

27 January 2017

TESCO PLC
and
MR CHARLES WILSON

LOCK-UP DEED

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THIS DEED is made on 27 January 2017

PARTIES:

1. **TESCO PLC**, a public limited company incorporated in England and Wales with its registered address at Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA and company number 00445790 (*Tesco*); and
2. **MR CHARLES WILSON**, of Equity House, Irthlingborough Road, Wellingborough, Northants NN8 1LT (the *Shareholder*),

each a *party* and together, the *parties*.

Words and expressions used in this Deed shall be interpreted in accordance with Schedule 1.

WHEREAS:

- (A) Tesco intends to announce on or around 30 January 2017 a recommended merger with Booker Group plc (a public limited company incorporated in England and Wales with its registered address at Equity House, Irthlingborough Road, Wellingborough, Northants NN8 1LT and company number 05145685) (*Booker*). The Shareholder is currently the Chief Executive Officer of Booker.
- (B) Tesco and the Shareholder hereby wish to record, amongst other matters, the basis on which the Shareholder has agreed not to dispose of his New Tesco Shares for a period of five (5) years from the Effective Date.

IT IS HEREBY AGREED as follows:

1. Lock-up

- 1.1 Subject to clause 1.3, the Shareholder agrees that he will not, without the prior written consent of Tesco, directly or indirectly, at any time during the Lock-Up Period, Dispose of any Lock-Up Shares.
- 1.2 Tesco acknowledges that, after the expiry of the Lock-up Period, the Shareholder shall (subject, at all times, to any restrictions placed on him by virtue of his terms of employment with Tesco or otherwise by applicable law or regulation) be free to Dispose of any Lock-Up Shares.
- 1.3 The restrictions contained in clause 1.1 shall not apply to any of the following:
 - (a) accepting a general offer made to all holders of Tesco Shares for the time being (other than Tesco Shares held or contracted to be acquired by the offeror or its associates within the meaning of the Act), or voting in favour of a scheme of arrangement to acquire all of the Tesco Shares then in issue, in either case made in accordance with the Code;

- (b) executing and delivering an irrevocable commitment to accept, or vote in favour of, a general offer or scheme of arrangement (without any further agreement to transfer or dispose of any Tesco Shares or any interest therein) as is referred to in clause 1.3(a) above;
- (c) Disposing of Tesco Shares pursuant to any offer by Tesco to purchase its own Shares which is made to all holders of Tesco Shares;
- (d) Disposing of Tesco Shares pursuant to a compromise or arrangement between Tesco and its creditors or any class of them or between Tesco and its members or any class of them which is agreed to by the creditors or members and (where required) sanctioned by the Court under the Act or otherwise;
- (e) Disposing of any Lock-Up Shares to any connected person (as defined in the Act) or any family trust (and upon change of trustees of a trust, to the new trustees of such family trust) and by the trustees of such family trusts to the beneficiaries thereof;
- (f) Disposing of the legal interest in any Lock-Up Shares provided that the beneficial owner shall not change; and
- (g) Disposal of Lock-Up Shares to or by personal representatives of the Shareholder in the event of his death during the Lock-Up Period,

provided that, in cases of clauses 1.3(e) and 1.3(f), prior to such transfer, the relevant transferee has entered into a deed of adherence in the form set out in Schedule 2.

2. Conditionality

- 2.1 Clause 1 of this Deed is conditional upon, and shall come into effect on, the occurrence of the Effective Date.
- 2.2 If the condition contained in clause 2.1 is not satisfied by the Longstop Date, this Deed will lapse automatically and all rights and obligations of the parties under this Deed, save in respect of any prior breach, shall cease and determine.

3. Termination of the Deed

This Deed (other than clause 4 and Schedule 1) shall terminate, and save in respect of any prior breach or any such specified provisions, no party hereto shall have any rights or obligations hereunder, upon the earlier of (i) the end of the Lock-Up Period and (ii) Tesco Shares ceasing to be listed on the premium listing segment of the Official List of the Financial Conduct Authority (or any successor body thereto) and traded on the London Stock Exchange's main market for listed securities.

