

Director Irrevocable Undertaking
Lindsey Pownall - Execution Version

IRREVOCABLE UNDERTAKING

To: Tesco PLC
Tesco House
Shire Park
Kestrel Way
Welwyn Garden City
Hertfordshire
AL7 1GA

and

Booker Group PLC
Equity House
Irthlingborough Road
Wellingborough
Northants
NN8 1LT

21 December 2017

Dear Sirs,

Merger of Booker Group plc and Tesco PLC

I understand that Tesco PLC (*Tesco*) intends to acquire all the issued and to be issued ordinary share capital of Booker Group plc (*Booker*) pursuant to the Scheme or the Offer (in each case, as defined in paragraph 12 below). This undertaking sets out the terms and conditions on which I will vote in favour of the Merger (as defined in paragraph 12 below). The terms of this undertaking shall be effective as at the date of this document.

Shareholdings

1. I represent and warrant to Tesco and Booker that:
 - (a) I am the registered holder and/ or beneficial owner of the number of ordinary shares of 5 pence each in the capital of Tesco (the *Tesco Shares*) specified in Part A of Schedule 1 (the *Existing Tesco Shares*) and I hold these free of any encumbrances or third party rights of any kind whatsoever;
 - (b) I am also the holder of the number of options over Tesco shares and the number of Tesco shares held in a trust pursuant to the Tesco Share Incentive Plan as are specified in Part B of Schedule 1;
 - (c) other than as set out in Schedule 1, I do not have any interest (as defined in the City Code on Takeovers and Mergers (the *Code*)) in any securities of Tesco, or any rights to subscribe for, purchase or otherwise acquire any such securities, or any short positions (within the meaning set out in the Code) in any such securities; and
 - (d) I have full power and authority to enter into this undertaking and to perform the obligations under it.

Dealings and undertakings

2. I undertake that before this undertaking lapses in accordance with paragraph 14 below, I shall not without Booker's prior written consent:

- (a) (other than pursuant to the Merger and subject to paragraph 5) sell, transfer, charge, encumber, grant any option or lien over or otherwise dispose of any interest in any Existing Tesco Shares or any other shares in Tesco issued or unconditionally allotted to, or otherwise acquired by, me before then (**Further Tesco Shares**, provided that any Tesco Shares that I may acquire: (i) on exercise of options granted under the Tesco Savings Related Share Option Scheme (the **SAYE**); and (ii) pursuant to the Tesco Share Incentive Plan (the **Share Incentive Plan**) shall not be Further Tesco Shares);
- (b) in my capacity as a shareholder of Tesco, cast the votes attaching to any Existing Tesco Shares or Further Tesco Shares in favour of any resolution to approve an acquisition or any other transaction or corporate action which is proposed in competition with or which would otherwise be reasonably expected to frustrate, impede or delay the Merger (as defined in paragraph 12);
- (c) in my capacity as a shareholder of Tesco, convene, requisition or join in the requisition of any general or class meeting of Tesco shareholders for the purpose of considering any resolution referred to in paragraph 2(b); or
- (d) (other than pursuant to the Merger) enter into any agreement or arrangement, incur any obligation or give any indication of intent:
 - (i) to do any of the acts referred to in paragraphs 2(a) to 2(c); or
 - (ii) which, in relation to the Existing Tesco Shares or any Further Tesco Shares, would or might restrict or impede the implementation of the Merger or my ability to comply with this undertaking,

and for the avoidance of doubt, references in this paragraph 2(d) to any agreement, arrangement, obligation or indication of intent includes any agreement, arrangement, obligation or indication of intent whether or not legally binding or subject to any condition or which is to take effect if the Scheme or the Offer (as the case may be) lapses or is withdrawn, or if this undertaking ceases to be binding or following any other event.

3. I further undertake not to, until the earlier of:

- (a) this undertaking lapsing in accordance with paragraph 14 below; or
- (b) either the Scheme being approved by the Court or the Offer becoming unconditional as to acceptances,

except with the prior written consent of Booker (not to be unreasonably withheld), acquire any interests (as defined in the Code) or otherwise deal or undertake any dealing (as defined in the Code) in any relevant securities (as defined in the Code) of Booker or Tesco (other than: (i) any Tesco Shares acquired by or issued to me on vesting of awards or exercise of options under any of Tesco's employee share plans; (ii) any award or option over Tesco Shares granted to me under any of Tesco's employee share plans after the date of this undertaking; or (iii) as permitted under paragraph 5).

