statements which are, or may be deemed to be, ''forward-looking statements'' which are prospective in nature. All statements other than statements of historical fact are forward-looking statements. They are based on current expectations and projections 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. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as ''plans'', ''expects'', ''is expected'', ''is subject to'', ''budget'', ''scheduled'', ''estimates'', ''forecasts'', ''intends'', ''anticipates'', ''believes'', ''targets'', ''aims'', ''projects'' or words or terms of similar substance or the negative thereof, are forward-looking statements, as well as 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. Such statements are qualified in their entirety by the inherent risks and uncertainties surrounding future expectations. Forward-looking statements include statements relating to (a) future capital expenditures, expenses, revenues, earnings, economic performance, indebtedness, financial condition, dividend policy, losses and future prospects, (b) business and management strategies and the expansion and growth of Tesco's operations, and (c) the effects of global economic conditions on Tesco's business.

Such forward-looking statements involve known and unknown risks and uncertainties that could significantly affect expected results and are based on certain key assumptions. Many factors may cause actual results, performance or achievements of Tesco to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Important factors that could cause actual results, performance or achievements of Tesco to differ materially from the expectations of Tesco, include, among other things, general business and economic conditions globally, industry trends, competition, changes in government and other regulation and policy, including in relation to the environment, health and safety and taxation, labour relations and work stoppages, interest rates and currency fluctuations, changes in its business strategy, political and economic uncertainty and other factors discussed in Part II (*Risk Factors*) of this document. Such forward-looking statements should therefore be construed in light of such factors.

Neither Tesco nor any of its 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 document will actually occur. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as at the date hereof.

Other than in accordance with its legal or regulatory obligations (including under the Listing Rules and the Disclosure and Transparency Rules), Tesco is not under any obligation and Tesco expressly disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

NO PROFIT FORECAST

No statement in this document is intended as a profit forecast or a profit estimate and no statement in this document should be interpreted to mean that earnings per Tesco Share for the current or future financial years would necessarily match or exceed the historical published earnings per Tesco Share.

FINANCIAL INFORMATION

References to "£", "GBP", "pounds", "pounds sterling", "sterling", "p", "penny" and "pence" are to the lawful currency of the United Kingdom. References to "KRW" or "Korean won" are to the lawful currency from time to time of the Republic of Korea. References to "$", "US$", "USD", "$US", "US Dollars", "US dollars" or "cents" are to the lawful currency of the United States of America.

Historic exchange rates have been used to convert KRW to £ where relevant. In respect of each of the financial periods ended 23 February 2013, 22 February 2014 and 28 February 2015 the respective exchange rates used are KRW1,766:£1.00, KRW1,774:£1.00 and KRW1,721:£1.00. For current US$ amounts a rate of US$1.52082:£1.00 has been used and for current KRW amounts a rate of KRW1,811.30:£1.00 has been used.

TESCO SHAREHOLDER HELPLINE:

0871 384 2977

(Calls to this number are charged
at 10 pence per minute plus network extras)

FROM OUTSIDE THE UK: +44 121 415 7053

LINES ARE OPEN 8.30 A.M. TO 5.30 P.M., MONDAY TO FRIDAY.

EQUINITI MAY RECORD CALLS TO BOTH NUMBERS FOR
SECURITY PURPOSES AND TO MONITOR THE QUALITY OF ITS SERVICES.

CONTENTS

EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Announcement of the Disposal	7 September 2015
Latest time and date for receipt of Forms of Proxy for the General Meeting	2:00 p.m. on 28 September 2015
General Meeting	2:00 p.m. on 30 September 2015
Expected date of Closing	22 October 2015
Longstop Date	5 February 2016

Notes:

All time references in this document are to London (UK) time.

These dates are provided by way of indicative guidance and are subject to change. If any of the above times and/or dates change, Tesco will give adequate notice by issuing an announcement through an RIS.

DIRECTORS, COMPANY SECRETARY, REGISTERED OFFICE AND ADVISERS

Directors	John Allan *(Non-executive Chairman)* Dave Lewis *(Group Chief Executive)* Alan Stewart *(Chief Financial Officer)* Richard Cousins *(Senior Independent Director)* Mark Armour *(Non-executive Director)* Byron Grote *(Non-executive Director)* Mikael Ohlsson *(Non-executive Director)* Deanna Oppenheimer *(Non-executive Director)*
Group Company Secretary	Paul Moore
Registered Office	Tesco House Delamare Road Cheshunt Hertfordshire EN8 9SL
Lead Financial Adviser	HSBC Bank plc 8 Canada Square London E14 5HQ
Sponsor and Financial Adviser	Barclays Bank PLC, acting through its Investment Bank 5 The North Colonnade Canary Wharf London E14 4BB
Legal Advisers	Freshfields Bruckhaus Deringer LLP 65 Fleet Street London EC4Y 1HS
Reporting Accountants	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Registrars	Equiniti Limited Aspect House Spencer Road Lancing West Sussex BN99 6DA

PART I – LETTER FROM THE CHAIRMAN OF TESCO

TESCO PLC

(Incorporated and registered in England and Wales with registered number 00445790)

Directors:	*Registered Office:*
John Allan *(Non-executive Chairman)*	Tesco House,
Dave Lewis *(Group Chief Executive)*	Delamare Road,
Alan Stewart *(Chief Financial Officer)*	Cheshunt,
Richard Cousins *(Senior Independent Director)*	Hertfordshire,
Mark Armour *(Non-executive Director)*	EN8 9SL
Byron Grote *(Non-executive Director)*	
Mikael Ohlsson *(Non-executive Director)*	
Deanna Oppenheimer *(Non-executive Director)*	

10 September 2015

Dear Shareholder,

Proposed Disposal of the Homeplus Group
and
Notice of General Meeting

1. Introduction

On 7 September 2015, Tesco announced that it had entered into a conditional agreement with entities established by a group of investors led by MBK Partners and including Canada Pension Plan Investment Board, Public Sector Pension Investment Board and Temasek Holdings (Private) Limited (the "**Purchasers**") with respect to the sale of Tesco's retail business in the Republic of Korea (the "**Disposal**"), which is comprised of Homeplus Co., Ltd ("**Homeplus**"), Homeplus Tesco Co., Ltd ("**Homeplus Tesco**") and their respective subsidiaries (together, the "**Homeplus Group**").

The Disposal realises material value for Shareholders and allows the Tesco Group to make significant progress in its strategic priority of protecting and strengthening the Tesco Group's balance sheet.

The consideration payable to Tesco pursuant to the Disposal represents an enterprise value of £4,240 million on a cash and debt free basis.

Under the terms of the Disposal, Tesco will receive £4,004 million in cash. After adjustment for estimated tax and other transaction costs, the net cash proceeds from the Disposal will be approximately £3,351 million (the "**Net Cash Proceeds**").

The principal terms of the Sale Agreement are described in more detail in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

The Disposal constitutes a Class 1 transaction for Tesco under the Listing Rules and completion of the Disposal is therefore conditional on, *inter alia*, Shareholder appoval. Accordingly, a General Meeting at which Shareholders will be asked to approve the Disposal is being convened at Park Plaza Riverbank London, 18 Albert Embankment, London SE1 7TJ at 2:00 p.m. on 30 September 2015. The Disposal is also subject to certain other conditions which are further summarised in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document.

The purpose of this document is to provide you with information on the Disposal, to explain the background to and reasons for the Disposal and why the Board believes the Disposal to be in the best interests of Shareholders taken as a whole, and to recommend that you vote in favour of the Resolution. The Directors intend to vote in favour of the Resolution at the General Meeting in respect of their own Tesco Shares to which they are beneficially entitled (representing approximately 0.002 per cent. of the total issued share capital of Tesco as at 9 September 2015 (being the last practicable date prior to publication of this document)).

2. Background to and Reasons for the Disposal

On 23 October 2014, Tesco announced that its immediate strategic priorities were:

- To regain competitiveness in its UK business
- To protect and strengthen its balance sheet
- To rebuild trust and transparency in the business and brand

Consistent with these priorities, senior management initiated a strategic review of all aspects of the Tesco Group with the aim of improving its competitive position, reducing its total level of indebtedness and delivering sustainable returns. During this review, a considerable level of unsolicited interest was received from several parties in relation to the Homeplus business. The Board subsequently decided to launch a competitive sale process for the Homeplus Group.

The Directors believe that the Disposal delivers material value and certainty for Shareholders and will deliver the following important benefits to Shareholders:

- Enable Tesco to realise value, at an appropriate time, from its investment in the Homeplus Group over the past sixteen years
- Net Cash Proceeds, together with the associated reduction in capitalised leases and other commitments, will enable Tesco to protect and strengthen its balance sheet by reducing total indebtedness by £4,225 million
- Allow Tesco to make significant progress on its strategic priority of protecting and strengthening its balance sheet

Following the Disposal, Tesco retains strong businesses in South East Asia with good prospects for long term growth, together with its businesses in the UK, Republic of Ireland and Europe.

3. Information on the Homeplus Group

The Homeplus Group started in 1999 as a hypermarket only business and today operates as a multichannel retailer. The Homeplus Group operates online and through 1,075 outlets, of which 140 are hypermarkets, 609 are supermarkets and 326 are convenience stores (the supermarkets and convenience stores being a mixture of directly owned and franchised). It also operates 139 shopping malls adjacent to its hypermarkets, with over 6,500 tenant leases.

The Homeplus Group is a leading grocery retailer in the Korean market and one of the most recognised retail brands in the Republic of Korea. It generated approximately KRW9.3 trillion (£5.4 billion) in sales in the financial year ended 28 February 2015, serves over six million shoppers each week and employs over 26,000 people.

Trading results for the Homeplus Group

The following summary of the trading results of the Homeplus Group for the three years ended 28 February 2015 has been extracted without material adjustments from the consolidation schedules used in preparing Tesco's audited consolidated financial statements for the years ended 23 February 2013, 22 February 2014 and 28 February 2015 (with the exception of "total operated selling area (sq footage)", which is unaudited information extracted from Tesco's annual reports for the relevant years):

	52 weeks ended 23 February 2013 £ million	**52 weeks ended 22 February 2014 £ million**	**53 weeks ended 28 February 2015 £ million**
Revenue	5,291	5,448	5,359
EBITDA before one-off items	674	729	466
Trading profit	376	368	292
Operating profit before one-off items	513	555	281
Operating profit / (loss)	505	507	(96)
Profit / (loss) before taxation	438	459	(131)
Total operated selling area (sq footage)	13,044	13,583	13,447

The Homeplus Group has demonstrated robust performance in a challenging regulatory environment over the past few years. The introduction of the Distribution Industry Development Act ("**DIDA**") has had a material adverse impact on store opening hours and trading days at Homeplus with an associated impact on revenue and profitability. The result has been a reduction in like-for-like sales over the past three years, with overall revenue being stabilised through growth in store numbers and online.

For the 53 weeks ended 28 February 2015, there was a significant reduction in profitability of the Homeplus Group. This was principally driven by £332 million of one-off charges included within operating profit, with the most significant items being a £216 million property impairment charge and £70 million for the write down of inventories, and £46 million of other items. In addition, operating profit in the years ended 23 February 2013 and 22 February 2014 benefited from gains on sale and leaseback transactions of £166 million and £204 million respectively.

In June 2015, incidents of Middle East Respiratory Syndrome (MERS) were first notified in the Republic of Korea. This had an adverse impact on sales and footfall in Q2 2015 but has since stabilised.

4. Summary of Terms of the Disposal

The consideration payable to Tesco pursuant to the Disposal represents an enterprise value of £4,240 million on a cash and debt free basis.

Under the terms of the Disposal, Tesco will receive £4,004 million in cash for the Homeplus Group, which includes the repayment of £798 million of intercompany debt. The Net Cash Proceeds from the Disposal will be approximately £3,351 million after deductions for estimated tax and other transaction costs of £653 million and will be received in a combination of US dollars and Korean won.

Completion of the Disposal is subject to the satisfaction of certain conditions precedent, including approval of the Resolution by Shareholders, regulatory approvals in the Republic of Korea and, in limited circumstances, there being no breach of warranties given by Tesco which would reasonably be expected to result in a significant material adverse effect on the Homeplus Group business.

The Disposal includes certain transitional services to be provided by each of the parties for a limited time period following Closing.

Tesco has received assurances from the Purchasers that they will maintain the existing employment terms of the Homeplus employees and the Purchasers have provided further assurances that there will be no compulsory redundancies of the Homeplus workforce after completion of the Disposal.

Tesco has agreed to make a contribution to the cost of any amounts paid to the Homeplus Group employees in relation to the Disposal.

Further details of the Disposal are set out in Part V (*Summary of the Principal Terms and Conditions of the Disposal*).

5. Use of Proceeds and Financial Effects of the Disposal

The Net Cash Proceeds arising from the Disposal are expected to be £3,351 million which will result in a material improvement in balance sheet strength. The illustrative *pro forma* impact on Tesco's total indebtedness as at 28 February 2015, as if the Disposal had occurred on 28 February 2015, is a reduction of £4.2 billion from £21.7 billion to £17.5 billion.

In the financial year ending 28 February 2015, the Homeplus Group contributed EBITDA of £466 million and trading profit of £292 million to Tesco. It is expected that the Disposal will have a dilutive effect on the earnings per Tesco Share in the current financial year ending 28 February 2016 and will result in an estimated accounting loss after tax in relation to the Disposal of circa £150 million.[1]

It is Tesco's intention to use the Net Cash Proceeds from the Disposal to support its strategic priority of protecting and strengthening the balance sheet. The proceeds will be used primarily to redeem certain upcoming bond and commercial paper maturities over the course of the next 18 months. Tesco does not foresee any issues with the Retained Group's ability to redeem this debt. The increased financial flexibility will also enable Tesco to consider value accretive opportunities across the Retained Group including the selective purchase of some existing leasehold stores in the UK.

As at 28 February 2015, the Homeplus Group had gross assets of £4.8 billion. The net assets of £2.8 billion in respect of the Homeplus Group includes £0.5 billion of related goodwill held by the Tesco Group, together with the £2.3 billion of net assets held by the Homeplus Group.

6. Current trading and Prospects

Since the publication of the Tesco Group's trading statement for the 13 weeks ended 30 May 2015 (an extract of which is reproduced, without material adjustment, at paragraph 12 of Part VI of this Circular), there has been no significant change to the current trading and prospects of the Tesco Group.

Shareholders will be further updated on the Tesco Group's performance and prospects upon the announcement of Tesco's interim results for the six months ended 29 August 2015, which are expected to be published on 7 October 2015.

7. Information on the Purchasers

Established in March 2005, MBK Partners is the largest private equity firm in the Republic of Korea and one of the largest private equity groups in the Asia-Pacific region, with over US$8.2 billion in capital under management. MBK Partners focuses on buyouts in the Republic of Korea, Japan and China and, in the Republic of Korea, is registered with the

1 This statement is not intended to be, and should not be construed as, a profit forecast and should not be interpreted to mean that earnings per Tesco Share for the current or future financial years will necessarily match, or be greater or less than, the historical earnings per Tesco Share.

Financial Supervisory Commission as a domestic private equity firm in the Republic of Korea. With offices in Seoul, Tokyo, Shanghai and Hong Kong, MBK Partners has 22 investee companies in its portfolio, with over US$28.7 billion in aggregate revenues and 41,065 aggregate employees. The firm's investors include public and corporate pension funds, financial institutions, sovereign wealth funds and funds of funds from around the world as well as its home markets of the Republic of Korea, Japan and China.

8. Risk Factors

For a discussion of the risks and uncertainties which you should take into account when considering whether to vote in favour of the Resolution, please refer to Part II (*Risk Factors*) of this document.

9. General Meeting

A General Meeting is being convened at Park Plaza Riverbank London, 18 Albert Embankment, London SE1 7TJ at 2:00 p.m. on 30 September 2015 for the purpose of seeking Shareholder approval for the Resolution.

The Resolution will be proposed as an ordinary resolution requiring a majority of votes in favour for the Resolution to be carried. It proposes that the Disposal be approved and that the Directors be authorised to implement the Disposal. The Disposal will not become effective unless the Resolution is passed.

10. Action to be Taken

Please vote on the Resolution. If you cannot attend and vote at the General Meeting in person, please vote by proxy which you may do by post, through CREST or electronically.

You will find enclosed with this document a Form of Proxy for use at the General Meeting. Whether or not you propose to attend the General Meeting in person, you are asked to complete the Form of Proxy in accordance with the instructions printed on it and return it to the Registrars, Equiniti Limited, so as to arrive as soon as possible, but in any event so as to be received by no later than 2:00 p.m. on 28 September 2015, being 48 hours before the time appointed for the holding of the General Meeting (excluding any part of a day that is not a working day).

You may, if you wish, register the appointment of a proxy or proxies electronically by logging on to www.sharevote.co.uk. Further details of the procedure are set out in the Notice of General Meeting set out in Part VIII (*Notice of General Meeting*) at the end of this document.

CREST members may also choose to use the CREST electronic proxy appointment service in accordance with the procedures set out in the Notice of General Meeting set out in Part VIII (*Notice of General Meeting*) at the end of this document.

Completion and return of the Form of Proxy (or the electronic appointment of a proxy) will not preclude you from attending and voting at the General Meeting in person if you so wish.

11. Further Information

The expected timetable of principal events for the Disposal is set out on page 6 of this document. Further information regarding the terms of the Disposal is set out in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document. **Shareholders are advised to read the whole of this document and not merely rely on the summarised information set out in this letter.**

12. Financial Advice

The Board has received financial advice from each of HSBC (as Lead Financial Adviser) and Barclays (as Sponsor and Financial Adviser) in relation to the Disposal. In providing advice to the Board, HSBC and Barclays have relied upon the commercial assessments of the Board.

13. Recommendation

The Board considers the terms of the Disposal to be in the best interests of Shareholders taken as a whole. Accordingly, the Board unanimously recommends that you vote in favour of the Resolution to be proposed at the General Meeting.

The Directors intend to vote in favour of the Resolution at the General Meeting in respect of their own Tesco Shares to which they are beneficially entitled (representing approximately 0.002 per cent. of the total issued share capital of Tesco as at 9 September 2015 (being the last practicable date prior to publication of this document)).

Yours faithfully,
for and on behalf of Tesco PLC

John Allan
Chairman

PART II – RISK FACTORS

This Part II (*Risk Factors*) addresses the risks known to Tesco and the Directors to which the Tesco Group is exposed in connection with the Disposal, which could materially and adversely affect the business, results of operations, cash flow, financial condition, revenue, profits, assets, liquidity and/or capital resources of the Tesco Group, as appropriate. If certain risks materialise, the market price of Tesco Shares could decline and Shareholders may lose some or all of their investment.

Prior to voting on the Resolution at the General Meeting, Shareholders should carefully consider, together with all other information contained in this document, the specific risks and uncertainties described below.

Additional risks and uncertainties currently unknown to Tesco and the Directors, or which Tesco and the Directors currently deem immaterial, may also have an adverse effect on the Retained Group's operating results, financial condition and prospects if they materialise.

1. Risks related to the Disposal

The following risks and uncertainties relate to the Disposal:

Warranties and tax indemnities in the Sale Agreement

The Sale Agreement contains customary warranties and tax indemnities given by the Sellers (being wholly-owned subsidiaries of Tesco) in favour of the Purchasers, details of which are set out in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document. Tesco has undertaken due diligence to minimise the risk of liability under these provisions. However, any liability to make a payment arising from a successful claim by the Purchasers under the warranties or the tax indemnities could have a material adverse effect on Tesco's financial condition.

Conditions

Completion of the Sale Agreement is conditional upon, among other things, the approval of the Shareholders and the obtaining of regulatory consents. There can be no assurance that all conditions will be satisfied and, accordingly, that completion of the Sale Agreement will take place. If the Disposal does not complete, any of the risks and uncertainties set out in Section 2 of this Part II (*Risk Factors*) may adversely affect Tesco's business and results.

Business separation

Under the terms of the Transitional Services Agreement, the Retained Group will provide certain transitional and administration services to the Homeplus Group. During part or all of the term of the Transitional Services Agreement, the Homeplus Group will continue to have access to the global wide area IT network of the Tesco Group (the "**GWAN**"). The Asia hub for the GWAN is currently located in the Republic of Korea but will be moved on or before expiry of the 18-month period for transitional services under the Transitional Services Agreement. During the period prior to the termination of the interconnectivity of the IT systems of the Homeplus Group and the Retained Group, the IT systems of the Homeplus Group may not receive the same operational and security upgrades as the IT systems of the Retained Group because they will be under third party control. Consequently, there is a risk that security breaches or poor operational performance of the IT systems of the Homeplus Group may occur. As a result, there is no guarantee that IT services will be provided without disruption to the business of the Retained Group, with the potential adverse impact this may have on the Retained Group's trading, synergies in working practices and the management time and cost required to resolve problems arising out of the provision of such services. There can also be no assurance that the separation of the operations will be completed successfully.

Foreign currency risks

If the British pound, which is the Tesco Group's reporting currency, strengthens relative to the US dollar and/or the Korean won prior to Closing then there will be some risk associated with the value of the Disposal. This exposure is being monitored and managed by Tesco Group management to minimise any adverse impact of moving exchange rates.

The tax liabilities borne by the Tesco Group are uncertain

Amounts in respect of taxes will be withheld from the consideration payable to the Tesco Group and accounted for to the relevant tax authority. However, it is prudent to assume that tax authorities could argue that additional tax is due in respect of the transaction. The Tesco Group will make an appropriate accounting provision in respect of such tax, but would expect to contest any such assertion.

2. Risks related to the Disposal not proceeding

If the Disposal does not proceed, the following risks and uncertainties may affect Tesco's business and results:

Inability to realise value if the Disposal does not complete

The Board believes that the Disposal is in the best interest of Shareholders taken as a whole and that the Disposal currently provides the best opportunity to realise an attractive and certain value for the Homeplus Group. If the Disposal does not complete, the realisable value of the Homeplus Group to the Sellers may be lower than can be realised by way of the Disposal.

Potentially disruptive effect on the Homeplus Group

If the Disposal does not proceed, the Homeplus Group's management and employees may be affected, and key management or employees may choose to leave the Homeplus Group. Customer sentiment and spending behaviour may also be negatively impacted. This may have a negative effect on the performance of the Homeplus Group under Tesco's ownership. To maintain shareholder value, Tesco's management may be required to allocate additional time and cost to the ongoing supervision and development of the Homeplus Group.

There may be an adverse impact on the Tesco Group's reputation

If the Disposal does not proceed, there may be an adverse impact on the reputation of the Tesco Group due to amplified media scrutiny arising in connection with the attempted Disposal. Owing to the negative media coverage to which the Tesco Group has already been subjected during the past year, the reputation of the Tesco Group may be particularly sensitive to any additional negative press attention in connection with a failure to complete the Disposal or as a result of failure to comply with legal or regulatory requirements associated with the Disposal. Any such reputational risk could adversely affect the Tesco Group's business, financial condition and operating results.

The Company may face risks associated with protecting and strengthening the balance sheet

The Tesco Group has identified protecting and strengthening the balance sheet as a strategic priority. If the Disposal does not proceed, the Company will need to re-evaluate and pursue alternative opportunities to achieve this objective. There can be no assurance that such alternative opportunities will result in the desired protection and strengthening of the balance sheet and Tesco's financial condition and/or operating results may therefore be adversely affected.