4. Notices

- 4.1 A notice under this Deed shall only be effective if it is in writing.
- 4.2 Notices under this Deed shall be sent to a party by hand delivery or reputable international courier or by email at its physical address or email address respectively, and shall be marked for the attention of the individual set out below:

Tesco:

Attention: Adrian Morris

Physical address: Tesco House
Shire Park
Kestrel Way
Welwyn Garden City
AL7 1GA

Email address: adrian.morris@uk.tesco.com

with a copy to (but such copy shall not constitute notice):

Attention: Claire Wills

Physical address: Freshfields Bruckhaus Deringer LLP
65 Fleet Street
London EC4Y 1HS
United Kingdom

Email address: claire.wills@freshfields.com

The Shareholder:

Attention: Charles Wilson

Physical address: Equity House
Irthlingborough Road
Wellingborough
Northants
NN8 1LT

Email address: Charles.Wilson@Booker.co.uk

with a copy to (but such copy shall not such constitute notice):

Attention: Lee Coney

Physical address: Clifford Chance LLP
Upper Bank Street
London E14 5JJ
United Kingdom

Email address: lee.coney@cliffordchance.com

- 4.3 A party may change its notice details on giving notice to the other party of the change in accordance with clauses 4.1 and 4.2. That notice shall only be effective on the date falling one Business Day after the notification has been received or such later date as may be specified in the notice.
- 4.4 Any notice given under this Deed shall, in the absence of earlier receipt, be deemed to have been duly given:
- (a) if delivered by hand, on delivery;

- (b) if sent by reputable international courier, on signature of a delivery receipt; or
 - (c) if sent by email, when sent.
- 4.5 Any notice given under this Deed outside the period between 9:00 a.m. and 5:00 p.m. (**Working Hours**) shall be deemed not to have been given until the start of the next period of Working Hours.
- 4.6 Each party shall, where it sends a notice by email to the other party, within two Business Days send a hard copy of the relevant notice via hand delivery or reputable international courier to the physical address of the other party.

5. General

- 5.1 **Assignment.** No party shall assign, transfer, charge or otherwise deal with all or any of its rights under this Deed nor grant, declare or dispose of any right or interest in it except to any member of its group (in the case of Tesco) or as set out in clauses 1.3(e) and 1.3(f) (in the case of the Shareholder).
- 5.2 **Waiver.** No failure or delay by any party in exercising any right or remedy provided by law or under this Deed shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude it or its exercise at any subsequent time and no single or partial exercise of any such right or remedy shall preclude any further exercise of it or the exercise of any other remedy.
- 5.3 **Further Assurance.** Each of the parties shall perform (or procure the performance of) all further acts and things, and execute and deliver (or procure the execution and delivery of) such further documents, as may be required by law or as may be necessary or reasonably required by the other party to implement and give effect to this Deed.
- 5.4 **Counterparts.** This Deed may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of a counterpart of this Deed by e-mail attachment shall be an effective mode of delivery.
- 5.5 **Variation.** No amendment of this Deed (or of any of the documents referred to in this Deed) shall be valid unless it is in writing and signed by or on behalf of each of the parties to it.
- 5.6 **Invalidity.** Each of the provisions of this Deed is severable. If any such provision is held to be or becomes invalid or unenforceable in any respect under the laws of any jurisdiction it shall have no effect in that respect and the parties shall use all reasonable endeavours to replace it by a valid and enforceable substitute provision the effect of which is as close to the intended effect as possible.
- 5.7 **Third Party Rights.** A person who is not a party to this Deed shall have no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any of its terms.
- 5.8 **Governing Law.** This Deed and any non-contractual obligations arising out of or in connection with this Deed shall be governed by, and interpreted in accordance with, English Law.

- 5.9 **Jurisdiction.** 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 Deed 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 Deed; and (ii) any non-contractual obligations arising out of or in connection with this Deed. For such purposes each party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction.

