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**THIS ANNOUNCEMENT IS AN ADVERTISEMENT AND DOES NOT CONSTITUTE A PROSPECTUS OR PROSPECTUS EQUIVALENT DOCUMENT. INVESTORS SHOULD NOT MAKE ANY INVESTMENT DECISION IN RELATION TO THE MERGER BASED ON THIS ANNOUNCEMENT**

5 February 2018

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

### **Tesco publishes documents relating to proposed merger with Booker**

On 27 January 2017, the boards of the Company and Booker Group plc ("Booker") announced that they had reached an agreement on the terms of a recommended share and cash merger (the "Merger"). On 20 December 2017, the Competition and Markets Authority announced that it had given unconditional clearance to the Merger. The Merger is to be implemented by means of a Court-sanctioned scheme of arrangement under Part 26 of the Companies Act 2006 (the "Scheme") and is subject to the full terms and conditions as set out in the Scheme Document.

Further to the announcement of earlier today, the Company is pleased to announce that a circular, containing information on the background and reasons for the Merger (the "Circular"), has been published today, having received approval from the UK Listing Authority. The Circular will be sent to the Company's shareholders (other than those who have elected for notification by electronic communication) shortly and is available for viewing on the Company's website <https://www.tescopl.com/investors/shareholder-centre/shareholder-meetings/>.

The Circular contains a notice convening a general meeting of the Company to be held at etc.venues St. Paul's, 200 Aldersgate, St. Paul's, London EC1A 4HD at 10.00 a.m. on 28 February 2018 (the "General Meeting").

The Company has also published a prospectus relating to the new shares to be issued to Booker shareholders by the Company in connection with the Merger and application for admission of new shares to the premium segment of the Official List and to trading on the main market for listed securities of the London Stock Exchange (the "Prospectus"), which has also been approved by the UK Listing Authority. The Prospectus is being made available, free of charge, in electronic form on the Company's website <https://www.tescopl.com/investors/shareholder-centre/shareholder-meetings/> and in printed form on request by calling the Tesco Shareholder Helpline between 8.30 a.m. and 5.30 p.m. (UK time) Monday to Friday (public holidays excepted) on 0371 384 2977 (calls to this number from a landline are charged at national rates, calls from a mobile device may incur network extras) or on +44 121 415 7053 from outside the UK. The Tesco Shareholder Helpline cannot provide advice on the merits of the Merger or give any financial, legal or tax advice.

Booker has also published its scheme document today (the "Scheme Document"), which contains, amongst other things, a letter from the Chairman of Booker, the full terms and conditions of the Scheme and the Merger, an explanatory statement, notices convening the Scheme Court Meeting and the Booker General Meeting, details of the Mix and Match Facility, an expected timetable of principal events, and details of the actions to be taken by Booker shareholders. The Scheme Court Meeting and the Booker General Meeting will take place on

the same day as the Company's General Meeting. The Scheme Document will be made available on the Booker website [www.bookergroup.com](http://www.bookergroup.com).

Completion of the Merger remains conditional on the approval of the Company's shareholders at the General Meeting, the approval of Booker's shareholders at the Court Meeting and the Booker General Meeting, the satisfaction or waiver of the other Conditions set out in the Scheme Document and the approval of the Court. Completion of the Merger is expected to occur on or around 5 March 2018.

Copies of the Prospectus, Circular and Scheme Document have been submitted to the National Storage Mechanism and will shortly be available for inspection at [www.morningstar.co.uk/uk/NSM](http://www.morningstar.co.uk/uk/NSM). In addition, copies of each of these documents will be available for inspection at <https://www.tescopl.com/investors/shareholder-centre/shareholder-meetings/> up to and including the date upon which the Merger becomes effective.

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

Terms used but not defined in this Announcement have the meaning set out in the announcement of the Merger released on 27 January 2017.

### **Important Notices**

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

Announcement should not be construed as investment advice and is not intended to form the basis of any investment decision. It does not constitute a prospectus or prospectus equivalent document.

### **Overseas Jurisdictions**

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

Copies of this Announcement and any formal documentation relating to the Merger will not be and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from any Restricted Jurisdiction or any jurisdiction where to do so would violate the laws of that jurisdiction and persons receiving such documents (including custodians, nominees and trustees) must not mail or otherwise forward, distribute or send them in or into or from any Restricted Jurisdiction. Doing so may render invalid any related purported vote in respect of the Merger. If the Merger is implemented by way of Offer (unless otherwise permitted by applicable law or regulation), the Offer may not be made, directly or indirectly, in or into or by use of the mails or any other means or instrumentality (including, without limitation, facsimile, email or other electronic transmission, telex or telephone) of interstate or foreign commerce of, or any facility of a national, state or other securities exchange of any Restricted Jurisdiction and the Offer will not be capable of acceptance by any such use, means, instrumentality or facilities or from within any Restricted Jurisdiction.

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

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

### **Additional Information for US Investors**

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

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

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

The Merger is intended to be carried out under a scheme of arrangement provided for under English company law (which requires the approval of the Booker Scheme Shareholders). If so, it is expected that any Tesco Shares to be issued pursuant to the Scheme to Booker Shareholders would be issued in reliance upon the exemption from the registration requirements of the US Securities Act, provided by Section 3(a)(10) thereof.

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

For the purpose of qualifying for the exemption provided by Section 3(a)(10) of the US Securities Act, Booker will advise the Court that its sanctioning of the Scheme will be relied on by Tesco as an approval of the Scheme following a hearing on its fairness to Booker Shareholders, at which Court hearing all Booker Shareholders are entitled to attend in person or through counsel to support or oppose the sanctioning of the Scheme and with respect to which notification has been given to all such holders.

The Merger may in certain circumstances instead be carried out by way of a Takeover Offer under English law. If Tesco exercises its right to implement the Merger by way of a Takeover Offer, such Offer will be made in compliance with applicable US tender offer and securities laws and regulations, including the exemptions therefrom.

In accordance with normal UK practice and pursuant to Rule 14e-5(b) of the US Exchange Act, Tesco or its nominees, or its brokers (acting as agents), may from time to time make

certain purchases of, or arrangements to purchase, Booker Shares outside of the US, other than pursuant to the Merger, until the date on which the Merger and/or Scheme becomes effective, lapses or is otherwise withdrawn. These purchases may occur either in the open market at prevailing prices or in private transactions at negotiated prices. Any information about such purchases will be disclosed as required in the UK, will be reported to a Regulatory Information Service and will be available on the London Stock Exchange website at [www.londonstockexchange.com](http://www.londonstockexchange.com).

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

### **Important Notices Relating to Financial Advisers**

Greenhill, which is authorised and regulated in the UK by the FCA, is acting exclusively for Tesco and no one else in connection with the Merger and will not be responsible to anyone other than Tesco for providing the protections afforded to clients of Greenhill nor for providing advice in relation to the Merger or any other matters referred to in this Announcement. Neither Greenhill nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, tort or, under statute or otherwise) to any person who is not a client of Greenhill in connection with this Announcement, any statement contained herein, the Merger or otherwise.

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

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

### **Forward-looking statements**

This Announcement (including information incorporated by reference into this Announcement), oral statements made regarding the Merger, and other information published by Tesco and Booker contain statements which are, or may be deemed to be, "forward-looking statements" with respect to the financial condition, results of operations and businesses of Booker and Tesco and the Booker Group and the Tesco Group, and certain plans and objectives of Booker and Tesco with respect to the Combined Group. All statements other than statements of historical fact are forward-looking statements. Forward-looking statements are prospective in nature and are not based on historical facts, but rather on current expectations and projections of the management of Tesco and Booker about future events, and are therefore subject to risks and uncertainties which could cause actual results to differ materially from the future results expressed or implied by the forward-looking statements. The forward-looking statements contained in this Announcement include statements relating to the expected effects of the Merger on Tesco and Booker, the expected timing and scope of the

Merger and other statements other than historical facts. Often, but not always, forward-looking statements can be identified by the use of forward-looking words such as "plans", "expects", "does not expect", "is expected", "is subject to", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates", "does not anticipate", "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "should", "would", "might" or "will" be taken, occur or be achieved. Although Tesco and Booker believe that the expectations reflected in such forward-looking statements are reasonable, Tesco and Booker can give no assurance that such expectations will prove to be correct. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include the satisfaction of the Conditions, as well as additional factors, such as: risks relating to the Tesco Group's credit rating; local and global political and economic conditions including Brexit; the Tesco Group's and the Booker Group's economic model and liquidity risks; financial services risk; the risks associated with each of Tesco's and Booker's brand, reputation and trust; environmental risks; safety, technology, data security and data privacy risks; changes in consumer habits and preferences; legal or regulatory developments and changes; the outcome of any litigation; the impact of any acquisitions or similar transactions; competition and market risks; competitive product and pricing pressures; business continuity and crisis management; pensions risks; joint venture governance and partnerships; and failure to report accurate financial information in compliance with accounting standards and applicable legislation. Other unknown or unpredictable factors could cause actual results to differ materially from those in the forward-looking statements. Such forward-looking statements should therefore be construed in the light of such factors. Neither Tesco nor Booker, nor any of their respective associates or directors, officers or advisers, provides any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward-looking statements in this Announcement will actually occur. You are cautioned not to place undue reliance on these forward-looking statements. Each forward looking statement speaks only as of the date of this Announcement. None of Booker, the Booker Group, Tesco or the Tesco Group undertakes any obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

### **Publication on website and availability of hard copies**

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

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

If you are in any doubt about the contents of this Announcement or the action you should take, you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or independent financial adviser duly authorised under the Financial Services and Markets Act 2000 (as amended) if you are

resident in the United Kingdom or, if not, from another appropriately authorised independent financial adviser.