Potentially disruptive effect on the Homeplus Group's relations with trade unions

The proposed Disposal, and press speculation relating thereto, may strain relations with employees, the Homeplus Labour Union and the Homeplus Tesco Labour Union and specific proposals in relation to the implementation of the Disposal may be opposed by such labour unions or, if not opposed by such labour unions, may in any event be used as grounds to seek improved terms of employment and/or industrial action. If the Disposal does not proceed, this negative impact on relations with the Homeplus Labour Union and the Homeplus Tesco Labour Union may continue to be felt, potentially through industrial action, and to affect group performance. Any industrial action could have a material adverse effect on operations and management time and additional investments may be required to manage labour union sentiment and repair any damaged relationships.

3. Risks related to the Retained Group

If the Disposal is completed, the following risks and uncertainties may be impacted or result as a consequence:

The Retained Group's operations will be more dependent on the UK business

Following the Disposal, the operations of the Retained Group will be smaller and, without the benefit of the revenues or profits of the Homeplus Group, its overall financial performance will depend more on the performance of each of its continuing operations. In particular, with the sales of the UK business set to constitute a significant majority of those of the Retained Group following the Disposal, any underperformance by the UK business may have a larger relative impact on the Retained Group than it would have done prior to the Disposal.

Credit rating risks

While asset disposals are one of the factors that rating agencies will take into consideration when assessing the Retained Group's credit rating, there is no certainty that the Disposal, and the resulting improvement in the Retained Group's leverage ratios, of themselves, will result in any change in the Retained Group's credit ratings and/or reduced funding costs in respect of future debt.

Brand management

The Tesco Group's brands are a key asset to its business and maintaining their reputation is critical to the Tesco Group's success. The Homeplus Group uses certain independent brands and uses, or plans to use, certain Retained Group brands. Rights in relation to the Homeplus brand will be owned by (and sold with) the Homeplus Group. The Retained Group will permit the Homeplus Group to use certain Retained Group brands, or elements of those brands, including 'Every little helps', 'finest*', 'F2F', 'FtoF' and 'TESCO', for a period of up to 18 months following Closing pursuant to the terms of the Brand Licence Agreement.

Although the Retained Group will have the benefit of the contractual protections contained within the Brand Licence Agreement, if the Homeplus Group's use of any of the Retained Group brands adversely affects the reputation of those brands, such as through a major product recall, the results of the Retained Group's operations and its profitability could be materially and adversely affected.

The market price of the Tesco Shares may go down as well as up

Shareholders should be aware that the value of an investment in the Tesco Group may go down as well as up and can be highly volatile. The price at which the Tesco Shares may be quoted and the price which investors may realise for their Tesco Shares will be influenced by a large number of factors, some specific to the Retained Group and its operations and some which may affect the retail industry as a whole, other comparable companies or publicly traded companies as a whole. The sentiments of the stock market regarding the Disposal will be one such factor and this, together with other factors including the actual or anticipated fluctuations in the financial performance of the Retained Group and its competitors, market fluctuations, and legislative or regulatory changes in the retail industry or generally those affecting consumers, could lead to the market price of Tesco Shares going up or down.

PART III – FINANCIAL INFORMATION ON THE HOMEPLUS GROUP

The following historical financial information relating to the Homeplus Group has been extracted without material adjustment from the consolidation schedules used in preparing Tesco's audited consolidated financial statements for the financial years ended 23 February 2013, 22 February 2014 and 28 February 2015.

The financial information in this Part III (*Financial Information on the Homeplus Group*) for the financial years ended 23 February 2013, 22 February 2014 and 28 February 2015 has been prepared using the IFRS accounting principles used to prepare the consolidated financial statements of Tesco for the financial year ended 28 February 2015.

Shareholders should read the whole of this document and not rely solely on the summarised financial information in this Part III (*Financial Information on the Homeplus Group*).

Financial Information

1. Income statement (on an IFRS basis) for the three financial years ended 28 February 2015

	52 weeks ended 23 February 2013 £ million	**52 weeks ended 22 February 2014 £ million**	**53 weeks ended 28 February 2015 £ million**
Revenue	5,291	5,448	5,359
Cost of sales	(4,832)	(5,020)	(5,314)
Gross profit / (loss)	**459**	**428**	**45**
Administrative overheads	(92)	(107)	(128)
Profits / (losses) arising on property-related items	138	186	(13)
Operating profit / (loss)	**505**	**507**	**(96)**
Net finance costs	(66)	(48)	(35)
Profit / (loss) for the year before taxation	**439**	**459**	**(131)**
Taxation	(70)	(107)	6
Profit / (loss) for the year after taxation	**369**	**352**	**(125)**
Trading profit	376	368	292

Notes

1. The income statement presented above is unaudited.
2. The income statement presented above includes £5 million, £50 million and £47 million of management charges from the Tesco Group in the 52 weeks ended 23 February 2013, 52 weeks ended 22 February 2014 and 53 weeks ended 28 February 2015, respectively.
3. The income statement presented above includes £61 million, £48 million and £35 million of interest charges on intercompany debt from the Tesco Group in the 52 weeks ended 23 February 2013, 52 weeks ended 22 February 2014 and 53 weeks ended 28 February 2015, respectively.

2. Net asset statement (on an IFRS basis) as at 28 February 2015

	As at 28 February 2015 £ million
Non-current assets	
Goodwill and other intangible assets	89
Property, plant and equipment	3,759
Investment property	32
Deferred tax assets	138
	4,018
Current assets	
Inventories	205
Trade and other receivables	494
Cash and cash equivalents	78
	777
Assets of the disposal group and non-current assets classified as held for sale	51
	828
Current liabilities	
Trade and other payables	(1,143)
Borrowings	(956)
Provisions	(17)
	(2,116)
Net current liabilities	**(1,288)**
Non-current liabilities	
Post-employment benefit obligations	(51)
Deferred tax liabilities	(269)
Provisions	(70)
	(390)
Net assets	**2,340**

Notes

1. Trade and other receivables of the Homeplus Group includes £1 million of intercompany receivables. Trade and other payables of the Homeplus Group includes £31 million of intercompany payables. Borrowings includes £854 million of intercompany loans.
2. The net assets of £2,340 million does not include goodwill held at the Tesco Group level relating to the acquisition of the Homeplus Group of £0.5 billion.

PART IV – UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE RETAINED GROUP

1. Accountants' Report on the Unaudited Pro Forma Statement of Net Assets of the Retained Group

The Directors
Tesco PLC
Tesco House
Delamare Road
Cheshunt
Hertfordshire
EN8 9SL

Barclays Bank PLC (the "**Sponsor**")
5 The North Colonnade
Canary Wharf
London
E14 4BB

10 September 2015

Dear Sirs

Tesco PLC (the "Company")

We report on the unaudited *pro forma* statement of net assets (the "**Pro Forma Financial Information**") set out in section 2 of Part IV of the Company's circular dated 10 September 2015 (the "**Circular**") which has been prepared on the basis described in the notes to the Pro Forma Financial Information, for illustrative purposes only, to provide information about how the proposed disposal of the Homeplus Group might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the consolidated financial statements for the 53 weeks ended 28 February 2015. This report is required by item 13.3.3R of the Listing Rules of the UK Listing Authority (the "**Listing Rules**") and is given for the purpose of complying with that Listing Rule and for no other purpose.

Responsibilities

It is the responsibility of the directors of the Company to prepare the Pro Forma Financial Information in accordance with item 13.3.3R of the Listing Rules.

It is our responsibility to form an opinion, as required by item 13.3.3R of the Listing Rules as to the proper compilation of the Pro Forma Financial Information and to report our opinion to you.

In providing this opinion we are not updating or refreshing any reports or opinions previously made by us on any financial information used in the compilation of the Pro

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Forma Financial Information, nor do we accept responsibility for such reports or opinions beyond that owed to those to whom those reports or opinions were addressed by us at the dates of their issue.

Save for any responsibility which we may have to those persons to whom this report is expressly addressed and which we may have to Shareholders of the Company as a result of the inclusion of this report in the Circular, to the fullest extent permitted by law we do not assume any responsibility and will not accept any liability to any other person for any loss suffered by any such person as a result of, arising out of, or in accordance with this report or our statement, required by and given solely for the purposes of complying with item 13.4.1R(6) of the Listing Rules, consenting to its inclusion in the Circular.

Basis of opinion

We conducted our work in accordance with the Standards for Investment Reporting issued by the Auditing Practices Board in the United Kingdom. The work that we performed for the purpose of making this report, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the Pro Forma Financial Information with the directors of the Company.

We planned and performed our work so as to obtain the information and explanations we considered necessary in order to provide us with reasonable assurance that the Pro Forma Financial Information has been properly compiled on the basis stated and that such basis is consistent with the accounting policies of the Company.

Opinion

In our opinion:

a) the Pro Forma Financial Information has been properly compiled on the basis stated; and

b) such basis is consistent with the accounting policies of the Company.

Yours faithfully

PricewaterhouseCoopers LLP
Chartered Accountants

2. Pro Forma Statement of Net Assets of the Retained Group

Set out below is an unaudited *pro forma* statement of consolidated net assets of the Retained Group as at 28 February 2015. It has been prepared on the basis set out in the notes below to illustrate the effect of the Disposal on the consolidated net assets of the Tesco Group had the Disposal occurred on 28 February 2015. It has been prepared for illustrative purposes only. Because of its nature, the *pro forma* statement addresses a hypothetical situation and, therefore, does not represent the Retained Group's actual financial position or results. It is based on the audited consolidated financial statements of Tesco as at 28 February 2015 and the financial information of the Homeplus Group as at 28 February 2015 contained in Part III (*Financial Information on the Homeplus Group*) and presented in accordance with Tesco's accounting policies.

The unaudited *pro forma* statement of consolidated net assets has been prepared in accordance with Annex II of the Prospectus Directive Regulation.

Shareholders should read the whole of this document and not rely solely on the summarised financial information contained in this Part IV.

	Tesco Group as at 28 February 2015 £m	Homeplus Group net assets adjustment as at 28 February 2015 £m	Homeplus Group centrally held consolidation adjustments £m	Disposal adjustments £m	Retained Group pro forma as at 28 February 2015 £m
	(Note 1)	**(Note 2)**	**(Note 3)**	**(Note 4)**	
Assets					
Non-current assets					
Goodwill and other intangible assets	3,771	(89)	(481)	—	3,201
Property, plant and equipment	20,440	(3,759)	—	—	16,681
Investment property	164	(32)	—	—	132
Investments in joint ventures and associates	940	—	—	—	940
Other investments	975	—	—	—	975
Loans and advances to customers	3,906	—	—	—	3,906
Derivative financial instruments	1,546	—	—	—	1,546
Deferred tax assets	514	(138)	—	—	376
Total non-current assets	**32,256**	**(4,018)**	**(481)**	**—**	**27,757**
Current assets					
Inventories	2,957	(205)	—	—	2,752
Trade and other receivables	2,121	(494)	—	—	1,627
Loans and advances to customers	3,814	—	—	—	3,814
Derivative financial instruments	153	—	—	—	153
Current tax assets	16	—	—	—	16
Short-term investments	593	—	—	—	593
Cash and cash equivalents	2,165	(78)	—	3,614	5,701
	11,819	**(777)**	**—**	**3,614**	**14,656**
Assets of the disposal groups and non-current assets classified as held for sale	139	(51)	—	—	88
Total current assets	**11,958**	**(828)**	**—**	**3,614**	**14,744**
Total Assets	**44,214**	**(4,846)**	**(481)**	**3,614**	**42,501**