Schedule 1
Definitions And Interpretation

1. **Definitions.** In this Deed, the following words and expressions shall have the following meanings:

Act means the Companies Act 2006, as amended from time to time;

Announcement means the announcement of a firm intention to proceed with the Merger in accordance with the Code;

Booker Shareholders means the registered holders of Booker Shares from time to time

Booker Shares means the ordinary shares of one pence each in the capital of Booker from time to time;

Business Day means a day, other than a Saturday, Sunday or public or bank holiday, when banks are open for business in London;

Code means the UK City Code on Takeovers and Mergers as issued from time to time on behalf of the Panel;

Court means the High Court of Justice of England and Wales;

Court Meeting the meeting or meetings of the Booker Shareholders or any class or classes thereof (and any adjournment(s) thereof) to be convened pursuant to section 896 of the Act for the purpose of considering, and, if thought fit, approving the Scheme and any adjournment, postponement or reconvention thereof;

Dispose includes to offer, issue, lend, mortgage, assign, charge, pledge, sell, transfer or contract to sell or transfer or issue options in respect of, or otherwise dispose of or deal in, directly or indirectly, or announce an offering, disposal or transfer, of, any Lock-Up Shares (or any interest therein or in respect thereof) or enter into any transaction with the same economic effect as, or agree to do, any of the foregoing, and **Disposal** or **Disposing** shall be construed accordingly;

Effective Date means the date upon which either:

- (a) the Scheme becomes effective in accordance with its terms; or
- (b) if Tesco elects to implement the Merger by way of an Offer, the date on which the Offer becomes or is declared unconditional in all respects;

Lock-Up Period means the period commencing on the Effective Date and expiring on the fifth (5) anniversary of such Effective Date;

Lock-Up Shares means:

- (a) the New Tesco Shares allotted and issued to the Shareholder pursuant to the Scheme (or, if relevant, the Offer); and
- (b) any other Tesco Shares held by the Shareholder as at the Effective Date;

Longstop Date has the meaning given in the Announcement;

Merger means the direct or indirect merger of the entire issued and to be issued share capital of Booker and Tesco (other than Booker Shares already held by Tesco, if any) to be implemented by way of the Scheme or (should Tesco so elect, subject to the consent of the Panel) by way of the Offer;

New Tesco Shares means the Tesco Shares which, subject to a valid election to that effect by a Booker Shareholder, are to be issued pursuant to the terms of the Merger;

Offer means if (subject to the consent of the Panel) Tesco elects to effect the Merger by way of a Takeover Offer, the offer to be made by or on behalf of Tesco to acquire the issued and to be issued ordinary share capital of Booker on the terms and subject to the conditions to be set out in the related offer document;

Panel means the UK Panel on Takeovers and Mergers;

Scheme means the scheme of arrangement proposed to be made under Part 26 of the Act between Booker and the Booker Shareholders on Booker's register of members as at the record date to be set out in the Scheme document, with or subject to any modification, addition or condition approved or imposed by the Court and agreed to by Booker and Tesco; and

Tesco Shares means ordinary shares of five pence each in Tesco (including, if the context so requires, New Tesco Shares).

2. **Interpretation.** In this Deed, unless the context otherwise requires:
- 2.1 references to a person include any individual, firm, body corporate (wherever incorporated), government, state or agency of a state or any joint venture, association, partnership, works council or employee representative body (whether or not having separate legal personality);
 - 2.2 headings do not affect the interpretation of this Deed; the singular shall include the plural and vice versa; and references to one gender include all genders;
 - 2.3 references to any English legal term or concept shall, in respect of any jurisdiction other than England, be construed as references to the term or concept which most nearly corresponds to it in that jurisdiction;
 - 2.4 references to sterling or pounds sterling or £ are references to the lawful currency from time to time of England; and
 - 2.5 any phrase introduced by the terms including, include, in particular or any similar expression shall be construed as illustrative and shall not limit the sense of the words preceding those terms.

