

## TESCO REDRESS SCHEME (the *Tesco Scheme*)

### FAQs

#### 1. Why has the FCA required the Tesco Scheme to be established?

On 29 August 2014 Tesco issued a trading update concerning its expected H1 2014/15 profit. That announcement was inaccurate and Tesco issued a corrective statement on 22 September 2014. As a result, the FCA has decided that Tesco should pay compensation to certain purchasers of Tesco shares and bonds in the period from 29 August to 19 September 2014: purchasers in this time period may have overpaid because of the inaccurate market announcement on 29 August 2014. The details of the Tesco Scheme are attached to the FCA's Final Notice dated 28 March 2017 which is on the FCA's website at [www.fca.org.uk/publication/final-notice/tesco-2017.pdf](http://www.fca.org.uk/publication/final-notice/tesco-2017.pdf). Certain details of the Tesco Scheme are also available on Tesco's website at [www.tescopl.com](http://www.tescopl.com) and on the website of KPMG, who will be appointed to act as the Administrator of the Tesco Scheme when it is launched, at [www.kpmg.co.uk/tesco-scheme](http://www.kpmg.co.uk/tesco-scheme).

The Tesco Scheme is entirely voluntary for claimants. If you decide not to file a claim under the Tesco Scheme, your rights against Tesco will remain unaffected. Your rights against Tesco in relation to the issues addressed by the Tesco Scheme will only be affected if you choose to accept an offer of compensation under it (see question 17 below).

#### 2. Who is eligible to participate in the Tesco Scheme?

Broadly those who were net purchasers of Tesco shares or certain listed Tesco bonds in the period from 29 August to 19 September 2014. There are some exceptions and qualifications. Under the Tesco Scheme, the party who will be considered the net purchaser is the beneficial owner of the shares/bonds (i.e. the person or entity that is the ultimate owner, even if they are held in the name of someone else, such as an agent). For the precise details and exact terms please refer to the FCA's Final Notice.

#### 3. What is the relevant date range for net purchases of shares and bonds?

The Tesco Scheme only relates to net purchases of the relevant shares or bonds between **29 August 2014 and 19 September 2014**. If you purchased shares or bonds outside of this date range you are not eligible to participate in the Tesco Scheme.

#### 4. What does a "net purchaser" of shares or bonds mean?

If somebody purchased more shares than they sold during the period 29 August to 19 September 2014 they will be a net purchaser. For bonds it is the same test, but only for the purchases/sales of the specific bond issues that are being compensated. There are some exceptions and qualifications. For the precise details and exact terms please refer to the Final Notice.

#### 5. If I am an eligible net purchaser, how much money will I be paid?

Each net purchaser of shares will be entitled to compensation of 24.5p per share purchased, plus interest at 1.25% per annum if the net purchaser is an institutional investor or 4% per annum if the net purchaser is a retail investor, in each case with such interest running from 19 September 2014 until 120 days after the opening of the scheme. Varying amounts are payable in respect of each relevant bond issue, again together with interest. There are some exceptions and qualifications relating, for example, to hedged transactions. For the precise details and exact terms please refer to the Final Notice.

The amounts to be paid per net share purchase and for net bond purchases have been determined by the FCA. The compensation is the difference in price of the relevant shares and bonds between market close on Friday 19 September 2014 and market close on Monday 22 September 2014, after Tesco PLC had announced in the morning of Monday 22 September 2014 that it had identified an overstatement of its expected profit. It has been further adjusted for other industry-wide effects on the market and is intended to compensate investors who purchased shares and bonds at a time when the price was inflated by the Tesco's trading statement of 29 August 2014.

**6. Why is interest limited to 120 days after the Commencement Date?**

All claimants who put in an eligible claim will receive interest from 19 September 2014 to 120 days after the scheme commences, even if their claim is determined earlier, or later, than this. The aim is to encourage claimants to put in their claim as early as possible. There is a real benefit in doing so.

**7. I did not buy Tesco shares or bonds during the period 29 August to 19 September 2014, but I did own Tesco shares or bonds at the time, so why am I not getting compensation too?**

The Tesco Scheme only compensates net purchasers of the relevant shares or bonds. The FCA has concluded that from the 29 August 2014, the price of the relevant shares and bonds was higher than it would have been if the trading update made that day contained the information which was then disclosed on 22 September 2014. The FCA has therefore concluded that it is only those who were net purchasers in the period from 29 August 2014 to close of trading on 19 September 2014 (i.e. the last trading date before the corrective announcement was published on 22 September 2014) who suffered loss that should be compensated under the Tesco Scheme.

**8. How much is Tesco likely to pay in total under the Tesco Scheme?**

The FCA has estimated the total amount that Tesco may have to pay under the Tesco Scheme as approximately £85 million, plus interest. Both the FCA and Tesco believe that this is a reasonable estimate.

**9. How do I apply to participate in the Tesco Scheme? How do I file a claim?**

KPMG will be instructed to act as the Administrator of the Tesco Scheme. Once the Tesco Scheme has been set up and is ready to accept claims there will be further announcements, including a full explanation as to how claims should be made and what documents will be required.

Following the opening of the Tesco Scheme, **claimants will have a period of six months to submit a claim** should they wish to participate.

**10. What can I do now to prepare to make a claim in the Tesco Scheme?**

When the Tesco Scheme opens, to make a claim you will need to provide evidence showing that you purchased Tesco shares or relevant bonds during the period 29 August 2014 to 19 September 2014. You will also need to provide evidence of any sales of Tesco shares or relevant bonds in this period. If you do not have records to hand, you may need to contact your broker to ask them to provide you with evidence of your transactions. Relevant evidence would include, for example, relevant monthly statements from around August and September 2014; and contract notes or exchange reports.

If your purchase of Tesco shares or relevant bonds hedged an exposure under derivatives such as (for example) contracts for differences or spread bets, you will also need to provide evidence of the relevant derivative transactions. Similarly, if your purchase of shares was hedged by derivative transactions during the period 29 August 2014 to 19 September 2014, you will need to provide evidence of them.

**When the Scheme opens, claimants will only have six months to submit a claim, so you should get your evidence ready now, to make sure you can submit your claim in time.**

**11. When will the Administrator be ready to deal with claims?**

It is anticipated that the Tesco Scheme will be ready before the end of August 2017. Further announcements will be made in respect of the opening and operating of the scheme in due course and, in particular, when the Administrator is ready to start considering claims.

**12. Why can the Administrator not be ready before?**

The FCA, the Administrator and Tesco are working to get the Tesco Scheme ready as soon as possible. However, setting up a scheme like this requires a considerable amount of work to ensure that it can run smoothly and efficiently, particularly building an online portal and the necessary IT support. Some of this preparation could only start now, after the Tesco Scheme had been publicly announced.

**13. The FCA's Final Notice gives little detail about how the Tesco Scheme will be run and what I will have to do. How/when will I know that?**

Further announcements will be made when the Administrator is ready to receive claims. The detail of the Tesco Scheme process, including how to make claims, will be given then.

**14. Who is responsible for deciding whether I get any money and, if so, how much I get?**

KPMG, who will be appointed as independent Administrator of the Tesco Scheme, will decide this and their decision is final.

If you are offered any compensation under the Tesco Scheme and decide to accept that compensation, you will be required to sign a release. By signing the release you will give up any legal rights against Tesco in respect of the publication of the August Statement and the administration of the Tesco Scheme (see also question 17 below). All other rights against Tesco remain unaffected. If you decide not to file a claim under the Tesco Scheme or not to accept compensation offered, your rights against Tesco in respect of the publication of the August Statement will remain unaffected.

**15. Is there any appeal from the Administrator's decision?**

The Administrator's decision in respect of claims will be final. If you do not participate in the Tesco Scheme or if, having claimed you decide not to accept any money, your rights as against Tesco will not be affected.

**16. Will I give up any legal rights against Tesco by claiming?**

No, you will not give up any rights against Tesco by claiming. You will, however, be required to sign a release of any claims against Tesco connected with the publication of the August Statement if you decide to accept an offer of compensation. All other rights against Tesco remain unaffected.

**17. Will I be required to give up any legal rights if I wish to accept an offer of compensation under the Tesco Scheme?**

Yes. If you wish to accept any offer of compensation under the Tesco Scheme you will be required to sign a release. In broad terms, this will release the Tesco Group from claims of any kind connected with the publication of the August Statement or the administration of the Tesco Scheme. It also releases the Administrator from claims of any kind connected with the administration of the Tesco Scheme. It is important that you read the terms of the release, which is attached to the Final Notice, carefully before signing it and if you are in doubt you should take legal advice as to its effect. All other rights against Tesco will remain unaffected.

**18. I have further queries, who can I contact?**

The details of the Tesco Scheme process are currently being worked on and no further information is available beyond that provided on Tesco's website at [www.tescopl.com](http://www.tescopl.com) and on KPMG's website at [www.kpmg.co.uk/tesco-scheme](http://www.kpmg.co.uk/tesco-scheme). Once further information is available, it will be provided on Tesco's and KPMG's websites which we recommend you continue to monitor.

At this stage, we are not ready to process or respond to queries from potential claimants and, therefore, no contact details are provided.

**19. Once the Tesco Scheme is commenced, how long will I have to wait for payment?**

Once the Tesco Scheme has started, Tesco will make funds available to KPMG so

payments can be made as quickly as possible. For claims that are accepted by KPMG, payment will be made as soon as possible after certain anti-money laundering and sanction checks have been completed in line with their legal and regulatory obligations.

**20. Can I claim for costs incurred in making my claim?**

No. You will need to bear your own costs of claiming. However, the Administrator is designing the claims process in such a way that claimants should not need to incur any significant costs, nor have a need for assistance from claim management companies.