	Tesco Group as at 28 February 2015 £m	Homeplus Group net asset adjustment as at 28 February 2015 £m	Homeplus Group centrally held consolidation adjustments £m	Disposal adjustments £m	Retained Group pro forma as at 28 February 2015 £m
	(Note 1)	(Note 2)	(Note 3)	(Note 4)	
Current liabilities					
Trade and other payables	(9,922)	1,143	—	—	(8,779)
Borrowings	(2,008)	956	—	(854)	(1,906)
Derivative financial instruments and other liabilities	(89)	—	—	—	(89)
Customer deposits and deposits from banks	(7,020)	—	—	—	(7,020)
Current tax liabilities	(95)	—	—	(262)	(357)
Provisions	(671)	17	—	—	(654)
	(19,805)	2,116	—	(1,116)	(18,805)
Liabilities of the disposal groups classified as held for sale	(5)	—	—	—	(5)
Total current liabilities	**(19,810)**	**2,116**	**—**	**(1,116)**	**(18,810)**
Non current liabilities					
Borrowings	(10,651)	—	—	—	(10,651)
Derivative financial instruments and other liabilities	(946)	—	—	—	(946)
Post-employment benefit obligations	(4,842)	51	—	—	(4,791)
Deferred tax liabilities	(199)	269	—	—	70
Provisions	(695)	70	—	—	(625)
Total non current liabilities	**(17,333)**	**390**	**—**	**—**	**(16,943)**
Total liabilities	**(37,143)**	**2,506**	**—**	**(1,116)**	**(35,753)**
Net assets	**7,071**	**(2,340)**	**(481)**	**2,498**	**6,748**

Notes:

1. The net assets relating to the Tesco Group have been extracted without material adjustment from the audited consolidated financial statements of the Tesco Group as at 28 February 2015, which were prepared under IFRS.
2. These adjustments remove the assets and liabilities of the Homeplus Group, and were sourced without material adjustment from the historical financial information of the Homeplus Group as at 28 February 2015 contained in Part III (*Financial Information on the Homeplus Group*).
3. This adjustment writes off goodwill of £481 million held on consolidation at the Tesco Group level relating to the Homeplus Group. This goodwill arose on the acquisition of the Homeplus Group by the Tesco Group, and therefore is not directly held by, or to be sold with, the Homeplus Group. This adjustment was extracted without material adjustment from the accounting records of the Tesco Group as at 28 February 2015.
4. The Disposal adjustments reflect the receipt of cash proceeds of £4,004 million, which includes the repayment of intercompany debt which was £854 million as at 28 February 2015 (£798 million translated at exchange rates on 7 September 2015). The cash proceeds are adjusted for estimated transaction related tax of £326 million and other transaction costs of £64 million. A provision for capital gains tax of £262 million is included within current tax liabilities which is management's best estimate of potential capital gains tax payable but which is subject to agreement with the relevant tax authorities and is not settled immediately on Closing.
5. No account has been taken of any trading or results of the Tesco Group or the Homeplus Group since 28 February 2015.
6. This unaudited *pro forma* statement of consolidated net assets does not constitute financial statements within the meaning of section 434 of the Companies Act 2006.

PART V – SUMMARY OF THE PRINCIPAL TERMS AND CONDITIONS OF THE DISPOSAL

1. SALE AGREEMENT

1.1 Disposal

The Sale Agreement was entered into on 7 September 2015 between Tesco Holdings B.V. ("**THBV**"), Tesco Stores Limited ("**TSL**" and, together with THBV, the "**Sellers**") and entities established by a group of investors led by MBK Partners and including Canada Pension Plan Investment Board, Public Sector Pension Investment Board and Temasek Holdings (Private) Limited to give effect to the Disposal. Pursuant to the Sale Agreement, each Seller shall sell its entire holding in the share capital of the entities comprising the Homeplus Group, subject to the conditions described in paragraph 1.2 of this Part V (*Summary of the Principal Terms and Conditions of the Disposal*).

1.2 Conditions Precedent

Closing is conditional upon:

(a) the approval (by ordinary resolution) of the Shareholders;

(b) either (i) confirmation having been received from the Korean Fair Trade Commission ("**KFTC**") that the Disposal does not qualify for notification or investigation under the Korean Competition Act or any other applicable Korean merger control rules, or (ii) clearance of the Disposal being obtained from the KFTC (either conditionally or unconditionally);

(c) CPP Investment Board Private Holdings (3) Inc. having filed a securities acquisition report with the Bank of Korea in relation to its subscription for convertible bonds to be issued by Homeplus Bakery Co., Ltd;

(d) the Ministry of Strategy and Finance in the Republic of Korea accepting all of the amendment reports to be filed with it for the purposes of amending certain bonds issued by Homeplus to Cheshunt Overseas LLP (a member of the Tesco Group) to allow early repayment of such bonds;

(e) the warranties given by the Purchasers being true and correct in all material respects as of the date of Closing; and

(f) the warranties given by the Sellers being true and correct as of the date of Closing, except where failure of the warranties to be true and correct has not had and would not reasonably be expected to have a significant material adverse effect on the Homeplus Group,

together, the "**Conditions**".

1.3 Consideration

The cash consideration payable to the Sellers at Closing is approximately £4,004 million (payable in a combination of US dollars and Korean won), which includes the repayment of £798 million of intercompany debt.

1.4 Pre-Closing Covenants

The Sellers have given certain customary covenants in relation to the period between signing of the Sale Agreement and Closing, including to ensure that the business of the Homeplus Group is carried on, in all material respects, in the ordinary course of business.

1.5 Non-compete

The Sellers have agreed not to compete with the principal businesses of the Homeplus Group in the Republic of Korea (as at Closing) for a period of two years after Closing, subject to customary exceptions.

1.6 Lease Guarantees

The Purchasers have agreed to ensure that, at Closing, the Retained Group is released in full from certain lease guarantees given in relation to Homeplus stores. If the Purchasers fail to release the guarantees at Closing, the Purchasers will indemnify the Sellers and are required to procure such release as soon as possible and in any event by 20 February 2016.

1.7 Tax schedule

The Sellers have given an indemnity against (broadly) any tax liabilities of the Homeplus Group that are attributable to the period up to and including the Locked Box Accounts Date. In addition, the Sellers have given an indemnity against tax liabilities arising in respect of certain matters between the Locked Box Accounts Date and Closing, including in respect of action taken otherwise than in the ordinary course of the Homeplus Group's business and leakage of value from the Homeplus Group to the Retained Group. The indemnities are subject to exclusions customary for a transaction of this nature. The Homeplus Tax Schedule also includes other customary provisions relating to, amongst other things, notification of claims and conduct of disputes, secondary liabilities, conduct of tax affairs and withholdings, gross-up and VAT.

Under the terms of the tax schedule the Purchasers will withhold, on account of Korean capital gains tax, 11 per cent. of the consideration payable to THBV in respect of the proceeds from the sale of Homeplus. THBV considers that a withholding is not due and payable under the terms of the double tax convention between the Netherlands and the Republic of Korea in respect of the Disposal. However, in the light of the penalties that could be imposed if a withholding were found to be required and the amounts had not been withheld THBV has decided that the appropriate course of action is to accept that the Purchasers withhold and account for such taxes and subsequently to seek a refund. The Sellers have indemnified the Purchasers against any risk borne by the Purchasers (including any withholding obligation) relating to Korean capital gains tax in respect of the transaction and will bear the cost of the refund claim and any dispute over the amount of capital gains tax payable in Korea in respect of the transaction.

1.8 Warranties

The Sellers have given warranties relating to, amongst other things, title, capacity, authority and solvency matters, together with additional business and tax warranties as are customary for a transaction of this nature.

The warranties will be repeated at Closing and the Sellers will have no ability to make further disclosures. However, the Sellers will not be liable upon repetition of the business warranties if the matter was outside of their control or could not reasonably have been avoided in operating the business in the ordinary course.

No claims may be brought by the Purchasers: (a) under the business warranties after the date that is twelve months after Closing; (b) under the warranties in relation to title to shares, authority and capacity after the date that is five years from the date of Closing; (c) under the tax warranties or the tax indemnities after the date that is five years and 60 days from the due date for the filing of the Homeplus tax return for the financial year in which Closing takes place.

1.9 Limitations on liabilities

The Sellers' aggregate liability in respect of all business warranty and certain tax claims under the Sale Agreement is limited to 30 per cent. of the price and for all other claims under the Sale Agreement is 100 per cent. of the price. Additional financial limitations apply in relation to the bringing of individual claims.

1.10 Termination

Neither the Sellers nor the Purchasers shall be entitled to terminate the Sale Agreement, save where one party fails to comply with any of its material obligations under Schedule 4 (*Closing Arrangements*) of the Sale Agreement.

The Sale Agreement shall terminate if the Conditions have not been fulfilled, or (where capable of waiver) waived, on or before the Longstop Date.

1.11 Governing Law and jurisdiction

The Sale Agreement is governed by English law. Any disputes arising under the Sale Agreement are to be settled in accordance with the rules of arbitration of the International Chamber of Commerce.

2. TRANSITIONAL SERVICES AGREEMENT

2.1 Scope of Transitional Services Agreement

The Transitional Services Agreement will be entered into by TSL (the "**Supplier**") and Homeplus, Homeplus Tesco and Homeplus Bakery Co., Ltd (together, the "**Customer**") and will govern the provision of: (a) certain IT and systems support services and certain product sourcing services (together with, if requested by the Customer under the Transitional Services Agreement, certain additional services) from the Supplier to the Customer (the "**Supplier Services**"); and (b) GWAN node support and finance services from the Customer to the Supplier (the "**Reverse Services**" and, together with the Supplier Services, the "**Services**").

2.2 Charges for the Services

The Customer shall pay to the Supplier either: (i) a fixed monthly fee; or (ii) for the product sourcing services, the cost of products ordered plus a percentage charge. The Supplier shall pay to the Customer a fixed monthly fee for the Reverse Services. If the Customer extends a Service (as described in paragraph 2.4 below), the service charge for that Service shall be doubled during the extension period.

2.3 Limitation of liability

Subject to customary carve-outs, each party's aggregate liability under the Transitional Services Agreement shall be equal to the aggregate charges paid to it by the other.

2.4 Term and Termination

Unless terminated earlier for convenience each Service shall be provided for a term of 18 months, except that the Customer shall have the right to extend certain services for 12 months and, in limited circumstances, the other services for 3 months.

2.5 Governing Law and jurisdiction

The Transitional Services Agreement is governed by English law. Any disputes arising under the Transitional Services Agreement are to be settled in accordance with the rules of arbitration of the International Chamber of Commerce.

3. BRAND LICENCE AGREEMENT

3.1 Licence to use certain of the Sellers' brands

TSL and Homeplus and Homeplus Tesco (the "**Licensees**") shall enter into a Brand Licence Agreement under which TSL shall grant each Licensee a royalty-free, non-exclusive licence to use the brands specified below (the "**Licensed Brands**") in the Republic of Korea with effect from Closing for: (a) ninety (90) calendar days for non-retail use; and (b) eighteen (18) months in respect of any retail use (including branding for retail premises, advertising, sale of retail products, and manufacture of certain retail products) (the "**Transitional Period**").

The Licensed Brands will include brands owned by TSL and used by the Licensees in the Republic of Korea prior to Closing, including 'finest*' and 'TESCO'. The Brand Licence Agreement will also contain restrictions on the Licensees' use of certain brands that, prior to Closing, were used across the Tesco Group, but for which the Licensees own intellectual property rights in Korea (e.g. 'Every little helps' and 'Florence & Fred') (the "**Prohibited Brands**" and together with the Licensed Brands, the "**Restricted Brands**"). Following expiry of the Transitional Period, the Licensees shall be required to, at TSL's request, abandon or cancel any registrations for any intellectual property rights containing the Prohibited Brands.

3.2 Conditions of, and restrictions on, use

Each Licensee will only be permitted to use each Restricted Brand in substantially the same manner and form, and to substantially the same extent, as it used that Restricted Brand in the twelve (12) months prior to Closing. The Brand Licence Agreement will further restrict the Licensees' use of: (i) certain core brand elements used by the Retained Group; (ii) the word 'TESCO' in combination with the word 'HOMEPLUS'; and (iii) the current Homeplus Express logo.

3.3 Limitation of liability and indemnity

Subject to customary carve-outs, any liability of TSL under the Brand Licence Agreement will be excluded to the fullest extent permitted by law. The Licensees will indemnify TSL on a joint and several basis against all costs or other losses suffered or incurred by TSL in connection with either Licensee's exercise of rights under, or breach of, the Brand Licence Agreement.

3.4 Termination

The Brand Licence Agreement may be terminated with immediate effect by any party by written notice to the other parties: (i) for unremedied material breach by another party; or (ii) on the occurrence of an insolvency event in relation to another party.

3.5 Governing Law and jurisdiction

The Brand Licence Agreement is governed by English law. Any disputes arising under the Brand Licence Agreement are to be settled in accordance with the rules of arbitration of the International Chamber of Commerce.

PART VI – ADDITIONAL INFORMATION

1. Responsibility

Each of Tesco and the Directors whose names are set out in Section 3 of this Part VI (*Additional Information*) accept responsibility for the information contained in this document. To the best of the knowledge and belief of each of Tesco and the Directors (who have 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.

2. Tesco information

Tesco was incorporated on 27 November 1947 under the Companies Act 1929 as a private limited company with the name of Tesco Stores (Holdings) Limited. Tesco subsequently re-registered as a public limited company under the Companies Acts 1948 to 1980 and changed its name on 14 December 1981 to Tesco Stores (Holdings) public limited company. On 25 August 1983 Tesco changed its name to Tesco PLC. It was incorporated with limited liability in England and Wales, and operates as a public limited company under the Companies Act 2006, with registered number 00445790.

Tesco's principal and registered office is at Tesco House, Delamare Road, Cheshunt, Hertfordshire EN8 9SL and the telephone number of its registered office is +44 (0)1992 632222.

The principal laws and legislation under which Tesco operates are the Companies Act 2006 and the regulations made thereunder.

3. Directors

The Directors of Tesco and their respective functions are as follows:

John Allan	*Non-executive Chairman*
Dave Lewis	*Group Chief Executive*
Alan Stewart	*Chief Financial Officer*
Richard Cousins	*Senior Independent Director*
Mark Armour	*Non-executive Director*
Byron Grote	*Non-executive Director*
Mikael Ohlsson	*Non-executive Director*
Deanna Oppenheimer	*Non-executive Director*

4. Details of key individuals for the Homeplus Group

The directors of Homeplus and Homeplus Tesco and their respective functions are as follows:

4.1 Homeplus

Name	Position
Seong-Hwan Do	*Chief Executive Officer*
David Surdeau	*Chief Financial Officer*
Hee-Man Ahn	*Corporate Affairs and Retail Services Director*
Keith Leslie Cowell	*Central COO*

4.2 Homeplus Tesco

Name	Position
Jong Pyo Jung	*Chief Executive Officer*
Hee-Man Ahn	*Director*
Man-Soo Kim	*Director*

5. Directors' interests in the Company

As at the close of business on 9 September 2015 (being the latest practicable date prior to the publication of this document), the interests of the Directors and any of their connected persons (within the meaning of Sections 252 to 255 of the Companies Act 2006) in Tesco Shares were as follows:

	Number of Tesco Shares	Percentage of existing issued share capital
Directors		
John Allan	41,180	0.0005%
Dave Lewis	—	—
Alan Stewart	—	—
Richard Cousins	—	—
Mark Armour	25,000	0.0003%
Byron Grote	61,200*	0.0008%
Mikael Ohlsson	—	—
Deanna Oppenheimer	52,500*	0.0006%

*Byron Grote holds 20,400 ADRs equivalent to 61,200 Tesco Shares and Deanna Oppenheimer holds 17,500 ADRs equivalent to 52,500 Tesco Shares.

In addition to the interests noted above, certain of the Directors have further interests as a result of awards and grants made pursuant to the Tesco Performance Share Plan (the "**PSP**") and under awards and grants made pursuant to Listing Rule 9.4.2. Details of the awards and grants (as at the latest practicable date prior to the publication of this document) are set out below:

PSP

Director	Scheme / grant	Performance period	Normal vesting date / period	Tesco Shares subject to option as at 28 February 2015	Tesco Shares subject to option as at 9 September 2015
Dave Lewis	2015 PSP	2015/16 – 2017/18	24 July 2018	—	1,566,987
Alan Stewart	2015 PSP	2015/16 – 2017/18	24 July 2018	—	854,720

Joining Awards

Director	Scheme / grant	Performance period	Normal vesting date / period	Tesco Shares subject to option as at 28 February 2015	Tesco Shares subject to option as at 9 September 2015
Dave Lewis	Joining Award	—	17 February 2015	452,265	452,265
Dave Lewis	Joining Award	—	18 February 2016	607,940	607,940
Dave Lewis	Joining Award	—	14 February 2017	610,089	610,089
Alan Stewart	Joining Award	—	18 June 2015	252,873	252,873
Alan Stewart	Joining Award	—	24 June 2016	327,085	327,085
Alan Stewart	Joining Award	—	23 June 2017	308,543	308,543
Alan Stewart	Joining Award	—	6 July 2018	Nil	56,950

In addition to the interests noted above, certain of the Directors have further interests as a result of purchases made pursuant to the partnership shares element ("**BAYE**") of the all-employee Tesco Share Incentive Plan (the "**SIP**"). Details of the purchases (as at the latest practicable date prior to the publication of this document) are set out below:

SIP

Director	Scheme / grant	Performance period	Normal vesting date / period	Tesco Shares held in SIP as at 28 February 2015	Tesco Shares held in SIP as at 9 September 2015
Dave Lewis	BAYE	—	—	151	451
Alan Stewart	BAYE	—	—	44	344

6. Directors' Service Agreements and Arrangements

Save as set out in this Section 6, there are no existing or proposed service agreements or letters of appointment between the Directors and any member of the Tesco Group.

Executive Directors: Service contracts

Dave Lewis and Alan Stewart are each engaged under a service agreement pursuant to which they are entitled to a base salary of £1,250,000 and £750,000 per annum respectively.

The Executive Directors participate in the short-term bonus scheme and the long-term PSP designed to align their interests with those of Shareholders. Each of the Executive Directors receives a cash allowance in lieu of a pension with a value of 25 per cent. of base salary. The Executive Directors are also eligible for a company car or cash alternative, fuel and driver, typical life assurance, disability and health insurance (for the Executive Directors and their families), health screening, security, club membership and staff discount and may participate in the Company's all-employee share schemes (Sharesave and SIP) on the same terms as other UK employees.

Each Executive Director's service agreement is terminable by 12 months' notice by Tesco and six months' notice by the Executive Director. Tesco has the ability to terminate the agreement by the payment of a cash sum in lieu of notice based on the Executive Director's base salary and benefits only. In the event of a serious contractual breach by Tesco, the Executive Director may elect to terminate his or her service contract and receive a payment to reflect the unexpired term of the notice.

Tesco has entered into a qualifying third party indemnity with each of the Executive Directors. Tesco also has appropriate directors' and officers' liability insurance in place in respect of the Executive Directors.

Non-Executive Directors: Letters of appointment

John Allan is engaged as Chairman under a contract pursuant to which he is entitled to receive an annual fee of £650,000 (inclusive of all board fees) which is fixed for a period of three (3) years from 1 March 2015. His appointment is terminable by either party without notice. Like all other Non-executive Directors, his contract does not provide for any entitlement to compensation on termination. The Chairman may have the benefit of a company car and driver, home security, staff discount and healthcare for himself and his partner.

The appointment of each of the Chairman and the Non-executive Directors is subject to re-election on an annual basis by the Shareholders at an annual general meeting in accordance with the UK Corporate Governance Code.

Mark Armour's appointment commenced on 2 September 2013. Richard Cousin's appointment commenced on 1 November 2014. Byron Grote's appointment commenced on

1 May 2015. Mikael Ohlsson's appointment commenced on 1 November 2014. Deanna Oppenheimer's appointment commenced on 1 March 2012.

Each Non-executive Director is engaged under a letter of appointment pursuant to which they are entitled to receive a basic annual fee of £70,000 and an additional fee for committee membership of £12,000 per annum. Their appointments are for an initial period of three years and may be terminated without payment or compensation by either Tesco or the Non-executive Director at any time without notice. In addition to this annual fee of £70,000, Deanna Oppenheimer is entitled to additional fees of £30,000 as chairman of the remuneration committee, £12,000 as a member of the corporate responsibility committee and £12,000 as a member of the nominations committee. Byron Grote is entitled to an additional fee of £30,000 as chairman of the audit committee and £12,000 as a member of the remuneration committee. Richard Cousins is entitled to additional fees of £26,000 as the Senior Independent Director, £12,000 as a member of the nominations committee and £12,000 as a member of the audit committee. Mikael Ohlsson is entitled to additional fees of £12,000 as a member of the corporate responsibility committee and £12,000 as a member of the remuneration committee. Mark Armour is entitled to an additional fee of £12,000 as a member of the audit committee.

The Chairman and the Non-executive Directors are entitled to reimbursement of reasonable expenses and staff discount on the same basis as other employees.

The Non-executive Directors are not entitled to receive any compensation on termination of their appointment and are not entitled to participate in Tesco's annual bonus or performance share plans.

Tesco has entered into a qualifying third party indemnity with each of the Chairman and the Non-executive Directors. Tesco also has appropriate directors' and officers' liability insurance in place in respect of the Chairman and the Non-executive Directors.

7. Significant Shareholders

As at the close of business on 9 September 2015 (being the latest practicable date prior to the publication of this document), the Homeplus Group had been notified under Rule 5 of the Disclosure and Transparency Rules of the following holdings of notifiable interests in its share capital exceeding three per cent. of the issued share capital of Tesco.

Name	Number of Tesco Shares	Percentage of existing issued share capital as at the date Tesco had been notified in accordance with the DTRs
Norges Bank	569,380,772	6.998%
BlackRock, Inc.	406,724,346*	5.01%

*BlackRock, Inc. stated in its notification to the Company that it holds interests in 403,263,941 Tesco Shares and in contracts for difference economically equivalent to 3,460,405 Tesco Shares.

8. Material Contracts

8.1 The Retained Group

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by any member of the Retained Group either: (i) within the period of two years immediately preceding the date of this document, which are or may be material to the Retained Group; or (ii) at any time, which contain any provisions under which any member of the Retained Group (as relevant) has an obligation or entitlement which is or may be material to the Retained Group (as relevant) as at the date of this document, save as discussed below.

Principal Transaction Documents

Your attention is drawn to Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document which contains a summary of the key Disposal agreements, being the Sale Agreement, the Transitional Services Agreement and the Brand Licence Agreement.

British Land Property Partnership

On 20 March 2015, the Tesco Group regained sole ownership of 21 stores and associated debt, previously held in a joint venture with The British Land Company PLC ("**British Land**"). The Tesco Group received British Land's share of the 21 stores and £96 million in cash. In exchange, British Land took sole ownership of three shopping centres, three retail parks and three standalone stores that had previously been held in two joint ventures between the two companies. The Tesco Group will continue to lease the stores at these sites at market rents which are not subject to RPI-indexed increases. The transaction added a further £0.7 billion to the value of the Tesco Group's property.

Gain Land Joint Venture

On 1 October 2013, Tesco entered into an investment agreement with Hong Kong Stock Exchange listed China Resources Enterprise, Limited (since renamed China Resources Beer (Holdings) Company Limited ("**CRE**") to establish an 80:20 joint venture by combining Tesco's retail and property businesses in China with CRE's retail business in China, Hong Kong and Macau (which was owned by CRE's then wholly owned subsidiary, Gain Land Limited ("**Gain Land**")).

The formation of the joint venture was completed in May 2014 when, pursuant to the terms of the investment agreement, Cheshunt Holdings Guernsey Limited ("**Cheshunt Holdings**"), a wholly owned subsidiary of Tesco, exchanged Chinese retail and property interests with a net book value of £835 million plus £334 million in cash for a 20 per cent. interest in Gain Land and entered into a shareholders' agreement with, among others, CRE in relation to the governance of Gain Land. The remaining 80 per cent. of Gain Land is held by Ondereel Ltd, a limited liability company registered under the laws of the British Virgin Islands whose ultimate shareholder was (until 1 September 2015) CRE. On 1 September 2015, CRE completed the sale of all of its non-beer businesses, including its interests in Ondereel Ltd, to its parent company, China Resources (Holdings) Company Limited ("**CRH**"). In connection with this sale, CRE's rights and obligations under the investment agreement and shareholders' agreement for the Gain Land joint venture were novated to CRH. Accordingly, Ondereel Ltd. is now a direct wholly owned subsidiary of CRH and Gain Land is now an indirect subsidiary of CRH.

Under the investment agreement, Cheshunt Holdings holds an option to subscribe for additional shares in Gain Land at fair market value upon the earlier of a listing of the shares of Gain Land or the fifth anniversary of formation of the joint venture, such that, following the exercise of the option, Cheshunt Holdings' aggregate shareholding in Gain Land would be increased to 25 per cent.

Cheshunt Holdings has a one-time right to instigate a Hong Kong listing of Gain Land's shares at any time after the seventh anniversary of completion (i.e. May 2021). If Cheshunt Holdings exercises this right (and provided neither Gain Land nor its shareholders have approved a listing before the seventh anniversary) then, for a period of three months thereafter, Ondereel has an option to acquire all of Cheshunt Holdings' interests in Gain Land at the then fair market value. If Ondereel does not exercise this option, Gain Land will proceed with the Hong Kong listing process, which needs to be completed within 18 months of the lapse of the option.

The obligations of Cheshunt Holdings under the investment agreement and shareholders' agreement for the Gain Land joint venture are guaranteed by Tesco.

Gain Land acts as a holding company which holds a group of subsidiaries that are collectively engaged in the business of multi-category retailing (including online) in China, Hong Kong and Macau.

Tesco PLC guarantees

Tesco currently provides parent company guarantees on behalf of Homeplus to lessors under 13 lease agreements. The maximum liability under such guarantees is KRW672 billion (£371 million) and expires in the period of 2026 to 2033. The parent company guarantees cover Homeplus's liabilities in case of termination of the relevant lease agreement by the landlord due to Homeplus's default. Release of Tesco from these guarantees has been addressed in the Principal Transaction Documents. Please see Part V (*Summary of the principal terms and conditions of the Disposal*) of this document for further details.

8.2 The Homeplus Group

No contracts have been entered into (other than contracts entered into in the ordinary course of business) by or on behalf of the Homeplus Group either: (i) within the period of two years immediately preceding the date of this document, which are or may be material to the Homeplus Group; or (ii) at any time, which contain any provisions under which the Homeplus Group has an obligation or entitlement which is or may be material as at the date of this document, save as discussed below.

August 2012 Sale and Leaseback

In August 2012 Homeplus entered into a sale and leaseback transaction with Kookmin Bank in respect of its Yeongdeungpo, Geumcheon, Dongsuwon and Centum City properties. The gross proceeds of the transaction were KRW607 billion (£342 million). Under the terms of the transaction, Homeplus has a buyback option at year 10 and year 15 and the option to renew the lease for an additional 10 years on the expiry of the initial 15 year term. If the lease is renewed, Homeplus has a further buyback option at year 25.

October 2013 Sale and Leaseback

In October 2013 Homeplus entered into a sale and leaseback transaction with Kookmin Bank in respect of its Sangdong, Jakjeon, Yeongtong and Chilgok properties. The gross proceeds of the transaction were KRW630 billion (£366 million). Under the terms of the transaction, Homeplus has a buyback option at year 10 and year 15 and the option to renew the lease for an additional 10 years on the expiry of the initial 15 year term. If the lease is renewed, Homeplus has a further buyback option at year 25.

9. Litigation

9.1 The Retained Group

Except as set out in this Section 9.1, there are no, nor have there been any, governmental, legal or arbitration proceedings (nor is the Company aware of any such proceedings which are pending or threatened) which may have, or during the last 12 months prior to the date of this document have had, a significant effect on the financial position or profitability of the Retained Group.

SFO Investigation

On 22 September 2014, the Tesco Group announced that it had identified an overstatement of its expected profit for the first half of the year, as contained in guidance it had issued in August 2014. The Serious Fraud Office ("**SFO**") commenced an investigation into accounting practices at the Tesco Group on 29 October 2014. It is not possible to predict the timescale or outcome of the SFO investigation, but the SFO could decide to prosecute individuals and the Tesco Group, and there is the possibility of fines and/or other consequences. The Tesco Group is cooperating with the SFO.

Class Actions

Class actions have been filed in the United States District Court for the Southern District of New York against the Tesco Group, its former chairman, two former directors and the former managing director of its UK business for alleged violations of US federal securities laws. The lead plaintiff filed an amended claim on behalf of all investors on 6 May 2015. Tesco filed a motion to dismiss the claim on 17 August 2015. All of the plaintiffs dealt through the American Depository Receipts programme which represents approximately 2% of the Tesco Group's issued share capital. Pending completion of the preliminary stages of this claim, Tesco is not able to make any assessment of the likely outcome or quantum of this claim. In addition, law firms in the UK have announced the intention of forming claimant groups to commence litigation against the Tesco Group for matters arising out of or in connection with its overstatement, and purport to have secured third party funding for such litigation. No such litigation has yet been formally threatened or commenced and Tesco is consequently unable to make any assessment of the likely outcome or quantum.

9.2 The Homeplus Group

Except as set out in this Section 9.2, there are no, nor have there been any, governmental, legal or arbitration proceedings (nor is the Company aware of any such proceedings which are pending or threatened) which may have, or during the last 12 months prior to the date of this document have had, a significant effect on the financial position or profitability of the Homeplus Group.

Hueland Litigation

On 30 December 2011 Homeplus entered into a sale and purchase agreement (the "**Hueland SPA**") with Hueland Industry & Development Co., Ltd ("**Hueland**") to acquire certain real property. Owing to this property's being situated within a traditional business preservation district, Homeplus was required to apply for registration of the opening of a superstore on the premises under DIDA. Following the rejection of two such applications, Homeplus sought to exercise a termination right under the Hueland SPA. However, Hueland disputed Homeplus's grounds for termination. On 11 April 2014, Homeplus partially won a claim against Hueland in relation to the Hueland SPA and recovered KRW19.5 billion (approximately £11 million). Both Hueland and Homeplus have subsequently appealed, with a final judgment anticipated during 2015. If Hueland succeeds, Homeplus may be obliged to pay Hueland a principal amount of KRW60.1 billion (approximately £33.2 million) (being the full purchase price under the Hueland SPA), together with interest accrued thereon (approximately KRW10.3 billion (approximately £5.7 million) as at 11 August 2015).

Lucky draw event

In July 2014, Homeplus Group was investigated for allegedly inducing its customers to provide personal information by using "lucky draws" to collect personal information which was then sold to insurance companies. Homeplus and certain of its employees have been indicted for violating the Personal Information Protection Act. Homeplus intends to continue to vigorously defend itself against these allegations.

The KFTC has investigated this matter and levied an administrative fine of KRW435 million (approximately £0.24 million). Homeplus and Homeplus Tesco have appealed the KFTC decision. In addition to the KFTC investigation there are related criminal proceedings and civil lawsuits with an aggregate claim amount of KRW1,163,800,000 (approximately £0.64 million).

Ordinary Wage Litigation

On 18 December 2013, a decision of the Supreme Court that certain fixed bonus schemes traditionally used by Korean companies should be included in the calculation of "ordinary wages" opened the way for workers to claim additional wages from their employers.

Ordinary wages are used as the base amount for the purposes of calculating allowances for overtime, night-time, holiday work and annual paid leave.

Two ordinary wage-related claims are currently ongoing against Homeplus and Homeplus Tesco, filed by 613 and 46 employees, respectively. Both Homeplus and Homeplus Tesco have appealed against district court rulings on these claims. Based on the district court rulings, an exceptional item has been included in the Homeplus Group's financial statements of KRW62.0 billion (£36.0 million). Were Homeplus and Homeplus Tesco's appeals to be rejected, the total increased cost relating to the Homeplus Group, including retroactive payment costs, is estimated to be KRW79.7 billion (£46.3 million). This total cost includes, in addition to the exceptional item in the financial statements, an estimated KRW17.7 billion (£10.3 million) of increased employee costs for the current financial year that will be charged to the profit and loss account of the Homeplus Group.

Investigation on False Advertising

In April 2015, two divisions of the KFTC commenced an investigation into whether certain promotional activities of Homeplus constitute false advertising. If found liable for false advertising, Homeplus may be subject to an administrative fine (up to 2% of total revenue derived from relevant products during the period of violation) pursuant to both the Fair Labelling and Advertising Act and the Monopoly Regulation and Fair Trade Act (the "**MRFTA**"). In addition, the MRFTA imposes criminal sanctions for unfair inducement of customers, comprising imprisonment for up to two years or criminal penalties of up to KRW150 million (£0.08 million).

LRA Investigations

As a large retailer, the Homeplus Group is periodically subject to enquiries (both formal and informal) and investigations from the KFTC in relation to its compliance with the Large Retailer Act (the "**LRA**") and related regulations and policies in the Republic of Korea. In the period April 2014 to April 2015, the KFTC launched a number of investigations into alleged breaches of the LRA by the Homeplus Group. Owing to the early stage of the current investigations into the Homeplus Group, and the range of matters believed to be the subject of these investigations, the Homeplus Group is not able to make any assessment of the likely quantum of possible fines at this stage.

Humidifier Steriliser Litigation

Between October 2011 and 31 August 2012, the KFTC investigated Homeplus regarding its own-brand humidifier steriliser, sold between November 2004 and 31 August 2011, which contained polyhexamethylene guanidine, a substance alleged to be harmful to humans. There are civil and criminal actions against the manufacturers, sellers and retailers of the product in question, including Homeplus. The aggregate amount claimed from all of the defendants collectively in the four ongoing civil cases is KRW10,815,919,864 (approximately £5.97 million). Following discussions with Homeplus's insurers, it is expected that, were Homeplus to be found liable for any damages, these would, together with associated litigation expenses, be borne by the insurers.

10. Related Party Transactions

Details of related party transactions (which for these purposes are those set out in the standards adopted according to Regulation (EC) No 1606/2002) that Tesco has entered into are set out below:

- during the financial year ended 23 February 2013, such transactions are disclosed in note 28 on page 121 of Tesco's 2013 Annual Report and Financial Statements which is hereby incorporated by reference into this document;
- during the financial year ended 22 February 2014, such transactions are disclosed in note 28 on page 117 of Tesco's 2014 Annual Report and Financial Statements which is hereby incorporated by reference into this document;

- during the financial year ended 28 February 2015, such transactions are disclosed in note 28 on pages 132-133 of Tesco's 2015 Annual Report and Financial Statements which is hereby incorporated by reference into this document; and
- during the period from 28 February 2015 to the date of this document, the following related party transactions are disclosed:

	Joint Ventures £ million	Associates £ million	Total £ million
Trading Transactions			
Sales to related parties	175	—	**175**
Purchases from related parties	247	7	**254**
Amounts owed by related parties	34	6	**40**
Amounts owed to related parties	19	2	**21**
Non-Trading Transactions			
Sales and leaseback of assets	—	—	**—**
Loans to related parties	174	—	**174**
Loans from related parties	6	—	**6**
Injection of equity funding	—	—	**—**

Notes

1. Sales to related parties consist of services or management fees and loan interest.
2. Purchases from related parties include £185 million of rentals payable to the Tesco Group's joint ventures (including those joint ventures formed as part of the sale and leaseback programme).
3. Contributions by the Tesco Group to the Tesco Group's pension scheme were £303 million in the half.
4. Members of the Board and the Executive Committees of Tesco are deemed to be key management personnel. Key management personnel compensation for the period from 28 February 2015 to the date of this document amounted to £17 million.

11. No Significant Change

11.1 The Retained Group

There has been no significant change in the financial or trading position of the Retained Group since 28 February 2015, being the date to which the last published audited financial information for the Tesco Group was prepared.

11.2 Homeplus Group

There has been no significant change in the financial or trading position of the Homeplus Group since 28 February 2015, being the date to which the most recent unaudited financial information on the Homeplus Group presented in Part III (*Financial Information on the Homeplus Group*) of this document was prepared.

12. Current Trading and Prospects

On 26 June 2015 the Tesco Group published a trading statement for the 13 weeks ended 30 May 2015. The following has been extracted without material adjustment from that announcement. The performance of the Tesco Group was described in the Group Chief Executive's statement as follows:

"*We set out to serve our customers a little better every day and the improvements we are making are starting to have an effect. We are fixing the fundamentals of shopping to win back customers and relying less on short-term couponing. Customers are experiencing better service, better availability and lower, more stable prices and are buying more things, more often, at Tesco.*

These improvements have come during the restructuring of our office and store management teams, which testifies to the focus, skill and commitment of colleagues across the business. We *have also seen an improved performance in our international markets, as we continue to focus on serving customers better.*

Whilst the market is still challenging and volatility is likely to remain a feature of short-term performance, these first quarter results represent another step in the right direction."

The first quarter trading statement additionally included the following summary of the most significant trends in the sales, inventory and selling prices of the Tesco Group in the period to 30 May 2015:

"*Group sales for the 13 weeks to 30 May 2015 declined by (0.5)% at constant rates, excluding fuel. At actual rates, sales declined by (1.0)% excluding fuel.*

Like-for-like sales performance for the combined UK and ROI business was (1.5)%, an improvement on the previous quarter as customers responded well to the investments we are making across our offer.

UK like-for-like sales declined by (1.3)%, an improvement on the decline of (1.7)% in the fourth quarter on the same basis, despite significant deflation driven both by our own price investments and by weakening commodity markets. It also included a drag of around (0.5)% from annualising three national '£5 off £40' campaigns which were not repeated. The contribution to total sales growth from net new stores reduced to 1.0% from 1.6% last quarter due to a significant reduction in new store openings in addition to the store closures we announced in January and completed in April.

Following the significant price cuts on branded products we made in January, we have rolled out similar reductions on more than 300 additional products across the quarter and seen improvements in our pricing against all key competitors. Our range reviews are progressing well, enabling us to simplify our offer, further reduce prices and increase availability. We have now completed initial range reviews in fifteen categories, reducing the number of lines by up to 20%, whilst still retaining a market-leading level of choice.

The steps we have taken so far have resulted in record levels of availability in-store and online, and a continued improvement in customer ratings for service and colleague helpfulness. Whilst we still have much to do, it was encouraging to see this initial progress recognised earlier this month at the Grocer Gold Awards, with customers voting us 'Britain's Favourite Supermarket'.

We have made a significant investment in lower prices for our customers in the Republic of Ireland with prices now frozen across more than 1,300 staple products. This corresponded to an improvement in our like-for-like sales performance against the previous quarter, although this was still held back by a difficult competitive environment including high levels of competitor couponing.

Our international like-for-like sales performance improved again this quarter, with a pleasing initial customer response to the focused price investments we have made in fresh food and in core groceries in each of our Asian markets. External conditions remain challenging however, and like-for-like sales in our two largest markets, Korea and Thailand, declined by just over (3)% and (2)% respectively. In Malaysia, an improving underlying trend was more than offset by the negative impact of the introduction of a 'Goods and Services tax' in April.

In Central Europe and Turkey, a sustained strong performance in the Czech Republic and a step up in performance in Slovakia contributed to continued positive like-for-like sales growth for the region as a whole. The introduction of new legislation in Hungary, including enforced Sunday closures, is impacting our business where we nevertheless delivered like-for-like growth of almost 3%. A significant restructure of the individual Central European country leadership teams to one regional team is largely complete, creating substantial synergies to be re-invested in the customer offer.

Currency movements significantly impacted our total sales at actual rates in the Republic of Ireland and in Central Europe and Turkey, although this was largely offset by favourable currency movements in Asia.

The expansion of Tesco Bank's offer in categories such as loans and mortgages, making our product range accessible to more of our customers, contributed to underlying sales growth of 3.9%. However, reduced interchange income, relating to the introduction of European Commission caps which take full effect within the next year, led to the lower reported level of sales growth of 0.9%."

13. Working Capital

Tesco is of the opinion that, taking into account the bank and other facilities available to the Retained Group and the net proceeds from the Disposal, the working capital available to the Retained Group is sufficient for its present requirements, that is for 12 months from the date of this document.

14. Consents

PwC is a member firm of the Institute of Chartered Accountants in England and Wales and has given, and not withdrawn, its written consent to the inclusion of its report on the unaudited *pro forma* statement of net assets of the Retained Group set out in Section 1 of Part IV (*Unaudited Pro Forma Statement of Net Assets of the Retained Group*) of this document in the form and context in which it appears.

The Sponsor has given, and not withdrawn, its written consent to the issue of this document with references to its name being included in the form and context in which they appear.

HSBC has given, and not withdrawn, its written consent to the issue of this document with references to its name being included in the form and context in which they appear.

15. Information Incorporated by Reference

Information from the following documents has been incorporated into this document by reference:

Information incorporated by reference	This document	Page number
Information on related party transactions in note 28 on page 121 of Tesco's 2013 Annual Report and Financial Statements	Part VI	35
Information on related party transactions in note 28 on page 117 of Tesco's 2014 Annual Report and Financial Statements	Part VI	35
Information on related party transactions in note 28 on pages 132-133 of Tesco's 2015 Annual Report and Financial Statements	Part VI	36

Where only parts of a document are being incorporated by reference in this document, the parts of the document which are not being incorporated by reference are either not relevant for the investor or are covered elsewhere in this document.

A person who has received this document may request a copy of such documents incorporated by reference. A copy of any such documents or information incorporated by reference will not be sent to such persons unless requested from the Registrars on 0871 384 2977 or on +44 121 415 7053 from outside the UK. If requested, copies will be provided free of charge.

16. Documents Available for Inspection

Copies of the following documents will be available for inspection during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) at the offices of Tesco at Tesco House, Delamare Road, Cheshunt, Hertfordshire, EN8 9SL and at the offices of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London, EC4Y 1HS from the date of this document up to and including the date of the General Meeting and for the duration of the General Meeting:

(a) the Company's articles of association;

(b) the audited financial statements of Tesco for each of the financial years ended 23 February 2013, 22 February 2014 and 28 February 2015;

(c) the consent letters referred to in Section 14 of this Part VI (*Additional Information*) of this document;

(d) the report of PwC set out in Section 1 of Part IV (*Unaudited Pro Forma Statement of Net Assets of the Retained Group*) of this document;

(e) this document and the Form of Proxy; and

(f) the Principal Transaction Documents.

PART VII – DEFINITIONS

The following definitions apply throughout this document unless the context requires otherwise:

"Barclays"	Barclays Bank PLC, incorporated in England and Wales with registered number 1026167 and whose registered address is at 1 Churchill Place, London, E14 5HP, acting through its Investment Bank, whose offices are at 5 The North Colonnade, Canary Wharf, London, E14 4BB
"BAYE"	has the meaning given in paragraph 5 of Part VI (*Additional Information*) of this document
"Board"	the board of Directors of Tesco
"Brand Licence Agreement"	the transitional brand licence agreement to be entered into on Closing, in respect of certain brands owned by the Tesco Group, between TSL (as licensor) and Homeplus and Homeplus Tesco (as licensees)
"British Land"	The British Land Company PLC
"Chairman"	John Allan, the non-executive chairman of Tesco
"Cheshunt Holdings"	Cheshunt Holdings Guernsey Limited
"Closing"	completion of the Disposal
"CRE"	China Resources Enterprise, Limited
"CREST"	the UK-based system for the paperless settlement of trades in listed securities, of which Euroclear UK & Ireland Limited is the operator in accordance with the Uncertificated Securities Regulations 2001 (SI 2001/3755)
"CREST Manual"	the manual, as amended from time to time, produced by Euroclear UK and Ireland Limited describing the CREST system, and supplied by Euroclear UK and Ireland Limited to users and participants thereof
"CRH"	China Resources (Holdings) Company Limited
"Customer"	has the meaning given to it in paragraph 2.1 of Part V (*Summary of the principal terms and conditions of the Disposal*) of this document
"DIDA"	the Distribution Industry Development Act
"Directors"	the Executive Directors and Non-executive Directors of Tesco
"Disclosure and Transparency Rules" or **"DTRs"**	the Disclosure and Transparency Rules made by the FCA for the purposes of Part VI of FSMA
"Disposal"	the proposed disposal by the Sellers of the Homeplus Group to the Purchasers pursuant to the Sale Agreement
"Executive Directors"	the executive directors of Tesco, currently Dave Lewis and Alan Stewart

"FCA"	the Financial Conduct Authority of the UK, its predecessors or its successors from time to time, including, as applicable, in its capacity as the competent authority for the purposes of Part VI of FSMA
"Form of Proxy"	the form of proxy in connection with the General Meeting, which accompanies this document
"FSMA"	the Financial Services and Markets Act 2000, as amended
"Gain Land"	Gain Land Limited
"General Meeting"	the general meeting of Tesco to be held at Park Plaza Riverbank London, 18 Albert Embankment, London SE1 7TJ at 2:00 p.m. on 30 September 2015
"GWAN"	the global wide area IT network of the Tesco Group
"Homeplus"	Homeplus Co., Ltd
"Homeplus Group"	Homeplus, Homeplus Tesco and their respective subsidiaries
"Homeplus Tax Schedule"	the schedule relating to tax set out in the Sale Agreement
"Homeplus Tesco"	Homeplus Tesco Co., Limited
"HSBC"	HSBC Bank plc, incorporated in England and Wales with registered number 14259 and whose registered address is 8 Canada Square, London, E14 5HQ
"Hueland"	Hueland Industry & Development Co., Ltd
"Hueland SPA"	has the meaning given to it in paragraph 9.2 of Part VI (*Additional Information*) of this document
"IFRS"	the International Financial Reporting Standards, as adopted by the European Union
"KFTC"	the Korean Fair Trade Commission
"Licensed Brands"	has the meaning given to it in paragraph 3.1 of Part V (*Summary of the principal terms and conditions of the Disposal*) of this document
"Licensees"	has the meaning given to it in paragraph 3.1 of Part V (*Summary of the principal terms and conditions of the Disposal*) of this document
"Listing Rules"	the listing rules made by the UK Listing Authority under section 73A of the FSMA as amended from time to time
"Locked Box Accounts Date"	28 February 2015
"Longstop Date"	5 February 2016 or such later date as the parties to the Sale Agreement may agree in writing
"LRA"	the Large Retailer Act
"MRFTA"	the Monopoly Regulation and Fair Trade Act
"Net Cash Proceeds"	has the meaning given to it in paragraph 1 of Part I (*Letter from the Chairman of Tesco*) of this document

"Non-executive Directors"	the non-executive directors of Tesco, currently John Allan, Richard Cousins, Mark Armour, Byron Grote, Mikael Ohlsson and Deanna Oppenheimer
"Notice of General Meeting"	the notice of the General Meeting, as set out in Part VIII (*Notice of General Meeting*) of this document
"Principal Transaction Documents"	the Sale Agreement, Transitional Services Agreement and the Brand Licence Agreement, each as described in Part V of this document
"Pro Forma Financial Information"	the information set out in Part IV (*Unaudited Pro Forma Statement of Net Assets of the Retained Group*) of this document
"Prohibited Brands"	has the meaning given to it in paragraph 3.1 of Part V (*Summary of the principal terms and conditions of the Disposal*) of this document
"PSP"	has the meaning given in paragraph 5 of Part VI (*Additional Information*) of this document
"Purchasers"	entities established by a group of investors led by MBK Partners and including Canada Pension Plan Investment Board, Public Sector Pension Investment Board and Temasek Holdings (Private) Limited
"PwC"	PricewaterhouseCoopers LLP, incorporated in England and Wales with registered number OC303525 and whose registered address is at 1 Embankment Place, London WC2N 6RH
"Registrars"	Equiniti Limited, incorporated in England and Wales with registered number 06226088 and whose registered address is at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA
"Resolution"	the resolution being proposed at the General Meeting to approve the Disposal and to grant the Directors authority to implement the Disposal
"Restricted Brands"	has the meaning given to it in paragraph 3.1 of Part V (*Summary of the principal terms and conditions of the Disposal*) of this document
"Retained Group"	Tesco and its subsidiaries and subsidiary undertakings from time to time (excluding, for the avoidance of doubt, the Homeplus Group after Closing), being the continuing business of the Tesco Group following Closing
"Reverse Services"	has the meaning given to it in paragraph 2.1 of Part V (*Summary of the principal terms and conditions of the Disposal*) of this document
"RIS"	a Regulatory Information Service that is approved by the FCA and that is on the list of Regulatory Information Services maintained by the FCA
"Sale Agreement"	the share purchase agreement dated 7 September 2015 entered into between, the Sellers and Purchasers in

	connection with the Disposal, as described in more detail in Part V (*Summary of the Principal Terms and Conditions of the Disposal*) of this document
"Sellers"	TSL and THBV
"Services"	has the meaning given to it in paragraph 2.1 of Part V (*Summary of the principal terms and conditions of the Disposal*) of this document
"SFO"	the Serious Fraud Office
"Shareholders"	the holders of Tesco Shares from time to time
"SIP"	has the meaning given in paragraph 5 of Part VI (*Additional Information*) of this document
"Sponsor"	Barclays
"Supplier"	has the meaning given to it in paragraph 2.1 of Part V (*Summary of the principal terms and conditions of the Disposal*) of this document
"Supplier Services"	has the meaning given to it in paragraph 2.1 of Part V (*Summary of the principal terms and conditions of the Disposal*) of this document
"Tesco" or **"Company"**	Tesco PLC, incorporated in England and Wales with registered number 00445790 and whose registered office is at Tesco House, Delamare Road, Cheshunt, Hertfordshire EN8 9SL
"Tesco Group"	in respect of any time prior to Closing, Tesco and its consolidated subsidiaries and subsidiary undertakings and, in respect of any time following Closing, the Retained Group
"Tesco Shares"	the ordinary shares of 5 pence each in the capital of Tesco
"total indebtedness"	net debt plus the IAS 19 deficit in the pension scheme (net of associated deferred tax) plus the present value of future minimum rentals, payable under non-cancellable operating leases
"THBV"	Tesco Holdings BV, incorporated in the Netherlands and whose registered office is at Luna ArenA, Herikerbergweg 238, 1101 CM Amsterdam, Zuidoost, Netherlands
"trading profit"	an adjusted measure of operating profit in which: (a) the performance of each segment is measured before profit/losses arising on property related items, the impact on leases of annual uplifts in rent and rent-free periods, intangible asset amortisation charges and costs arising from acquisitions, and goodwill impairment and restructuring and other one-off costs; (b) the IAS19 pension charge is replaced with the 'normal' cash contributions for pensions; and (c) an adjustment is made for the fair value of customer loyalty awards
"Transitional Period"	has the meaning given to it in paragraph 3.1 of Part V (*Summary of the principal terms and conditions of the Disposal*) of this document

"Transitional Services Agreement"	the transitional services agreement to be entered into on Closing between TSL (as Supplier and recipient of the Reverse Services) and Homeplus, Homeplus Tesco and Homeplus Bakery Co., Ltd (together as the Customer, and providers of the Reverse Services, on a joint and several basis)
"TSL"	Tesco Stores Limited, incorporated in England and Wales and whose registered office is at Tesco House, Cheshunt, Hertfordshire EN8 9SL, United Kingdom
"UK"	the United Kingdom of Great Britain and Northern Ireland

PART VIII – NOTICE OF GENERAL MEETING

Tesco PLC (the "**Company**")

(Company number 00445790)

NOTICE OF GENERAL MEETING

Notice is hereby given that a General Meeting of the Company will be held at Park Plaza Riverbank London, 18 Albert Embankment, London SE1 7TJ at 2:00 p.m. on 30 September 2015 to consider and, if thought fit, to pass the following resolution, which shall be proposed as an ordinary resolution of the Company, in connection with the disposal of the Company's Korean business comprising Homeplus Co., Limited, Homeplus Tesco Co., Limited and their respective subsidiaries (the "**Disposal**").

Ordinary resolution to approve the Disposal

THAT

(a) the Disposal, as described in the circular to the Company's shareholders dated 10 September 2015 (the "**Circular**"), be and is hereby approved; and

(b) the directors of the Company (the "**Directors**") (or any duly constituted committee thereof) be and are hereby authorised to take all necessary or appropriate steps and to do all necessary or appropriate things to implement, complete or to procure the implementation or completion of the Disposal and give effect thereto with such modifications, variations, revisions or amendments (not being modifications, variations, revisions or amendments of a material nature) as the Directors (or any duly authorised committee thereof) may deem necessary, expedient or appropriate in connection with the Disposal.

By order of the Board

Paul Moore
Group Company Secretary
10 September 2015

Registered Office
Tesco House, Delamare Road, Cheshunt, Hertfordshire EN8 9SL

Notes

Short Notice

1. The shorter notice period of 14 clear days as approved at the Company's last annual general meeting has been used for the purposes of this General Meeting as the Directors believe the flexibility offered by the shorter notice period is merited by the time-sensitive nature of the Disposal and is in the best interests of shareholders as a whole, taking into account the circumstances and business of the General Meeting.

Right to attend and vote at the meeting

2. Only persons entered in the register of members of the Company at 6.00p.m. on 28 September 2015 or, in the event that the meeting is adjourned, 6.00p.m. on the date which is two working days prior to the reconvened meeting, shall be entitled to attend, speak and vote at the meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend, speak and vote at the meeting or adjourned meeting. Voting on all resolutions will be by way of a poll.

Proxy appointment

3. A shareholder of the Company entitled to attend, speak and vote at the meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him/her. A shareholder may appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to a different share or shares held by him/her. A proxy need not be a shareholder of the Company but must attend the meeting to represent you. A separate proxy form should be used for each proxy appointment. If you intend appointing additional proxies, please contact Equiniti Limited on 0871 384 2977, or on +44 121 415 7053 from outside the UK, to obtain (an) additional proxy form(s). Calls to this number are charged at 10 pence per minute plus network extras. Equiniti may record calls to both numbers for security purposes and to monitor the quality of its services. Alternatively, you may photocopy the enclosed form. A shareholder appointing more than one proxy should indicate the number of shares for which each proxy is authorised to act on his/her holding. Failure to specify the number of shares to which each proxy form relates or specifying a number which, when taken together with the number of shares set out in the other proxy appointments, is in excess of the number of shares held by the shareholder may result in the proxy appointment being invalid.

4. The appointment of a proxy will not preclude a shareholder from attending and voting in person at the meeting. A proxy form accompanies this Notice and in order to be valid should be completed and returned to the Company's registrars, Equiniti Limited, by no later than 2:00 p.m. on 28 September 2015.

5. You may, if you wish, register the appointment of a proxy or proxies, and give voting instructions for the meeting, electronically by logging on to www.sharevote.co.uk. You will need to use the series of numbers made up of your Voting ID, Task ID and Shareholder Reference Number printed on your proxy form. Full details of the procedure are given on the website. The proxy appointment and/or voting instructions must be received by Equiniti Limited at least 48 hours before the appointed time of the meeting (excluding any part of a day that is not a working day), that is to say, no later than 2:00 p.m. on 28 September 2015. Please note that any electronic communication sent to the Company or the Registrars that is found to contain a computer virus will not be accepted. The use of the internet service in connection with the meeting is governed by Equiniti Limited's conditions of use set out on the website, www.sharevote.co.uk, and may be read by logging on to that site.

6. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

CREST members

7. Shareholders who are users of the CREST system (including CREST Personal Members) may appoint one or more proxies or give an instruction to a proxy by having an appropriate CREST message transmitted. To appoint a proxy or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, the CREST message must be received by the Company's agent (ID number RA19) not later than 48 hours (excluding any part of a day that is not a working day) before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the Company's agent is able to retrieve the message. CREST Personal Members or other CREST sponsored members should contact their CREST sponsor for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and systems timings, please refer to the CREST Manual (available via www.euroclear.com). The Company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001, as amended.

Appointment of proxy by joint members

8. In the case of joint holders, where more than one of the joint holders completes a proxy appointment, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Availability of documents and other information

9. The following documents will be available for inspection at the registered office of the Company during usual business hours every business day from the date of this Notice until the meeting and will be available for inspection at the place of the meeting for one hour prior to and until the close of the meeting:

(a) copies of directors' service contracts and letters of appointment;

(b) copies of the directors' deeds of indemnity entered into in connection with the indemnification of director provisions of the Company's articles of association; and

(c) the documents listed in Section 15 of Part VI (*Additional Information*) of the Circular.

10. In accordance with Section 311A of the Companies Act 2006, the contents of this Notice details of the total number of shares in respect of which members are entitled to exercise voting rights at the meeting and, if applicable, members' statements, members' resolutions or members' matters of business received by the Company after the date of this Notice will be available on the Company's website at www.tescoplc.com.

11. You may not use any electronic address provided either in this Notice or in any related documents (including the enclosed proxy form) to communicate with the Company for any purposes other than those expressly stated.

Corporate representative

12. A member of the Company which is a corporation may authorise a person or persons to act as its representative(s) at the meeting. In accordance with the provisions of the Companies Act 2006 (as amended by the Companies (Shareholders' Rights) Regulations 2009), each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not do so in relation to the same shares.

Total voting rights

13. As at 9 September 2015 (being the latest business day prior to publication of this Notice), the Company's issued share capital consisted of 8,136,923,932 ordinary shares, carrying one vote each. The Company does not hold any ordinary shares in treasury, and therefore the total voting rights in the Company as at 9 September 2015 were 8,136,923,932.

Nominated persons

14. A person to whom this Notice is sent who is a person nominated under Section 146 of the Companies Act 2006 to enjoy information rights (a "**Nominated Person**") may, under an agreement between him/her and the shareholder by whom he/she was nominated, have the right to be appointed (or to have someone else appointed) as a proxy for the meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he/she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.

15. The statements of the rights of shareholders in relation to the appointment of proxies in this Notice do not apply to Nominated Persons. Those rights can only be exercised by registered shareholders of the Company.

Electronic addresses

16. You may not use any electronic address provided in this document to communicate with the Company for any purpose other than that expressly stated.

Accessibility

17. The venue is wheelchair accessible. Please let us know in advance if you will need wheelchair assistance or if you have any other needs to ensure appropriate arrangements are in place. Anyone accompanying a shareholder in need of assistance will be admitted to the meeting. Other guests will only be admitted at the discretion of the Company.

Security

18. We thank you in advance for your co-operation with our security staff and the security staff at the venue. You may be asked to pass through the security systems before entering the meeting. We do not permit cameras or recording equipment at the meeting and we would be grateful if you would ensure you switch off your mobile telephone before the start of the meeting. We will not permit behaviour which may interfere with anyone's safety or the orderly conduct of the meeting.

Questions at the meeting

19. Under Section 319A of the Companies Act 2006, any member attending the meeting has the right to ask questions. The Company must answer any such question relating to the business being dealt with at the meeting but no such answer need be given if:

(a) to do so would interfere unduly with the preparation for the meeting or involve the disclosure of confidential information;

(b) the answer has already been given on a website in the form of an answer to a question; or

(c) it is undesirable in the interests of the Company or the good order of the meeting that the question be answered.