4. I undertake to cause the registered holder of any Existing Tesco Shares and/ or (if applicable) Further Tesco Shares of which I am the beneficial owner to comply with the undertakings in paragraphs 2 and 3 above in respect of those Existing Tesco Shares and/ or (if applicable) Further Tesco Shares.

5. Notwithstanding any other provisions of this undertaking, I shall be permitted to:
- (a) sell, transfer or otherwise dispose of any Tesco Shares acquired by me on exercise of options granted under Tesco's employee share plans for the purposes of satisfying tax liabilities on such exercise of options; and
 - (b) transfer the entire legal and beneficial interest, in some or all of the Existing Tesco Shares or any Further Tesco Shares, (in one or more transactions) to one or more of my family members (as defined in section 253 of the Companies Act 2006) provided that:
 - (i) such a transfer is undertaken as part of my bona fide tax planning;
 - (ii) I notify Booker that I intend to make such transfer at least three Business Days prior to effecting the transfer; and
 - (iii) with effect from the time of such transfer, I will procure compliance by the transferee of the obligations contained in this undertaking in respect of such transferred Tesco Shares as if the transferee had given this undertaking in respect of such transferred Tesco Shares,

and, in the event of any sale, disposal or transfer, all references to Existing Tesco Shares and Further Tesco Shares (as applicable) in this undertaking shall be deemed to be amended accordingly.

Approval of Merger

6. I irrevocably undertake that:
- (a) I shall exercise all voting rights attaching to the Existing Tesco Shares and any Further Tesco Shares to vote in favour of all resolutions to approve and/ or give effect to the Merger, and any related matters, proposed at any general meeting of Tesco to be convened and held in connection with the Merger (the ***Tesco General Meeting***), or at any adjournment of any such meeting, either (A) in person or (B) by executing and lodging a form of proxy or by giving instruction to a proxy via the CREST system as soon as possible and in any event: (i) not later than 3.00 p.m. on the tenth day after Tesco sends the circular (and, if different, any other document) convening the Tesco General Meeting; or (ii) in respect of any Further Tesco Shares, within three Business Days of becoming the registered holder of such Further Tesco Shares, if later);
 - (b) I shall not revoke or amend the terms of any proxy or instruction submitted to Tesco in accordance with paragraph 6(a), or submit any new form of proxy or other proxy voting instructions, either in writing or by attendance at any Tesco General Meeting (including any adjournment thereof); and
 - (c) I shall cause the registered holder of any Existing Tesco Shares and/ or (if applicable) Further Tesco Shares of which I am the beneficial owner to comply with the undertakings in paragraphs 6(a) and 6(b) in respect of those Existing Tesco Shares and/ or (if applicable) Further Tesco Shares.

Voting Rights

7. Until the time this undertaking lapses in accordance with paragraph 14, in my capacity as shareholder:

- (a) I shall exercise the voting rights attached to the Existing Tesco Shares and any Further Tesco Shares on a Relevant Resolution (as defined in paragraph 8) only in accordance with Booker's directions;
- (b) I shall exercise the rights attaching to the Existing Tesco Shares and any Further Tesco Shares to requisition or join in requisitioning any general or class meeting of Tesco pursuant to section 303 Companies Act 2006 for the purposes of considering a Relevant Resolution and to require Tesco to give notice of such a resolution pursuant to section 338 Companies Act 2006 only in accordance with Booker's directions;
- (c) for the purpose of voting on a Relevant Resolution, I shall vote, in respect of Existing Tesco Shares and any Further Tesco Shares in accordance with Booker's directions either in person or by executing and lodging a form of proxy or by giving instruction to a proxy via the CREST system (and I shall not revoke or amend the terms of any proxy or instruction so submitted, or submit any new form of proxy or other proxy voting instructions, either in writing or by attendance at such general meeting (including any adjournment thereof) or otherwise); and
- (d) I shall cause the registered holder of any Existing Tesco Shares and/ or (if applicable) any Further Tesco Shares of which I am the beneficial owner to comply with paragraphs 7(a) to 7(c) in respect of those Existing Tesco Shares and/ or (if applicable) Further Tesco Shares.

8. **A *Relevant Resolution* means:**

- (a) a resolution (whether or not amended) proposed at a general meeting of Tesco, or at an adjourned meeting, the passing of which is required to implement the Merger or which, if passed, might result in any condition of the Merger not being fulfilled or which would reasonably be expected to frustrate, impede or delay the Merger in any way (including, for the avoidance of doubt, any resolution to approve any transaction in relation to Tesco which is proposed in competition with or which would reasonably be expected to frustrate, impede or delay the Merger);
- (b) a resolution to adjourn a general meeting of Tesco whose business includes the consideration of a resolution falling within paragraph 8(a); and
- (c) a resolution to amend a resolution falling within paragraph 8(a) or paragraph 8(b).

Documentation

9. I consent to:

- (a) this undertaking being disclosed to the Panel;
- (b) the inclusion of references to me and any Existing Tesco Shares and/ or (if applicable) Further Tesco Shares of which I am the beneficial owner, and particulars of this undertaking, my holdings of, interests in, rights to subscribe for and short positions in relevant securities of Tesco being included in the Press Announcement and any offer document or scheme document published in connection with the Merger, and any other announcement made, or document issued, by or on behalf of Tesco in connection with the Merger; and
- (c) this undertaking being available for inspection as required by Rule 26.2 of the Code or the Listing Rules of the Financial Conduct Authority including, without limitation, being made publicly available on the websites of Tesco and Booker.

Secrecy

10. I shall keep secret the possibility, terms and conditions of the Merger and the existence and terms of this undertaking until the Press Announcement is released, provided that I may disclose the same to Tesco and its advisers in which case I shall procure that they observe secrecy in the same terms. The obligations in this paragraph shall survive termination of this undertaking.

11. I understand that the information you have given to me in relation to the Merger must be kept confidential until the Press Announcement is released or the information has otherwise become generally available. To the extent any of the information is inside information for the purposes of the Criminal Justice Act 1993 or the Market Abuse Regulation (EU) No 596/2014, I will comply with the applicable restrictions in those enactments on dealing in securities and disclosing inside information.

Interpretation

12. In this undertaking:

- (a) references to **Business Days** means a day, other than a Saturday, Sunday or public holiday when banks are open for business in London;
- (b) references to the **Merger** means the proposed acquisition by Tesco of ordinary shares of one penny each in the capital of Booker, whether pursuant to the Scheme or the Offer;
- (c) references to the **Offer** means any offer to be made by or on behalf of Tesco to acquire all of the issued and to be issued ordinary share capital of Booker other than that already owned by Tesco and its associates (as defined in section 988 Companies Act 2006), and a reference to the **Offer** also includes any new, increased, renewed or revised offer made by Tesco to acquire shares in Booker provided that the value, in the reasonable opinion of J.P. Morgan Cazenove, of the consideration to be paid for each ordinary share of one penny in the capital of Booker does not represent a reduction in the value of the original proposal as set out in the Press Announcement;
- (d) references to **Press Announcement** mean the announcement announcing the Merger issued by Tesco pursuant to Rule 2.7 of the Code; and
- (e) references to the **Scheme** means any scheme of arrangement of Booker under section 895 Companies Act 2006 (including any new, increased, renewed or revised scheme of arrangement) for the acquisition by Tesco of all of the issued and to be issued ordinary share capital of Booker other than that already owned by Tesco, and a reference to the **Scheme** also includes any new, increased, renewed or revised scheme of arrangement made by Tesco to acquire shares in Booker provided that the value, in the reasonable opinion of J.P. Morgan Cazenove, of the consideration to be paid for each ordinary share of one penny in the capital of Booker does not represent a reduction in the value of the original proposal as set out in the Press Announcement.

Time of the Essence

13. Any time, date or period mentioned in this undertaking may be extended by mutual agreement but as regards any time, date or period originally fixed or as extended, time shall be of the essence.

Lapse of undertaking

14. This undertaking shall lapse if:

- (a) Booker announces that it does not intend to proceed with the Merger and no new, revised or replacement Scheme or Offer is announced in accordance with Rule 2.7 of the Code at the same time;
- (b) the Scheme or Offer lapses or is withdrawn and no new, revised or replacement Scheme or Offer has been announced, in accordance with Rule 2.7 of the Code, in its place or is announced, in accordance with Rule 2.7 of the Code, at the same time;
- (c) the formal document to be dispatched to the shareholders of Booker setting out the terms and conditions of the Scheme (the ***Scheme Document***) and convening any general meeting (the ***Booker General Meeting***) and Court convened meeting (the ***Booker Court Meeting***) of Booker shareholders to be convened for the purpose of considering, and if thought fit, approving, such shareholder resolutions of Tesco as are necessary to approve the Merger (the ***Booker Resolutions***), does not include a unanimous and unconditional recommendation made by the board of directors of Booker to shareholders of Booker to approve the Booker Resolutions (the ***Booker Board Recommendation***), or Booker makes an announcement prior to the publication of such document(s) that: (i) the board of directors of Booker no longer intends to make such recommendation or intends adversely to modify or qualify such recommendation; or (ii) it will not convene the necessary Booker General Meeting and/ or Court Meeting;
- (d) the board of directors of Booker withdraws, adversely modifies or adversely qualifies the Booker Board Recommendation or fails to publicly reaffirm or re-issue such unanimous and unqualified recommendation before the earlier of (A) 5.30 p.m. on the fifth Business Day following Tesco's reasonable request to do so; or (B) the time of the start of the Tesco General Meeting (it being understood that the issue of any holding statement(s) issued to shareholders of Booker following a change of circumstances (so long as any such holding statement contains an express statement that such recommendation is not withdrawn or adversely modified and does not contain a statement that the Booker Directors intend to withdraw or adversely modify such recommendation) shall not constitute a withdrawal or adverse modification of such recommendation for purposes of this paragraph); or
- (e) the Scheme or Offer has not become effective by the Longstop Date (as defined in the Press Announcement) (or such later time and date as agreed between Tesco and Booker, with the approval of the Court and/ or the Panel, if required).

If this undertaking lapses, I shall have no claim against Tesco or Booker and neither Tesco nor Booker shall have any claim against me, other than in respect of any prior breach of any of the terms of this undertaking.

Confirmation

15. I confirm that in signing this undertaking I:

- (a) am not a client or customer of Greenhill & Co International LLP (***Greenhill***) or Barclays Bank PLC (***Barclays***) for the purposes of the Conduct of Business Sourcebook of the Financial Conduct Authority and that Greenhill and Barclays are acting for Tesco in connection with the Merger and no-one else and are not responsible to anyone other than Tesco for providing the protections afforded to customers of Greenhill or Barclays nor for providing advice in relation to the Merger;
- (b) am not a client or customer of J.P. Morgan Limited (***J.P. Morgan Cazenove***) for the purposes of the Conduct of Business Sourcebook of the Financial Conduct Authority and that J.P. Morgan Cazenove is acting for Booker in connection with the Merger and no-one else and is not responsible to anyone other than Booker for providing the protections afforded to customers of J.P. Morgan Cazenove nor for providing advice in relation to the Merger; and

- (c) have been given an adequate opportunity to consider whether or not to execute this undertaking and to obtain independent advice.

Power of Attorney

16. In order to secure the performance of my obligations under this undertaking, I appoint any director of Booker as my attorney:

- (a) if I fail to comply with any of the undertakings in paragraph 6, in my name and on my behalf to do all things and to execute all deeds and other documents as may be necessary or desirable to ensure compliance with such undertakings in respect of the Existing Tesco Shares and any Further Tesco Shares (as appropriate); and
- (b) if I fail to comply with any of the undertakings in paragraph 7, to execute any form of proxy required by Booker to appoint any person nominated by Booker to attend a general or class meeting of Tesco and vote on a Relevant Resolution (as defined in paragraph 8).

17. I agree that this power of attorney is given by way of security and is irrevocable in accordance with section 4 Powers of Attorney Act 1971 until this undertaking lapses in accordance with paragraph 14.

Specific Performance

18. I agree that, if I fail to comply with any of the undertakings in paragraphs 2, 3, 4, 6 or 7 above or breach any of my other obligations under this undertaking, damages may not be an adequate remedy and accordingly Booker shall be entitled to the remedies of specific performance, injunction or other equitable relief.

Governing Law

19. This undertaking and any non-contractual obligations arising out of or in connection with this undertaking shall be governed by, and interpreted in accordance with, English law. The English courts shall have exclusive jurisdiction in relation to all disputes (including claims for set-off and counterclaims) arising out of or in connection with this undertaking including, without limitation disputes arising out of or in connection with: (i) the creation, validity, effect, interpretation, performance or non-performance of, or the legal relationships established by, this undertaking; and (ii) any non-contractual obligations arising out of or in connection with this undertaking. For such purposes each party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction. I shall at all times maintain an agent for service of process and any other documents in proceedings in England or any other proceedings in connection with this undertaking.

Schedule 1

Part A – Existing Tesco Shares

Name of beneficial owner	No. of ordinary shares of 5p in Tesco
Lindsey Pownall	20,000

Part B – Employee Share Plans

A. SAYE

Name	No. of options
Lindsey Pownall	N/A

B. Share Incentive Plan

Name	No. of shares
Lindsey Pownall	N/A

C. Nil Cost Options

Name	No. of options
Lindsey Pownall	N/A

**Director Irrevocable Undertaking
Execution Version**

**SIGNED as a DEED and
DELIVERED by
LINDSEY POWNALL**

) SIGNATURE: Lindsey Pownall
)
)

in the presence of:

)

Witness

) SIGNATURE: Jason Beverley
)
) NAME:
)
) ADDRESS:

