



Financial Conduct Authority
25 The North Colonnade
Canary Wharf
London
E14 5HS

Tel: +44 (0)20 7066 1000
Fax: +44 (0)20 7066 1099
www.fca.org.uk

FINAL NOTICE

To: Tesco plc
Tesco Stores Limited
Date: 28 March 2017

1. ACTION

1.1. For the reasons given in this Final Notice, the Authority hereby requires Tesco plc and Tesco Stores Limited to pay restitution to the appropriate persons in accordance with the arrangements described in Annex 2 to this Final Notice.

2. SUMMARY OF REASONS

2.1. On 29 August 2014, Tesco plc published a trading update in which it stated that it expected trading profit for the six months ending 23 August 2014 to be in the region of £1.1bn (the "August Statement"). In issuing the August Statement, the Tesco plc Board relied on information provided to it by Tesco Stores Limited which was not correct. That information did not disclose the fact or risk of the inaccuracy and those who were aware of the true position did not alert the Tesco plc Board to the inaccuracy.

2.2. On 22 September 2014, before trading opened, Tesco plc published a further trading update (the "September Statement") in which it announced that it had "identified an overstatement of its expected profit for the half

year, principally due to the accelerated recognition of commercial income and delayed accrual of costs.”

- 2.3. The August Statement contained information that gave a false or misleading impression as to certain qualifying investments (in particular, Tesco plc shares and certain Tesco group bonds – “the Relevant Securities” defined in this Final Notice). Tesco plc and Tesco Stores Limited knew, or could reasonably have been expected to know, that the information was false or misleading. Accordingly, Tesco plc and Tesco Stores Limited engaged in market abuse contrary to s.118(7) of the Act (as it was then in force). In making this finding, the Authority does not suggest that any member of the Board of Tesco Plc knew, or could reasonably be expected to have known, that the information in the August Statement was false or misleading. However, the Authority has found that there was knowledge at a sufficiently high level but below the level of the Tesco plc Board as to the false and misleading nature of the August Statement for that knowledge to constitute the knowledge of Tesco plc, within the specific context of, and for the purposes of, market abuse.
- 2.4. As a result of the market abuse, a false market was created in the Relevant Securities. Purchasers of the Relevant Securities paid a higher price than they would have paid had there not been a false market and those who purchased more than they sold in the period of the false market suffered loss as a result. The Authority considers that the false market substantially came to an end when Tesco plc published the September Statement, which it did on an urgent basis when the Tesco plc Board discovered that the August Statement contained information that gave a false or misleading impression.
- 2.5. The Authority therefore exercises its power under s.384(5) of the Act to require Tesco plc and Tesco Stores Limited to pay restitution to those investors who have suffered loss in accordance with the arrangements described in Annex 2 to this Final Notice.
- 2.6. The Authority has had regard to the fact that Tesco Stores Limited has entered into a deferred prosecution agreement with the Serious Fraud Office (the “SFO”) in relation to conduct which is related to the conduct described

in this Final Notice, and that Tesco Stores Limited will pay a substantial penalty pursuant to that agreement. That agreement concerns only the potential criminal liability of Tesco Stores Limited and does not address whether liability of any sort attaches to Tesco plc or any employee or agent of Tesco plc or Tesco Stores Limited. Both Tesco plc and Tesco Stores Limited have co-operated in an exemplary manner with the Authority and have taken steps to ensure that similar misconduct will not occur in future. In the circumstances, the Authority does not impose a further financial penalty on either Tesco Stores Limited or Tesco plc.

3. DEFINITIONS

3.1. The definitions below are used in this Final Notice.

“the Act” means the Financial Services and Markets Act 2000

“August Statement” means the trading update published by Tesco plc on 29 August 2014

“the Authority” means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority

“DPA” means the deferred prosecution agreement between the SFO and Tesco Stores Limited referred to in paragraph 2.6 above.

“Eligible Claimant” has the meaning set out in Annex 2 to this Final Notice.

“H1” means the first half of a financial year.

“the Regulations” means the Financial Services and Markets Act 2000 (Market Abuse) Regulations 2005

“Relevant Period” means the period from 29 August 2014 (the date of publication of the August Statement) to 19 September 2014 (the last day of trading before the publication of the September Statement).

“Relevant Securities” means the following securities in issue and listed on the London Stock Exchange (or in the case of certain bonds, the Irish Stock Exchange) in the Relevant Period:

- (i) shares in Tesco plc; and
- (ii) the bonds listed in Appendix 2 to Annex 2 to this Final Notice.

“Restitution Amount” means, in respect of any Eligible Claimant, the amount of that Eligible Claimant’s loss, calculated in accordance with paragraph 37 of Annex 2 to this Final Notice.

“September Statement” means the trading update published by Tesco plc on 22 September 2014

“SFO” means the Serious Fraud Office

“the Tribunal” means the Upper Tribunal (Tax and Chancery Chamber)

4. FACTS AND MATTERS

Background

- 4.1. Tesco plc’s accounting period ends on the last Saturday in February each year. Its financial year 2013/2014 ended on 22 February 2014. It published its accounts in respect of that year on 16 April 2014.
- 4.2. In order to prepare its accounts and other financial statements, Tesco plc relies on accounting information provided by its subsidiaries, including Tesco Stores Limited.

The August Statement

- 4.3. On 29 August 2014, Tesco plc published the August Statement, which updated the market on Tesco plc’s expected trading profit for H1 2014/2015 and expected trading profits for the full year 2014/2015. In preparing the August Statement, the Tesco plc Board relied on accounting information provided to it by Tesco Stores Limited which did not disclose the fact or risk of the inaccuracy.
- 4.4. Since publishing the August Statement, Tesco plc has made the following announcements in respect of it:
 - (1) On 22 September 2014, Tesco plc published the September Statement in which it announced (in summary) that it had identified an overstatement of its expected profit for H1 2014/2015, principally due to the accelerated recognition of commercial income and delayed accrual of costs. Tesco plc stated that, on the basis of preliminary investigations, the Tesco plc board believed that the guidance in the August Statement for expected profits for H1 2014/2015 had been overstated by an estimated £250 million, and

that work was ongoing to establish the extent of these issues and their impact on the full year 2014/2015.

- (2) On 23 October 2014, Tesco plc published its Interim Results for 2014/2015 in which it stated (in summary) that there had been an overstatement in profit expectations of £263 million, comprising an impact on trading profit for H1 2014/2015 of £118 million, with a further approximately £70 million relating to 2013/2014 and approximately £75 million relating to prior years.
- (3) On 22 April 2015, Tesco plc published its Preliminary Results for 2014/2015 and stated (in summary) that, following further investigation, the commercial income recognised in previous periods had been overstated by £53 million in 2013/2014 and by a total of £155 million in years prior to 2013/2014. These figures were confirmed in Tesco plc's Annual Report for 2014/2015, published on 5 May 2015.
- (4) On 3 September 2015, Tesco plc published a Performance Pro-Forma for H1 and the full year 2014/2015 which identified an adjustment to the H1 2014/2015 results associated with the updated commercial income adjustment recognised in the full year 2014/2015 results. The adjustment had the effect of increasing trading profit for H1 2014/2015 by £42 million.
- (5) In summary, therefore, Tesco plc has admitted that the expected profit figure for H1 2014/2015 in the August Statement was overstated by £76 million (£118 million less £42 million). The total overstatement of actual and expected profit was £284 million (£155 million plus £53 million plus £76 million).

4.5. Tesco Stores Limited and Tesco plc knew, or could reasonably have been expected to have known, that the information in the August Statement was false or misleading. In making this finding, the Authority does not suggest that the Tesco Plc Board knew, or could reasonably be expected to have known, that the information in the August Statement was false or misleading. However, the Authority has found that there was knowledge at a sufficiently high level but below the level of the Tesco plc Board as to the

false and misleading nature of the August Statement for that knowledge to constitute the knowledge of Tesco plc, within the specific context of, and for the purposes of, market abuse.

False market

- 4.6. The information in the August Statement gave a false or misleading impression as to the Relevant Securities. The Relevant Securities traded at a higher price than they would have done if the August Statement had not given a false or misleading impression.
- 4.7. Following the September Statement, the price of the Relevant Securities fell, such that they traded at a price which had not been substantially affected as a result of the false or misleading information in the August Statement. During the period from the August Statement to the September Statement, purchasers of Relevant Securities paid more than they should have done, as a result of the August Statement.

Deferred prosecution agreement

- 4.8. Tesco Stores Limited and the SFO have agreed the terms of a DPA. The DPA concerns only the potential criminal liability of Tesco Stores Limited and does not address whether liability of any sort attaches to Tesco plc or any employee or agent of Tesco plc or Tesco Stores Limited. The Crown Court has, on the date of this Final Notice, declared pursuant to Schedule 17 of the Crime and Courts Act 2013, paragraph 7(1), that entering into the proposed DPA is likely to be in the interests of justice and the proposed terms of the DPA are fair, reasonable and proportionate. The DPA relates to substantially similar conduct by Tesco Stores Limited to that described in this Final Notice. Pursuant to the DPA, Tesco Stores Limited is to pay a financial penalty of £128,992,500.
- 4.9. The DPA includes a representation by Tesco Stores Limited that, from the first quarter of the 2015/16 financial year, it and the rest of the Tesco business embarked on a five-year project called the Global Finance

Transformation Programme which included, amongst other things, the creation of a Commercial Income Governance Body whose purpose is to ensure that there is a consistent approach to managing commercial income across Tesco's businesses.

- 4.10. Pursuant to the terms of the DPA, Tesco Stores Limited will commission Deloitte to: report on, and make recommendations for improvements to, the segregation of duties between relevant teams/functions and controls, governance and policies/training in respect of the recognition of commercial income; and review and comment on Tesco Stores Limited's implementation of those improvements.

Co-operation

- 4.11. The approach of the Tesco plc Board since the discovery of the overstatement, in particular in agreeing the findings in this Final Notice and thereby addressing the impact on the market of the August Statement, has been exemplary. In all their dealings with the FCA in respect of this matter, Tesco plc and Tesco Stores Limited have been extremely cooperative with the FCA. The two companies have been proactive in the offering of information and have responded promptly and constructively to requests made of them. Furthermore, both refrained, at the FCA's request, from interviewing witnesses or taking statements; they disclosed voluntarily material which appeared to them to be significant to the FCA's enquiries; and they generally helped to facilitate a swift conclusion to the FCA's enquiries.

5. FAILINGS

- 5.1. The statutory and regulatory provisions relevant to this Final Notice are referred to in Annex 1.

The Relevant Securities were qualifying investments traded on a prescribed market

- 5.2. The Relevant Securities were all admitted to trading on the London Stock Exchange or Irish Stock Exchange. They are therefore "qualifying investments" admitted to trading on a "prescribed market" for the purposes of article 10 of the Regulations. Accordingly, Tesco plc's and Tesco Stores

Limited's behaviour fell within section 118(1)(a)(i) of the Act. In addition, the provision of information by Tesco Stores Limited to Tesco plc, and the publication of the August Statement, both occurred in the UK, fulfilling the jurisdictional criteria set out at section 118A(1)(a) and section 118A(1)(b)(i) of the Act.

The information gave a false or misleading impression as to a qualifying investment

- 5.3. The information provided by Tesco Stores Limited to Tesco plc, and the information published in the August Statement, incorrectly overstated expected profits principally as a result of the accelerated recognition of commercial income and delayed accrual of costs. As a result, the information gave a false or misleading impression as to the Relevant Securities.

The information was disseminated by persons who knew or could reasonably be expected to have known that it was false or misleading

- 5.4. Tesco Stores Limited knew, or could reasonably be expected to have known, that the information it gave to Tesco plc for the purpose of the August Statement was false or misleading. In the circumstances, the provision of the information to Tesco plc amounted to dissemination of it.
- 5.5. Tesco Plc knew or could reasonably be expected to have known that the information it published in the August Statement was false or misleading. In making this finding, the Authority does not suggest that the Tesco Plc Board knew, or could reasonably be expected to have known, that the information in the August Statement was false or misleading. However, the Authority has found that there was knowledge at a sufficiently high level but below the level of the Tesco plc Board as to the false and misleading nature of the August Statement for that knowledge to constitute the knowledge of Tesco plc, within the specific context of, and for the purposes of, market abuse. The publication of the August Statement disseminated that false or misleading information.

Conclusion on market abuse

- 5.6. The Authority considers that the behaviour of Tesco Stores Limited and Tesco plc constituted market abuse contrary to section 118(7) of the Act.
- 5.7. Pursuant to section 123(1) of the Act, the Authority may therefore impose a penalty of such amount on Tesco Stores Limited and Tesco plc as it considers appropriate.
- 5.8. Section 123(2) of the Act states that the Authority may not impose a penalty for market abuse in certain circumstances. The Authority is satisfied that these circumstances do not apply to the conduct described in this notice.
- 5.9. Section 123(3) of the Act states that if the Authority is entitled to impose a penalty on a person it may, instead of imposing a penalty on him, publish a statement to the effect that he has engaged in market abuse.
- 5.10. Pursuant to section 384(2) and section 384(5) of the Act, the Authority may exercise the power to require restitution if it is satisfied that a person has engaged in market abuse and that one or more persons has suffered loss as a result of the market abuse.
- 5.11. Section 384(4) of the Act provides that the Authority may not require restitution in certain circumstances. The Authority is satisfied that these circumstances do not apply to the conduct described in this notice.

6. SANCTION

Breach of section 118(7) – restitution

- 6.1. Under section 384 of the Act the Authority has the power, if it is satisfied that a person has engaged in market abuse and that one or more persons have suffered loss as a result of the market abuse, to require restitution to be paid to the appropriate persons of such amount as appears to the Authority to be just having regard to the extent of loss. The Authority has published guidance on the exercise of its power under section 384 of the Act in Chapter 11 of its Enforcement Guide.

- 6.2. In this case, purchasers of the Relevant Securities in the Relevant Period paid a higher purchase price than they should have paid. The loss suffered by each such purchaser is the overpayment for the Relevant Securities, less any amount by which the loss was mitigated, for example by sales during the Relevant Period or hedging.
- 6.3. The Authority therefore requires Tesco plc and Tesco Stores Limited jointly to pay to Eligible Claimants the Restitution Amount in accordance with the arrangements set out in Annex 2 to this Final Notice.

Breach of section 118(7) of the Act – Public Statement

- 6.4. The Authority publishes this notice as a statement of Tesco plc's and Tesco Stores Limited's misconduct pursuant to section 123(3) of the Act.
- 6.5. As the misconduct took place after 6 March 2010, the Authority's new penalty regime applies. The Authority has also had regard to the provisions of Chapter 7 of the Enforcement Guide.
- 6.6. The Authority's policy for imposing a financial penalty or publishing a statement of misconduct is set out in Chapter 6 of DEPP. DEPP 6.4.1G states that the Authority will consider all the relevant circumstances of the case when deciding whether to impose a penalty or issue a public censure.
- 6.7. In the circumstances of this case, the Authority does not consider it would be appropriate to impose a penalty. The Authority believes that its objectives may appropriately be achieved by means of a public censure and the requirement to pay restitution, given that Tesco Stores Limited will pay a substantial penalty pursuant to the DPA, and given the exemplary co-operative approach taken by Tesco plc and Tesco Stores Limited both with the FCA and the SFO. The Authority has also had regard to the steps that both companies have taken since the misconduct to ensure that similar misconduct will not occur in future and to the exemplary conduct of the Tesco plc Board in the approach it has taken since the discovery of the overstatement in September 2014.

7. PROCEDURAL MATTERS

Decision maker

7.1. The decision which gave rise to the obligation to give this Notice was made by the Settlement Decision Makers.

7.2. This Final Notice is given under, and in accordance, with section 390 of the Act.

Publicity

7.3. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this notice relates. Under those provisions, the Authority must publish such information about the matter to which this notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to the person with respect to whom the action was taken or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.

7.4. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contacts

7.5. For more information concerning this matter generally, contact Joanna Simon (direct line: 020 7066 7418) or Tim Edgar (direct line: 020 7066 9522) of the Enforcement and Market Oversight Division of the Authority.

Mario Theodosiou
Project Sponsor
Financial Conduct Authority, Enforcement and Market Oversight Division

ANNEX 1: Relevant Statutory and Regulatory Provisions

STATUTORY PROVISIONS

1. The Authority's statutory objectives are set out in section 1B(3) of the Financial Services and Markets Act 2000 as amended by the Financial Services Act 2012 and include the integrity objective.
2. The Authority has the power under section 123(1) of the Act to impose a financial penalty where it is satisfied that a person has engaged in market abuse.
3. Section 118(1)(a) of the Act defines 'market abuse' as "*behaviour (whether by one person alone or by two or more persons jointly or in concert) which –*
 - (a) *occurs in relation to:*
 - (i) *qualifying investments admitted to trading on a prescribed market;*
...an
d
 - (b) *falls within any one or more of the types of behaviour set out in subsections (2) to (8)."*
4. Section 118(7) sets out the behaviour that will amount to the dissemination of false or misleading information:

"... where the behaviour consists of the dissemination of information by any means which gives, or is likely to give, a false or misleading impression as to a qualifying investment by a person who knew or could reasonably be expected to have known that the information was false or misleading."
5. Section 118A(1) states that behaviour is taken into account if it occurs:
 - (a) *in the United Kingdom, or*
 - (b) *in relation to—*
 - (i) *qualifying investments which are admitted to trading on a prescribed market situated in, or operating in, the United Kingdom ..."*
6. Section 123(2) of the Act provides a defence to the Authority imposing a penalty for market abuse:

"But the Authority may not impose a penalty on a person if ... there are reasonable grounds for it to be satisfied that –

(a) he believed, on reasonable grounds, that his behaviour did not fall within paragraph (a) or (b) of subsection (1), or

(b) he took all reasonable precautions and exercised all due diligence to avoid behaving in a way which fell within paragraph (a) or (b) of that subsection."

7. Section 123(3) of the Act provides the Authority with a power to issue a public statement:

"if the [Authority] is entitled to impose a penalty on a person under this section it may, instead of imposing a penalty on him, publish a statement to the effect that he has engaged in market abuse."

8. Section 384(2)-(3) of the Act provides the Authority with the power to require restitution:

"(2) The [Authority] may exercise the power in subsection (5) if it is satisfied that a person ("the person concerned")

(a) has engaged in market abuse...

And the condition in subsection (3) is fulfilled,

(3) The condition is – ...

(b) that one or more persons have suffered loss or been otherwise adversely affected as a result of the market abuse."

9. Section 384(5) of the Act provides the Authority with the power to require restitution:

"The power referred to in [subsection (2)] is a power to require the person concerned, in accordance with such arrangements as the regulator exercising the power (the "regulator concerned") considers appropriate, to pay to the appropriate person or to distribute among the appropriate persons such amount as appears to the regulator concerned to be just having regard –

(b) in a case within paragraph (b) of subsection (1) or (3), to the extent of the loss or other adverse effect"

HANDBOOK PROVISIONS

Decision Procedures and Penalties manual ("DEPP")

10. Section 124 of the Act requires the Authority to issue a statement of policy with respect to the imposition of penalties for market abuse and the

amount of such penalties. The Authority's policy in this regard is contained in Chapter 6 of DEPP as applicable from 6 March 2010. In deciding whether to exercise its power to impose a financial penalty under section 123 of the Act, the Authority must have regard to this statement.

11. DEPP 6.2 sets out a number of factors to be taken into account when the Authority decides to take action for a financial penalty. The factors are not exhaustive, but include the nature and seriousness of the suspected breach and the conduct of the person after the breach.
12. In deciding whether to exercise its power under section 123 of the Act in the case of any particular behaviour, the Authority must have regard to the statement of policy published under section 124 of the Act. In determining the penalty to be imposed on Tesco plc and Tesco Stores Limited, the Authority has had regard to DEPP 6.
13. DEPP 6.3 sets out factors which the Authority may take into account in determining whether the conditions in section 123(2) of the Act are met. Relevant factors include:
 - (a) whether, and if so to what extent, the behaviour in question was or was not analogous to behaviour described in the Code of Market Conduct as amounting or not amounting to market abuse (DEPP 6.3.2(1)G);
 - (b) whether the Authority has published any guidance or other materials on the behaviour in question and if so, the extent to which the person sought to follow that guidance or take account of those materials. The Authority will consider the nature and accessibility of any guidance or other published materials when deciding whether it is relevant in this context and, if so, what weight should be given (DEPP 6.3.2(2)G);
 - (c) the level of knowledge, skill and experience to be expected of the person concerned (DEPP 6.3.2(4)G);
 - (d) whether, and if so to what extent, the person can demonstrate that the behaviour was engaged in for a legitimate purpose and in a proper way.
14. DEPP 6.4 sets out factors which the Authority may take into account in determining whether to impose a financial penalty or public censure. These factors include:
 - (a) whether or not deterrence may be effectively achieved by issuing a public censure (DEPP 6.4.2(1)G);
 - (b) if the breach is more serious in nature or degree, this may be a factor in favour of a financial penalty, on the basis that the sanction should reflect the seriousness of the breach; other things being

equal, the more serious the breach, the more likely the Authority is to impose a financial penalty (DEPP 6.4.2(3)G);

- (c) if the person has admitted the breach and provides full and immediate cooperation to the Authority, and takes steps to ensure that those who have suffered loss due to the breach are fully compensated for those losses, this may be a factor in favour of a public censure, rather than a financial penalty, depending on the nature and seriousness of the breach (DEPP 6.4.2(5)G).

ANNEX 2

ARRANGEMENTS PURSUANT TO WHICH TESCO PLC AND TESCO STORES LIMITED ARE TO PAY RESTITUTION

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Definitions

1. The definitions used in the Final Notice continue to apply in this Annex. In addition, in this Annex, the following definitions will apply:

“Administrator” means such Person as is appointed from time to time to administer the Scheme on behalf of Tesco and Tesco Stores Limited.

“Beneficial Owner” means the Person or Persons with the ultimate right to receive the income and the proceeds of sale from the Relevant Securities. For the avoidance of doubt, where a fund has purchased or sold Relevant Securities, it is the fund not the investors in the fund that is the Beneficial Owner.

“Claim Form” means the form for the filing of claims in accordance with the terms of this Scheme. The Claim Form will require, at a minimum, sufficient documentation evidencing Potential Claimants’ sales or purchases of Relevant Securities pursuant to Eligible Transactions during the Relevant Period, as well as details of a valid bank account for the purposes of enabling the Administrator to make any Compensation Payment offered. The Claim Form will also provide sufficient instructions to enable Potential Claimants to calculate the value of their claim (excluding interest) in the Scheme and state it on the Claim Form. References to the “Claim Form” throughout this scheme includes a Claim Form in both paper and online form (as appropriate).

“Claims Packet” means the materials relevant to submitting a claim that may be provided to Potential Claimants who request such materials. These materials will comprise of a copy of this Annex, the Release and a Claim Form providing sufficient instructions for completing the Claim Form.

“Compensation Payment” means a payment to an Eligible Claimant of its Restitution Amount (less any tax that the Administrator considers must be withheld) in accordance with the terms of this Scheme.

“Days” means calendar days, unless otherwise specified herein.

“Determination Notice” means the notice to be sent by the Administrator to Potential Claimants in accordance with paragraph 18 below.

“Eligible Claimant” means a Potential Claimant who is determined by the Administrator to have a valid claim in this scheme. Eligible Claimants do not include:

- i. any Person who, as of the claims filing deadline, is the subject of criminal charges or a criminal conviction related to the August Statement;
- ii. any assignee, heir, or controlled entity of any of the Persons described in i above;
- iii. any assignee of another Person's right to obtain compensation under this scheme (for the avoidance of doubt, this shall not prevent a claim being made on behalf of an Eligible Claimant by a person holding a Power of Attorney or otherwise acting as agent of the Eligible Claimant); and/or
- iv. any Person who has already settled claims against Tesco in respect of the August Statement.

"Eligible Transaction" means any purchase or sale of Relevant Securities under which Relevant Securities are delivered in exchange for cash within the standard settlement cycle at the time of the transaction (plus one day) for such securities, but excluding any such purchase or sale or acquisition or disposal of Relevant Securities that is pursuant to a repo or a stock lending transaction or any financing transaction. For the avoidance of doubt, swaps, options or other derivative products (including, without limitation, forwards and futures) or synthetic products do not constitute Eligible Transactions.

"Further Determination Notice" means the further determination notice to be sent by the Administrator to Potential Claimants in accordance with paragraph 24 below.

"Institutional Investor" means an entity which is, or is part of, a sovereign wealth fund, government, government agency, central bank, bank, insurer, investment company or investment partnership, asset manager or investment fund (including hedge funds, mutual funds and pension funds) that is in the business of investing in securities on its own account for profit and which invested on its own account in respect of the Relevant Securities that are the subject of its claim under the Scheme. For the avoidance of doubt, a Person invests on its own account in respect of Relevant Securities where that Person, and not another Person, becomes the Beneficial Owner as a result of the purchase.

“Interest” means:

- i. In respect of Eligible Claimants who are Institutional Investors, simple interest calculated at the rate of 1.25% per annum from 19 September 2014 to a date 120 days after the Scheme Commencement Date; and
- ii. In respect of Eligible Claimants who are not Institutional Investors, simple interest calculated at the rate of 4% per annum from 19 September 2014 to a date 120 days after the Scheme Commencement Date.

“Net Relevant Bond Purchases” means in respect of each issue of Relevant Bonds, the aggregate nominal value of bonds purchased by the Potential Claimant in the Relevant Period pursuant to Eligible Transactions, less the sum of:

- i. the aggregate nominal value of Relevant Bonds sold by the Potential Claimant in the Relevant Period pursuant to Eligible Transactions in respect of that same issue; and
- ii. the aggregate nominal value of Relevant Bonds in respect of that same issue referenced in Related Transactions entered into by that Potential Claimant.

“Net Relevant Share Purchases” means the number of Relevant Shares that were purchased by a Potential Claimant in the Relevant Period pursuant to Eligible Transactions, less the sum of:

- i. the number of Relevant Shares that were sold by a Potential Claimant in the Relevant Period pursuant to Eligible Transactions; and
- ii. the number of Relevant Shares referenced in Related Transactions entered into by that Potential Claimant.

“Notice of Acceptance” means a notice which an Eligible Claimant must sign and deliver to the Administrator if it wishes to accept the Restitution Amount offered to it under the Scheme in a Determination Notice or a Further Determination Notice.

“Person” means natural individuals as well as legal entities.

“Plan of Compensation” means the methodology by which a Potential Claimant’s Restitution Amount is to be calculated. The Plan of Compensation is located in paragraphs 36 to 38 below.

“Potential Claimants” means a Person or Persons who were in the Relevant Period a Beneficial Owner of Relevant Securities and who have, or assert that they have, possible claims to recover under the Scheme.

“Related Transaction” means any of the following:

- i. a swap, an option or other derivative product (including, without limitation, forwards and futures) or synthetic product which, at the relevant time, referenced Relevant Securities (and not other securities) and which had the economic effect of mitigating risks arising from purchases made during the Relevant Period of Relevant Securities pursuant to Eligible Transactions; or
- ii. any other transaction which, at the relevant time, referenced Relevant Securities (and not other securities), which was connected with purchases of Relevant Securities pursuant to Eligible Transactions during the Relevant Period. In this context “connected with” means that the transaction entered into had the economic effect of mitigating risks arising from purchases during the Relevant Period of Relevant Securities pursuant to Eligible Transactions.

No transaction pursuant to a repo or a stock lending transaction or any financing transaction shall be a Related Transaction.

“Release” is a release in the form of the draft attached as Appendix 1 which an Eligible Claimant who wishes to accept an offer made in a Determination Notice or a Further Determination Notice must sign and return to the Administrator as a condition of receiving a Compensation Payment.

“Relevant Bonds” means the bonds from the issues identified in Appendix 2.

“Relevant Shares” means Tesco PLC ordinary shares listed on the London Stock Exchange.

“Scheme” means these arrangements pursuant to which Tesco and Tesco Stores Limited are to pay Restitution Amounts as required by the Final Notice of which this Annex forms part.

“Scheme Commencement Date” means 31 August 2017 or such other date as may be agreed between the Administrator, Tesco and Tesco Stores Limited, and the Authority.

"Scheme Notice" means the written notice from the Administrator announcing the Scheme Commencement Date described in paragraph 6 below.

"Scheme Termination Date" means 30 November 2018.

"Tesco" means Tesco PLC.

Administration of the Scheme

A. Fund Administrator

2. Tesco and Tesco Stores Limited shall, as soon as reasonably practicable, appoint an Administrator satisfactory to the Authority. The Administrator will act as the agent of Tesco and Tesco Stores Limited. Tesco and Tesco Stores Limited shall ensure that the position of Administrator shall not be vacant at any time from the Scheme Commencement Date to the Scheme Termination Date.
3. The Administrator will be responsible for, and authorised to take such action as may be necessary for the purposes of, administering the Scheme in accordance with its terms. This will include, among other things, using reasonable endeavours to identify and contact Potential Claimants; establishing a website and a call centre to address inquiries during the claims process; developing a claims database; keeping appropriate records; taking such antifraud measures as are, in the reasonable opinion of the Administrator, appropriate, such as measures designed to identify false, ineligible and overstated claims; undertaking appropriate anti-money laundering and sanctions checks; making determinations under the criteria established herein as to Potential Claimant eligibility; notifying Potential Claimants of claim determinations; and disbursing compensation in accordance with this Scheme. Certain of these functions may be outsourced to third parties with the agreement of Tesco, Tesco Stores Limited and the Administrator.
4. The Administrator will share with the Authority, Tesco and Tesco Stores Limited reasonable details of the processes and policies that it proposes to have in place in order to carry out its functions in relation to the Scheme before such processes and policies come into force. The Administrator will also share with the Authority, Tesco and Tesco Stores Limited such other information in relation to the Scheme as any of them may reasonably request.
5. The Authority may require such amendments to be made to the Administrator's processes and policies as it considers are reasonable in order to ensure the

Scheme is carried out appropriately. The Authority shall allow Tesco, Tesco Stores Limited and the Administrator a reasonable opportunity to comment on those amendments and shall consider any comments made, prior to requiring an amendment.

B. Identification of and Notification to Potential Claimants

6. The Administrator will on the Scheme Commencement Date publish a notice announcing that it is ready to accept claims under the Scheme on the internet and/or in print media in a manner deemed appropriate by the Administrator and acceptable to the Authority, Tesco and to Tesco Stores Limited. The notice will include, at a minimum, a statement that the Scheme relates to investments in Relevant Securities, a brief description of eligibility requirements and the Release, details of the deadline by which Claim Forms must be submitted, instructions for obtaining and submitting a Claim Form and obtaining a copy of the Scheme.
7. The Administrator will establish and maintain a website devoted to the Scheme. The Scheme website will make available a copy of the Scheme, provide information regarding the claims process and eligibility requirements for participation in the Scheme, including in the form of frequently asked questions, provide an online claims portal for Potential Claimants wishing to submit their claims online, include a copy of a Claim Form, Release and related materials in downloadable form, and such other information covering process or substance that the Administrator, acting reasonably, believes will be beneficial to Potential Claimants to make the process as easy as reasonably possible for Claimants while preserving the integrity of the Scheme. The Authority retains the right to review and require reasonable amendments to any material posted on the Scheme website. The Authority shall allow Tesco, Tesco Stores Limited and the Administrator a reasonable opportunity to comment on those amendments and shall consider any comments made, prior to requiring an amendment.
8. Persons also may obtain a copy of the Scheme on the Authority's website.
9. The Administrator will establish and maintain telephone numbers (including freephone numbers for callers from the USA and the UK) for Potential Claimants to call to speak to a representative of the Administrator during its regular business hours or, outside of such hours, to hear pre-recorded information about

the Scheme. The Administrator will also establish and maintain a postal address which will be listed on the Scheme website.

10. The Administrator will promptly provide a Claims Packet to any Potential Claimant, or person who considers that they may be a Potential Claimant, who asks for a Claim Form and provides contact details to which it can be sent.
11. The Administrator will take reasonable steps to identify and contact all Beneficial Owners of Relevant Shares and Relevant Bonds during the Relevant Period. Throughout the period of its appointment, the Administrator will take reasonable steps to promote the Scheme and to ensure that Potential Claimants are given sufficient information to enable them to participate in the Scheme and are made aware of the steps they need to take and deadlines for taking those steps.

C. Claims Process

12. Claim Forms may only be submitted by Potential Claimants to the Administrator either:
 - (a) on the Administrator's online claims portal; or
 - (b) by post, to the postal address set up by the Administrator in accordance with paragraph 9 above.
13. Claim Forms submitted using other methods will not be accepted by the Administrator.
14. In all materials that refer to the claim filing deadline, the claim filing deadline will be clearly identified as the calendar date which is six months after the Scheme Commencement Date. To avoid being barred from asserting a claim in the Scheme, each Potential Claimant must ensure that the Administrator receives a completed Claim Form (via the Administrator's online claims portal or by post) before the deadline. It will be for Potential Claimants to prove receipt by the Administrator of a Claim Form.
15. Claim Forms must be properly filled out per the instructions set out on the Claim Form and signed (electronically or by hand, as appropriate) by each Potential Claimant. They must also be accompanied by such documentary evidence as is specified in the Claim Form (or as the Administrator may otherwise reasonably request) to substantiate the claim. Without limitation, this may include third party documentary evidence of Eligible Transactions in Relevant Securities during the

Relevant Period, and Related Transactions, as well as signed authorisations to third parties to release information to the Administrator.

16. The Administrator will review claim submissions and determine the eligibility of each Potential Claimant to participate in the Scheme by reviewing claim data and supporting documentation (or the lack thereof), verifying the claim, and calculating each Potential Claimant's loss pursuant to the Plan of Compensation. It will be for each Potential Claimant to prove the validity and amount of his or her claim, and that they qualify as an Eligible Claimant. The Administrator will have the right to request, and the Potential Claimant will have the burden of providing to the Administrator, any additional information and/or documentation deemed relevant by the Administrator. Any additional information supplied to the Administrator must be received no later than the deadline set for receipt by the Administrator, which must be a deadline that is reasonable in the circumstances. It will be for the Potential Claimant to prove receipt by the Administrator of such additional information/documentation within this timeframe.
17. The Administrator shall take reasonable steps to facilitate contact with it by Potential Claimants by establishing and maintaining the telephone numbers and postal address described in paragraph 9 above. In this regard, Potential Claimants may request copies of the Claim Form, ask questions about the Release, about how to complete and file the Claim Form, how to provide any further information required or requested by the Administrator, and to inquire about their claim. The Administrator will not, however, give legal or tax advice and will not, in responding to any questions, be assuming any duty of any kind, including a duty of care, to Potential Claimants.
18. As soon as reasonably practicable following the review of a Potential Claimant's Claim Form and supporting information and documentation, the Administrator will send a Determination Notice to all Potential Claimants who have filed a Claim Form.
19. All Determination Notices will state the Administrator's determination in respect of the validity of a Potential Claimant's claim and state whether the Administrator considers that a Potential Claimant's claim is:
 - (a) wholly valid;
 - (b) partly valid; or
 - (c) wholly invalid.

20. Except where the Administrator accepts that a Potential Claimant's claim is wholly valid, the Determination Notice will give reasons for the Administrator's determination.
21. Determination Notices in respect of wholly valid or partly valid claims will state the Restitution Amount being offered. Determination Notices in respect of wholly invalid claims will confirm that no Restitution Amount is being offered.
22. Determination Notices offering Restitution Amounts to Eligible Claimants (in respect of **wholly valid** or **partly valid** claims) will enclose a Notice of Acceptance and a Release. Eligible Claimants must, if they wish to accept the Restitution Amount offered in their Determination Notice, deliver to the Administrator a copy of the signed and completed Notice of Acceptance and a copy of the signed and completed Release. An Eligible Claimant will not receive its Compensation Payment unless a signed and completed Notice of Acceptance and a signed and completed Release has been received by the Administrator within the time limit required by the Administrator, which must be a reasonable time limit in the circumstances. It will be for the Eligible Claimant to prove receipt of the signed and completed Notice of Acceptance and signed and completed Release by the Administrator. Eligible Claimants will therefore be instructed to submit these documents to the Administrator in a manner that will enable them to prove receipt by the Administrator.
23. Following the receipt of a Determination Notice in respect of a **partly valid** or **wholly invalid** claim, a Potential Claimant will have one opportunity to request reconsideration of their claim by the Administrator and provide further information and documentation to substantiate the basis upon which the Potential Claimant is requesting such reconsideration. Any further information and documentation must be received by the Administrator within the time limit required by the Administrator, which must be a reasonable time limit in the circumstances.
24. As soon as reasonably practicable following the review of any further information and documentation received from a Potential Claimant in connection with a request to reconsider its claim, the Administrator will send a Further Determination Notice to such Potential Claimants.
25. A Further Determination Notice will state the Restitution Amount being offered or confirm that no Restitution Amount is being offered. Further Determination Notices offering Restitution Amounts to Eligible Claimants will enclose a Notice of

Acceptance and a copy of the Release. Eligible Claimants must, if they wish to accept the Restitution Amount offered in their Further Determination Notice, deliver to the Administrator a copy of the signed and completed Notice of Acceptance and a copy of the signed and completed Release. Eligible Claimants will not receive their Compensation Payments unless a signed and completed Notice of Acceptance and a signed and completed Release has been received by the Administrator within the time limit required by the Administrator, which must be a reasonable time limit in the circumstances. It will be for Eligible Claimants to prove receipt of the signed and completed Notice of Acceptance and signed and completed Release by the Administrator. Eligible Claimants will therefore be instructed to submit these documents to the Administrator in a manner that will enable them to prove receipt by the Administrator.

26. A Potential Claimant will not have the opportunity to request a further reconsideration of their claim following the receipt of a Further Determination Notice.
27. The Administrator will determine any question of fact arising in relation to any claim made under the Scheme on the basis of the balance of probabilities.
28. Following the issuance of a Determination Notice, if within the required time limit, the Administrator has not received from a Potential Claimant: (i) a signed and completed Notice of Acceptance and a signed and completed Release; or (ii) a request for a reconsideration of their claim supported by further information and documentation, the Potential Claimant's participation in the Scheme will be terminated, the Potential Claimant will not receive any Compensation Payment and the Potential Claimant will not be entitled to submit a further claim into the Scheme.
29. Following the issuance of a Further Determination Notice, if within the required time limit, the Administrator has not received from a Potential Claimant a signed and completed Notice of Acceptance and a signed and completed Release, the Potential Claimant's participation in the Scheme will be terminated, the Potential Claimant will not receive any Compensation Payment and the Potential Claimant will not be entitled to submit a further claim into the Scheme.
30. Determination Notices and Further Determination Notices offering Restitution Amounts will inform Eligible Claimants whether, on the basis of the information they have submitted in writing, any tax is expected to be withheld from their Compensation Payment and will include a statement that the tax treatment of the

Compensation Payment (when paid out by the Administrator) is otherwise the responsibility of each Eligible Claimant.

31. Save in respect of the Scheme Commencement Date and the Scheme Termination Date, the Administrator may extend any deadline in respect of the Scheme at the request of a Potential Claimant, if the Administrator in its sole discretion is satisfied (a) that there is a compelling reason to do so; (b) that the extension is fair in all the circumstances; and (c) granting the extension would not prejudice the Administrator's ability to administer the Scheme in accordance with its terms.
32. The Administrator may, in its sole discretion, consider and determine disputes of any nature presented by Potential Claimants. In so doing, the Administrator will seek to reach a fair and impartial decision with the aim of giving proper effect to the requirements of this Scheme, but is not acting as an arbitrator. The Administrator shall be entitled to take advice from any person it considers to have expert knowledge. The Administrator will owe no duty of any kind, including a duty of care, to Potential Claimants.
33. All determinations made by the Administrator in accordance with the Scheme in any dispute, request for reconsideration, or request to cure a deficient claim will be final and not subject to appeal.
34. All determinations made by the Administrator in the Scheme will be made in good faith and it will act with integrity in all its dealings with Potential Claimants and treat them fairly in accordance with the rules and purposes of the Scheme. However, only the Authority may enforce any of the obligations arising in relation to the conduct of this Scheme. Nothing in this Scheme is intended to give any person other than the Authority any right of action in respect of the conduct of this Scheme. Neither Tesco, Tesco Stores Limited nor the Administrator will owe any duty of any kind, including a duty of care, to any Potential Claimant. For the avoidance of doubt, where Eligible Claimants submit a signed and completed Notice of Acceptance and a signed and completed Release within the time required, Tesco will owe those Eligible Claimants a contractual duty to make the Compensation Payment (subject to those Eligible Claimants passing appropriate anti-money laundering and sanctions checks and providing valid bank account details), and Tesco and those Eligible Claimants will be entering into a contract on the terms of the signed and completed Release.

35. The Potential Claimant has the burden of notifying the Administrator through the online claims portal or by post of a change in his or her current address and other contact information and his or her bank account details, and of ensuring that such information is received by the Administrator. The Administrator will otherwise be entitled to rely on the information provided previously by the Potential Claimant. The Administrator will ensure that Potential Claimants are clearly informed of this.

D. Plan of Compensation

36. The approach to compensation has been derived by looking at the fall in the price of Relevant Securities between close of trading on the London Stock Exchange on 19 September 2014 (the last trading date before the September Statement) and close of trading on the London Stock Exchange on 22 September 2014 (the day that the September Statement was made) and adjusting for economy-wide and industry-wide effects on price movements.
37. A Potential Claimant's Restitution Amount will be determined as follows:
- (a) The total, if positive, of:
- (i) the number of Net Relevant Share Purchases made by a Potential Claimant, multiplied by 24.5p per share; and
- (ii) the product of the following calculation in respect of each relevant bond issue:
- (A divided by B) multiplied by C
- Where A is the nominal value of Net Relevant Bond Purchases by a Potential Claimant;
- B is the nominal value in respect of the relevant bond as set out in column 6 of Appendix 2; and
- C is the amount in respect of the relevant bond as set out in Column 7 of Appendix 2;
- (b) Interest on the amount calculated in accordance with paragraph 37(a) above.
38. The date of any transaction for purposes of calculating Restitution Amounts is the "trade" date as distinguished from the "settlement" date.

E. Payment Process

39. The Administrator will notify Tesco promptly following the end of each week of all signed and completed Notices of Acceptance and signed and completed Releases received that week and provide Tesco with copies of the signed and completed Releases. Upon Tesco receiving notification from the Administrator of the Eligible Claimants that have provided signed and completed Notices of Acceptance and signed and completed Releases to the Administrator that week, Tesco shall:
- (a) within 14 days of such notification and subject to paragraphs 40 to 42 below, put the Administrator in funds to make the relevant Compensation Payments to the relevant batch of Eligible Claimants; and
 - (b) procure that, subject to paragraphs 40 to 42 below, the Administrator makes the relevant Compensation Payments to the Eligible Claimants within 14 days of receipt of funds from Tesco.
40. An Eligible Claimant's entitlement to receive any Compensation Payment is conditional upon the Administrator having completed to its satisfaction appropriate anti-money laundering and sanctions checks. The Administrator will conduct those checks as expeditiously as possible and the Administrator may ask Eligible Claimants for further information in order to complete those checks, if necessary. Nothing in this Scheme shall require Tesco, Tesco Stores Limited, the Administrator or any other Person to make a payment or procure the making of a payment to an Eligible Claimant when it would be unlawful to do so under any applicable law, including violating any applicable anti-money laundering and sanctions requirements.
41. In making a Compensation Payment to an Eligible Claimant, the Administrator shall pay the relevant amount to the bank account indicated on that Eligible Claimant's Claim Form or notified to the Administrator under paragraph 35. If no or invalid bank account details have been provided by an Eligible Claimant, the Administrator will make reasonable attempts to obtain valid bank account details. An Eligible Claimant's entitlement to receive any Compensation Payment is conditional upon it providing valid bank account details to the Administrator. Neither Tesco, Tesco Stores Limited nor the Administrator will be required to make a Compensation Payment unless valid bank account details have been provided by the Eligible Claimant.

42. In order to receive Compensation Payments under the Scheme, Eligible Claimants must have both submitted valid bank account details to the Administrator and also passed any applicable anti-money laundering and sanctions checks by 19 November 2018. Eligible Claimants that do not meet this deadline will not be entitled to receive a Compensation Payment.

F. Termination of the Scheme

43. Tesco shall make Compensation Payments within the time required under this Scheme, and notwithstanding any requirement under this Scheme (other than the requirements of paragraph 42), all Compensation Payments determined by the Administrator to be payable pursuant to the Scheme must be made by the Scheme Termination Date.
44. As soon as reasonably practicable after the Scheme Termination Date, the Administrator will shut down the website and telephone lines established specifically for the administration of the Scheme and will take steps to terminate any ongoing contracts with third party suppliers.

G. Reporting

45. The Administrator shall give a written report on the progress of the Scheme to Tesco and Tesco Stores Limited on or around the last working day of each month (or as otherwise agreed), up to and including the Scheme Termination Date. Tesco and Tesco Stores shall provide the monthly report to the Authority within 7 days of receiving it from the Administrator. Prior to providing the monthly report to the Authority, Tesco and Tesco Stores may provide their comments on the monthly report to the Administrator and seek to agree amendments to the monthly report with the Administrator. The Administrator will only be required to accept amendments to the monthly report that it considers to be reasonable and appropriate.
46. The monthly report will include such information as the Authority reasonably requires and the Administrator is reasonably able to provide, including as a minimum details on: the number of claims received, Determination Notices and Further Determination Notices sent out, offers accepted and the amount of Compensation Payments offered and made. The Authority shall allow Tesco and Tesco Stores Limited a reasonable opportunity to comment on the information to be included in the monthly report and shall consider any comments made, prior to requiring that the information be included.

Appendix 1
Release

i. **THIS AGREEMENT** is made on

ii. BETWEEN:

(1)

(2)

(3)

(the **Claimant(s)**); and

(4) **TESCO PLC**, a company incorporated in England and Wales having its registered office at Tesco House, Shire Park, Kestrel Way, Welwyn Garden City, AL7 1GA (**Tesco**).

1. BACKGROUND

A. Following a settlement agreement between the Financial Conduct Authority (**FCA**), Tesco and Tesco Stores Limited (**Tesco Stores**), the FCA has issued a Final Notice (**Final Notice**) dated 28 March 2017 requiring Tesco and Tesco Stores to provide restitution to qualifying persons pursuant to arrangements set out in Annex 2 of the Final Notice;

B. Tesco and Tesco Stores have offered to make a Compensation Payment (as defined below) to the Claimant(s) pursuant to the Scheme.

2. DEFINITIONS AND INTERPRETATION

2.1 In this Agreement, in addition to terms defined in the Final Notice, including Annex 2 to the Final Notice, and unless the context otherwise requires, the following terms shall have the following meaning:

Claim means any actual or potential claim or cause of action of any kind or nature whatsoever, whether based on allegations of fraud or dishonesty or not,

whether direct or indirect, whether known or unknown, suspected or unsuspected, foreseen or unforeseen, contingent or actual, present or future, whether or not asserted or identified or yet accrued, including claims for costs and interest, however and whenever arising and in whatever capacity and jurisdiction.

Party means a party to this Agreement.

Proceedings means any legal, judicial, arbitral, administrative, regulatory or other action or proceedings in any jurisdiction whatsoever.

Related Parties means:

- i. Tesco's subsidiaries, affiliates, directors, officers or employees or former directors, officers or employees; and
- ii. KPMG LLP in its capacity as Administrator of the Scheme, together with its partners, directors, agents and employees.

Released Claims means:

- i. any claims arising out of or in any way connected with the publication of the August Statement; and
- ii. any claims arising out of or in any way connected with the administration of the Scheme.

For the avoidance of doubt, Released Claims do not include claims arising out of or in any way connected with the publication of statements by Tesco prior to the August Statement.

Released Parties means Tesco and any of the Related Parties.

Scheme Determination Notice means either a Determination Notice or, if the Claimant(s) was/were sent a Further Determination Notice, a Further Determination Notice.

- 2.2 Clause headings are for convenience only and are not to be taken into account in the interpretation of this Agreement.

3. SETTLEMENT AND RELEASE

3.1 This Agreement is executed in full and final settlement of, and the Claimant(s) hereby release(s) and forever discharge(s), all Claims against the Released Parties in respect of the Released Claims.

3.2 In exchange, subject to paragraphs 40, 41 and 42 of the Scheme, Tesco will:

(a) within 14 days of receiving notification from the Administrator that it has received a signed and completed copy of this Release and a signed and completed Notice of Acceptance, put the Administrator in funds to pay the Restitution Amount offered in the Scheme Determination Notice sent to the Claimant(s); and

(b) within 14 days of the Administrator receiving those funds, procure that the Administrator pays to the Claimant(s) the Restitution Amount offered in the Scheme Determination Notice sent to them. The payment shall be made in accordance with the Claimant(s) instructions in the Claim Form.

3.3 If, by 19 November 2018, the Claimant(s) have failed to provide the Administrator with valid bank account details and/or have failed to pass any applicable anti-money laundering and sanctions checks applied by the Administrator, this Agreement will immediately terminate on that date and will cease to have any effect.

4. WARRANTY

4.1 The Claimant(s) warrants/warrant that:

(a) it has / they have the right to assert the Released Claims;

(b) it has / they have not assigned, transferred or otherwise disposed of any interest in the Released Claims; and

(c) it has / they have not already settled the Released Claims.

5. NO ADMISSION OF LIABILITY

5.1 None of the Released Parties make any admission of liability.

6. CLAIM FORM CONFIRMATIONS

- 6.1 The Claimant(s) agree(s) that if any of the confirmations given by it/them in the Claim Form are false or misleading, the Claimant(s) will return to Tesco any Compensation Payment that has been made to it/them under the Scheme and will indemnify the Administrator and Tesco against losses, costs and expenses incurred by them as a result of those false confirmations.

7. AUTHORITY TO SETTLE

- 7.1 Each of the Parties represents and warrants that its execution of this Agreement is authorised and that the person(s) executing the Agreement on its behalf have the authority to do so.

8. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

- 8.1 The Related Parties shall have the right to enforce clauses 3, 4 and 6 of this Agreement by reason of the Contracts (Rights of Third Parties) Act 1999. This right is subject to: (i) the right of the Parties to amend, terminate, vary or rescind this Agreement (including clauses 3, 3.34 and 6) without the consent of the Related Parties; and (ii) the other terms and conditions of this Agreement.
- 8.2 Except as provided in clause 8.1, nothing contained in this Agreement confers or purports to confer on any third party any benefit or any right to enforce any term of this Agreement pursuant to the Contracts (Rights of Third Parties) Act 1999.

9. EXISTING PROCEEDINGS

- 9.1 The Claimant(s) will immediately take all necessary steps to discontinue any Proceedings already brought by the Claimant(s) against the Released Parties in respect of the Released Claims.

10. ENTIRE AGREEMENT

- 10.1 This Agreement constitutes the entire agreement between the Parties relating to the subject matter of this Agreement. Each of the Parties acknowledges and confirms that in executing this Agreement, it is not relying upon any statement or representation made by or on behalf of any other Party, whether or not in writing, at any time prior to execution of this Agreement which is not expressly set out in this Agreement or in the Claim Form or other information or documentation submitted by the Claimant(s) to the Administrator. Each of the Parties expressly

agrees that it will not have any right of action in relation to any statement or representation, whether oral or written, made by or on behalf of the other Party which preceded the execution of this Agreement, unless such statements or representations were made fraudulently, or made in the Claim Form or other information or documentation submitted by the Claimant(s) to the Administrator.

11. VARIATION

11.1 This Agreement may be varied or modified only by the written agreement of the Parties.

12. COUNTERPARTS

12.1 This Agreement may be executed in any number of counterparts, and all of such counterparts taken together, shall be deemed to constitute one and the same instrument.

13. GOVERNING LAW

13.1 This Agreement and any non-contractual obligations arising out of or in connection with it shall be governed by, and interpreted in accordance with, English law.

14. JURISDICTION

14.1 The English courts shall have exclusive jurisdiction in relation to all disputes arising out of or in connection with this Agreement including, without limitation, disputes arising out of or in connection with any non-contractual obligations. For such purposes each Party irrevocably submits to the jurisdiction of the English courts and waives any objection to the exercise of such jurisdiction.

Signed by [*insert name*])
) [*insert scanned signature*]
for and on behalf of)
)
Tesco PLC)

iii.

[Signature Block B: Authorised persons signing on behalf of Claimants that are legal entities should use the signature blocks below – one signature is required per Claimant]

Signed by)
)
)
 for and on behalf of)
)
)

Signed by)
)
)
 for and on behalf of)
)
)

Signed by)
)
)
 for and on behalf of)
)
)

Appendix 2
Listed bonds

1	2	3	4	5	6	7
Issuer	Currency	ID_ISIN	Issue Date	Maturity	Nominal Value	Amount per nominal value set out in column 6
TESCO PLC	GBP	XS0105244585	14/12/1999	14/12/2029	1,000	GBP 20.11
TESCO PLC	GBP	XS0117308840	08/09/2000	08/09/2016	1,000	GBP 3.41
TESCO PLC	GBP	XS0137945373	05/11/2001	05/11/2025	1,000	GBP 12.92
TESCO PLC	GBP	XS0159013068	13/12/2002	13/12/2019	1,000	GBP 7.11
TESCO PLC	GBP	XS0159013142	13/12/2002	13/01/2033	1,000	GBP 21.05
TESCO PLC	GBP	XS0248392812	24/03/2006	24/03/2023	1,000	GBP 12.54
TESCO PLC	GBP	XS0248395088	24/03/2006	24/03/2036	1,000	GBP 4.98
TESCO PLC	GBP	XS0248395245	24/03/2006	24/03/2042	1,000	GBP 21.12
TESCO PLC	GBP	XS0289810318	05/03/2007	05/03/2057	50,000	GBP 1,228
TESCO PLC	GBP	XS0414345974	24/02/2009	24/02/2022	1,000	GBP 14.17
TESCO PLC	USD	US881575AA22	05/11/2007	15/11/2017	1,000	USD 3.47
TESCO PLC	USD	USG87621AK79	05/11/2007	15/11/2017	1,000	USD 2.73
TESCO PLC	USD	US881575AC87	05/11/2007	15/11/203	1,000	USD 32.37

				7		
TESCO PLC	USD	USG87621AL52	05/11/2007	15/11/203 7	1,000	USD 27.15
TESCO PLC	USD	US881575AE44	05/12/2011	05/12/201 4	1,000	USD 2.00
TESCO PLC	USD	USG87623JG33	05/12/2011	05/12/201 4	1,000	USD 2.00
TESCO PLC	USD	US881575AF19	05/12/2011	05/01/201 7	1,000	USD 3.05
TESCO PLC	USD	USG87623JH16	05/12/2011	05/01/201 7	1,000	USD 2.69
TESCO PLC	EUR	XS0295018070	10/04/2007	10/04/204 7	1,000	EUR 49.37
TESCO PLC	EUR	XS0386772684	12/09/2008	12/09/201 6	1,000	EUR 4.81
TESCO PLC	EUR	XS0414340074	24/02/2009	24/02/201 5	1,000	EUR 2.24
TESCO PLC	EUR	XS0697395472	02/11/2011	02/11/201 8	1,000	EUR 10.05
TESCO CORP TREASURY SERV	EUR	XS0992632702	12/11/2013	13/11/201 7	1,000	EUR 6.93
TESCO CORP TREASURY SERV	EUR	XS0992638220	12/11/2013	12/11/202 0	1,000	EUR 15.58
TESCO CORP TREASURY SERV	EUR	XS1082970853	01/07/2014	01/07/201 9	1,000	EUR 12.80
TESCO CORP TREASURY SERV	EUR	XS1082971588	01/07/2014	01/07/202 4	1,000	EUR 17.49
TESCO PROPERTY FIN 1 PLC	GBP	XS0425412227	25/06/2009	13/07/203 9	948.97	GBP 14.68
TESCO PROPERTY FIN 2 PLC	GBP	XS0347919028	23/09/2009	13/10/203 9	937.57	GBP 12.62
TESCO PROPERTY FIN 3 PLC	GBP	XS0512401976	07/07/2010	13/04/204 0	987.99	GBP 13.91

TESCO PROPERTY FIN 4 PLC	GBP	XS0588909878	09/02/2011	13/10/204 0	990.55	GBP 18.01
TESCO PROPERTY FIN 5 PLC	GBP	XS0735866583	31/01/2012	13/10/204 1	992.83	GBP 10.94
TESCO PROPERTY FIN 6 PLC	GBP	XS0883200262	13/02/2013	13/07/204 4	1,000	GBP 18.37
TESCO PERSONAL FINANCE	GBP	XS0591029409	24/02/2011	24/08/201 8	100	GBP 1.55
TESCO PERSONAL FINANCE	GBP	XS0710391532	16/12/2011	16/12/201 9	100	GBP 1.01
TESCO PERSONAL FINANCE	GBP	XS0780063235	21/05/2012	21/11/202 0	100	GBP 1.47