

This guide is not a full summary of the proposed Special Dividend and Share Consolidation to be undertaken by Tesco PLC and should not be regarded as a substitute for reading the full Circular to shareholders. The purpose of this document is to assist shareholders wishing to participate in the General Meeting. The Circular accompanying this document should be read in full before taking a decision. This document has been prepared by Tesco PLC.



Dear Shareholder,

Tesco PLC (the “**Company**”) has recently published details of a general meeting (the “**General Meeting**”) to be held on Thursday, 11 February 2021 at Tesco PLC, Heart building, Shire Park, Welwyn Garden City, Herts, AL7 1TW at 10.30am (the “**Notice of General Meeting**”) concerning the proposed payment of a special dividend (the “**Special Dividend**”) and an associated share consolidation (the “**Share Consolidation**”) of the Company’s ordinary shares following completion of the disposal of the Company’s Thai and Malaysian businesses (the “**Disposal**”) (together, the “**Proposals**”).

RECOMMENDATION

The Directors of Tesco PLC believe that the resolutions set out in the Notice of General Meeting, including in relation to the Special Dividend and Share Consolidation, are in the best interests of shareholders taken as a whole. The Directors intend to vote in favour of the resolutions set out in the Circular and unanimously recommend that you do so as well.

Please note that this document should not be regarded as a substitute for reading the shareholder circular (including the Notice of General Meeting) which contains full details of the Proposals (the “Circular”). You are advised to read the Circular in its entirety. This guide is intended to help you navigate the Circular, including any action that is required from you, and provide answers to questions that the Company’s shareholders may have in connection with the Proposals. A copy of the Circular is available to view at www.tescopl.com/GM2021.

THE SPECIAL DIVIDEND

1. What is being proposed?

Following the Disposal, the Company is proposing to return £4,987,827,804 of the proceeds of the sale to its shareholders in the form of a Special Dividend of 50.93 pence per Existing Ordinary Share (as defined below). The Special Dividend will be paid to shareholders who hold shares as at 6.00pm on Friday, 12 February 2021.

It is anticipated that the Special Dividend will be paid to shareholders on Friday, 26 February 2021, subject to approval at the General Meeting.

The quickest way to receive all dividend payments is by providing the Company’s Registrar, Equiniti, with your bank or building society account details. If you do not already receive your dividend payments this way, you will find a Bank Mandate form attached to your Proxy Form so that you can provide these details. Please note that in order to receive your Special Dividend payment directly into your bank or building society account, the completed form must be received by Equiniti by Tuesday, 9 February 2021.

If you do not hold a UK bank or building society account, Equiniti’s Overseas Payment Service enables payments to be converted into your local currency and paid direct to your bank account. For more information, including the latest Terms and Conditions, application forms and applicable fees, please visit www.shareview.co.uk/info/ops or contact the shareholder helpline on the details at the end of this document.

2. How much will I receive?

You will receive 50.93 pence per Existing Ordinary Share held by you as at 6.00pm on Friday, 12 February 2021. We have provided examples of typical proceeds of the Special Dividend below:

Number of Existing Ordinary Shares held on Friday, 12 February 2021	100 Shares	250 Shares	500 Shares	1,000 Shares
Total Special Dividend Payable	£50.93	£127.32	£254.65	£509.30

3. What if I am in the Dividend Reinvestment Plan (DRIP)?

Your existing dividend election will apply in respect of the Special Dividend. If you participate in the DRIP, your Special Dividend will be used to purchase additional New Ordinary Shares after the Share Consolidation.

If you do not currently participate in the DRIP but would like to participate in time for the Special Dividend please contact Equiniti on the details at the end of this document. More information on participating in the DRIP and contacting Equiniti can be found on page 15 of the Circular. Please note that in order to participate in the DRIP for the Special Dividend, a completed application form should be delivered to Equiniti by 6.00pm on Friday, 12 February 2021.

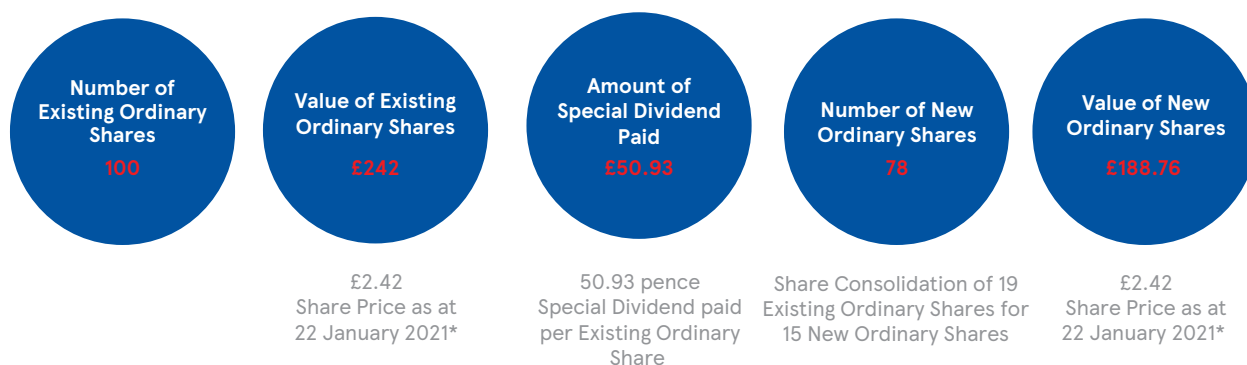
THE SHARE CONSOLIDATION

1. What is being proposed?

Following the payment of the Special Dividend, it is proposed that the Company will consolidate all of its Existing Ordinary Shares. This will reduce the number of Existing Ordinary Shares in circulation and therefore the number of Existing Ordinary shares held by you. This is required so that, as far as possible, the Company can maintain its current share price. If we did nothing, as the Company no longer owns its Thai and Malaysian businesses following the Disposal and is expected shortly to pay the Special Dividend, the value of the Company's shares would likely decrease.

2. What happens to my Tesco shares?

Subject to approval at the General Meeting, as a result of the Share Consolidation, for every 19 ordinary shares that you hold at 6.00pm on Friday, 12 February 2021 ("**Existing Ordinary Shares**") you will receive 15 new ordinary shares ("**New Ordinary Shares**"). These New Ordinary Shares will have a nominal value of 6 $\frac{1}{3}$ pence and shall continue to be traded as they are currently. An example is provided in the diagram below.



It is anticipated that the total of the amount of Special Dividend paid to you plus the total value of your New Ordinary Shares shall be equal to approximately the total value of your Existing Ordinary Shares. Please note that the actual value may increase or decrease following the Share Consolidation and Special Dividend due to movements in the Tesco share price following the calculation of the share consolidation ratio.

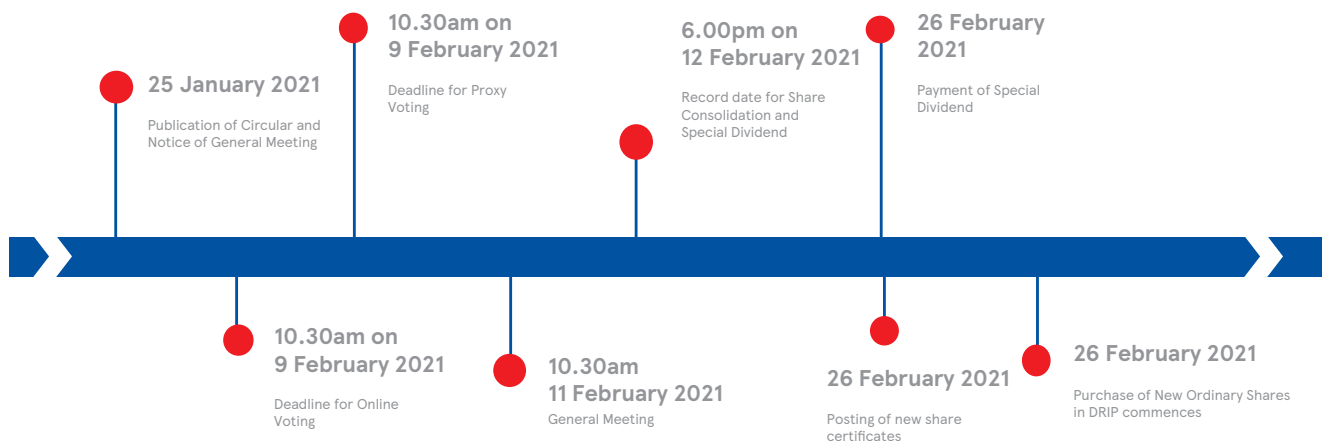
* figures are indicative and subject to normal market movements.

3. What happens to any fractions arising in respect of my Tesco shares?

As all of the Existing Ordinary Shares will be consolidated, you will still hold the same proportion of New Ordinary Shares as you did prior to the Share Consolidation[^]. In some circumstances, where the consolidation ratio is applied to the number of Existing Ordinary Shares held by you as at 6.00pm on Friday, 12 February 2021 it may result in fractional entitlements to New Ordinary Shares. Apart from shares held in the Tesco Share Account, after completing the Share Consolidation all fractional entitlements to the New Ordinary Shares will be combined, aggregated and then sold in the market. The net sale proceeds from these aggregated New Ordinary Shares will be donated to support the food bank activities of the charity The Trussell Trust. More details about our work with The Trussell Trust can be found at <https://www.tescopl.com/sustainability/partnerships/food-redistribution/>.

[^] Please note, as set out in the Circular, any shareholders holding only one Existing Ordinary Share will no longer hold any shares in Tesco following the consolidation and will cease to be shareholders.

TIMETABLE



WHAT DO I NEED TO DO?

1. Can I attend the General Meeting?

Given prevailing Government guidance in relation to COVID-19, it is proposed that the General Meeting be convened with the minimum quorum of shareholders present (which will be facilitated by Tesco) in order to conduct the business of the General Meeting. The well-being of our shareholders is vitally important to us and we ask shareholders to adhere to the current instructions to stay at home and to instead vote by proxy on the resolutions set out in the Notice of General Meeting as early as possible. To ensure that your vote is counted, it is particularly important that you appoint the “Chair of the Meeting” as your proxy as any other person who might be appointed will not be allowed access to the General Meeting. In the interests of protecting the health and safety of our shareholders, colleagues and General Meeting support staff, as well as the public, shareholders will not be admitted to the General Meeting.

If you would like to ask any questions about the formal business of the General Meeting, including the Special Dividend or Share Consolidation, please email your questions to shareholderquestions@tesco.com by 10.30am on Tuesday, 9 February 2021. Answers will be published on the Company website at www.tescopl.com/GM2021. Any questions submitted that are not relevant to the Special Dividend or Share Consolidation will be forwarded for the attention of the relevant executive or the Registrar. More information on asking a question can be found on page 35 of the Circular.

2. Voting

Your support is important to us and we encourage you to submit your vote as early as possible. You can vote on the Tesco resolutions as set out in the Circular by either:

- Voting online at www.sharevote.co.uk,
- Completing the enclosed Proxy Form in accordance with the instructions provided on the form, or
- Voting through CREST.

In accordance with the Circular, all votes and proxy appointments must be received by Equiniti by **10.30am on Tuesday, 9 February 2021**.

WHAT DO I DO IF I HAVE A QUERY ON MY SHAREHOLDING?

If you have any queries regarding the General Meeting, or about your shareholding, please telephone the Tesco Shareholder Helpline on 0333 207 6381 from within the UK or +44 333 207 6381 if calling from outside the UK*. Equiniti may record calls to both numbers for security purposes and to monitor the quality of its services. The Tesco Shareholder Helpline cannot provide advice on the merits of the Share Consolidation or Special Dividend or give any financial, legal or tax advice.

Robert Welch
Company Secretary
Tesco PLC

25 January 2021

Contact Equiniti:



Equiniti, Aspect House, Spencer Road
Lancing, West Sussex BN99 6DA, UK



Log into [Shareview.co.uk](https://www.shareview.co.uk) or
www.shareview.co.uk/info/register



0333 207 6381* from within the UK
+44 333 207 6381 from outside the UK

**Lines open 9.00am to 5.00pm (UK time), Monday to Friday (excluding public holidays in England and Wales). Calls from a landline are charged at national rates, calls from a mobile device may incur network extras.*