3. **Enactments.** Except as otherwise expressly provided in this Deed, any express reference to an enactment (which includes any legislation in any jurisdiction) includes references to (i) that enactment as amended, consolidated or re-enacted by or under any other enactment before or after the date of this Deed; (ii) any enactment which that enactment re-enacts (with or without modification); and (iii) any subordinate legislation (including regulations) made (before or after the date of this deed) under that enactment, as amended, consolidated or re-enacted as described in (i) or (ii) above.
4. **Schedule.** This Schedule 1 is a schedule to this Deed and forms part of this Deed.
5. **Inconsistencies.** Where there is any inconsistency between the definitions set out in this Schedule and the definitions set out in any clause or any other Schedule, then, for the purposes of construing such clause or Schedule, the definitions set out in such clause or Schedule shall prevail.

Schedule 2
Deed of Adherence

THIS DEED OF ADHERENCE is made on [•] 20[•] by [*transferee*] [(company no. [•])] of [*address*] (the *Transferee*) in favour of **TESCO PLC**, a public company incorporated in England and Wales with registered number 00445790 and whose registered office is at Tesco House, Shire Park, Kestrel Way, Welwyn Garden City AL7 1GA (*Tesco*).

INTRODUCTION

- (A) This Deed of Adherence is executed pursuant to clause 1.3 of a lock-up deed dated ___ January 2017 entered into between Tesco and Mr Charles Wilson (the *Transferor*) (the *Lock-Up Deed*).
- (B) The Transferee is to acquire [•] Lock-Up Shares from the Transferor (the *Transferred Shares*).

IT IS AGREED as follows:

1. Definitions

Unless otherwise defined, terms used in this Deed shall have the meaning set out in the Lock-Up Deed.

2. Adherence to the Lock-Up Deed

With effect from [•] (the *Effective Date*), the Transferee shall observe, perform and be bound by all obligations that are applicable to the Shareholder under the Lock-Up Deed, as if the Transferee had at all times been a party to the Lock-Up Deed.

3. Notices

For the purposes of clause 4 of the Lock-Up Deed, the Transferee's physical address and email address shall be:

Attention: [•]

Physical address: [•]

Email address: [•]

with a copy to (but such copy shall not constitute notice):

Attention: [•]

Physical address: [•]

Email address [•]

4. Governing law and disputes

- 4.1 This Deed and the relationship among the parties to it and any non-contractual obligations which may arise out of or in connection with this Deed shall be governed by and interpreted in accordance with English law.
- 4.2 All parties to this Deed agree that the courts of England are to have exclusive jurisdiction to settle any dispute (including claims for set-off and counterclaims) which may arise out of or is in connection with (a) the creation, validity, effect, interpretation or performance of, or of the legal relationships established by, this Deed or otherwise arising out of or in connection with this Deed; and (b) any non-contractual obligations which may arise out of or in connection with this Deed and for such purposes all parties irrevocably submit to the exclusive jurisdiction of the English courts.
- 4.3 [The Transferee 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 Deed. Such agent shall be:

[•]]

AS WITNESS this Deed has been executed as a deed by the parties the day and year first before written and it is intended to be and it is hereby delivered by the parties as a deed.

[Execution details]

SIGNATURES

IN WITNESS WHEREOF this Deed has been duly executed as a deed by the parties and is intended to be and is hereby delivered on the date stated at the beginning of this Deed.

EXECUTED and DELIVERED

as a **DEED** by

TESCO PLC

acting by **ALAN STEWART**

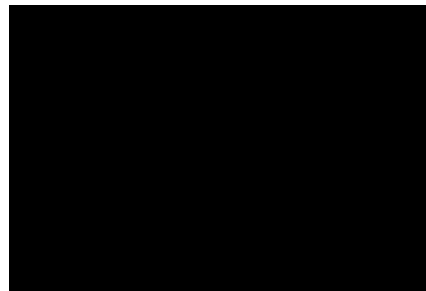
/s/ Alan Stewart

a director in the presence of:

Witness signature: /s/ Niamh Hunt

Name: NIAMH HUNT

Address:



EXECUTED and DELIVERED

as a **DEED** by

MR CHARLES WILSON

in the presence of:

/s/ Charles Wilson

.....

Witness signature: /s/ Kieran Stevens
.....

Name: KIERAN STEVENS
.....

Address:

