

A photograph of a Tesco employee in a blue uniform and cap talking to a smiling customer in a supermarket aisle. The employee is on the left, wearing a blue cap and glasses. The customer is on the right, wearing a dark jacket and a grey hoodie. They are standing in a well-lit aisle with shelves of products in the background. A shopping basket filled with groceries is visible in the bottom right corner.

TESCO

Every little helps

**Your Invitation
to SAYE 2016**

YOUR ESP PORTAL ACTIVATION CODE IS:

Hello,

I'm delighted to let you know that applications for our Save As You Earn scheme open again on Friday 21 October 2016.

Our share savings scheme has been running for 16 years now, helping thousands of colleagues to buy Tesco shares at discounted prices and enjoy a holding in our business.

You'll find the option price on OurTesco.ie from 21 October with applications opening that day and closing at 5pm on 10 November.

Please take time to read this booklet, which explains how the scheme works, how you apply, and the choices you have if you're already participating in existing schemes.



Andrew Yaxley
Chief Executive
Tesco Ireland



**JOIN BY
5PM ON
10 NOVEMBER
2016**

So How Does Save As You Earn Work?

What is Save As You Earn (SAYE)?

It's a share saving plan which allows you to save cash or invest in Tesco shares at a discount which is set every year. You can save €12 to €500 directly from your net pay over a period of three or five years.

So how does it work?

Step 1:

When you join Save As You Earn, we give you a discount on the Tesco share price (known as the Option Price) – you will see this on posters and www.ourtesco.ie from 21 October.

Step 2:

You decide how much you want to save into the scheme, and for how long.

You can choose to save between €12 and €500 over a period of three or five years.

The maximum amount set by the Department of Finance that you can save into SAYE across any existing schemes (including the 2016 scheme) would be €500 in total.

For example if you are already saving €200 the maximum you could contribute this year would be €300 or alternatively you could cancel all your existing schemes and save the maximum of €500 for just one scheme. If you choose to save the maximum of €500 this year, it will mean you will not be able to participate in any future schemes until you either cancel this scheme or you reach the end of the scheme.

Once you've decided on whether you want to save in a three or five year scheme and on the amount you want to save every four weeks (deducted directly from your net pay) you won't be able to change these later on so it's worth thinking carefully now about how much you can afford to save and for how long. You can choose to stop saving and take your savings back at any time free of charge.

Both plans work in the same way, the only differences are the period of time you choose to save for and whether there is bonus.

Step 3:

In December you'll receive your Option Certificate.

Deductions from your net pay will commence from January 2017 and paid to your Save As You Earn (SAYE) account that is held with Barclays Bank PLC.

Step 4:

At the end of your three or five year savings term you have the following choices:

- 1) If the actual share price is above the Option price, you can choose to use your savings to buy shares at the Option Price benefit from any increase and potentially making a profit.
- 2) If the share price is below the Option price at the end of the three or five year scheme you can still have your savings repaid to you (with bonus*) in cash.

The bonus is payable on the five year scheme and is 0.5 times your four-weekly contribution. There is no bonus on the three year scheme.

Important Tax Information

USC and PRSI

At the end of your savings contract, if you use your savings to buy shares, the potential profit or Exercise Gain will be subject to USC and PRSI. The Exercise Gain is calculated as the difference between the actual share price on the date you buy the shares in three or five years time and the Option Price. The USC and PRSI will be deducted from your net pay via payroll. If you take your savings as cash no USC or PRSI is triggered.

*The bonus is only applicable for the 5 year scheme.

Here's an example of how it might work if you saved €60 every four weeks in a 3 year scheme:

Deductions made from your net pay every four weeks

€60

Savings accumulated at the end of your savings period

€2,160
(€60 x 36 months)

If the Option Price of the shares was £1.80, the number of shares you could buy is...

1,200 shares
(€2,160 divided by £1.80)

If the actual share price in three years' time increases to £2.50 per share, your 1,200 shares would be worth

€3,000
(1,200 x £2.50)

Potential Profit you could make through SAYE

€840
(€3,000 – €2,160)

- For a three year scheme you make 36 four-weekly contributions which is equivalent to 144 weekly contributions and in a five year scheme you make 60 four-weekly contributions which is equivalent to 240 weekly contributions.
- The maximum number of shares is determined by your savings, the share price and the exchange rate at the time of the grant.
- All figures are for example purposes only. Figures have been rounded to the nearest £ or € and calculations based on an exchange rate of 1 Euro to 1 Pound Sterling, and assume no change in exchange rates over time.
- If the Euro weakens you can use all the funds saved plus bonus to buy shares. This will be less than the maximum number of shares over which your option was granted.
- If the Euro strengthens, you can acquire up to a maximum number of shares over which your option was granted. The excess savings will be refunded to you.



Welcome to your

Invitation Period

21 October 2016

Invitation date and discounted Option Price set.



10 November 2016

5pm closing date for applications.



16 November 2016

Share options granted.



Early December 2016

Option certificates posted.

Salary Deductions

January 2017

First payroll deduction from net salary.



February 2017

Contract start date.

If you're new to joining the SAYE scheme:

You just need to decide how much you want to save and for how long, then sign up between 21 October and 10 November.

If you're already a member of the SAYE scheme you may want to consider reviewing your existing schemes.

If you are already taking part in SAYE:

You can view details of existing SAYE schemes through the ESP Portal.

If you're part of more than one SAYE scheme, but have not reached the maximum savings amount:

You could choose to:

Keep your existing schemes open and also join this year's scheme or close your existing schemes and increase the amount you can save into this year's scheme.

If you're already participating in Save As You Earn and saving the €500 maximum across your schemes, you will need to decide whether you want to close any existing schemes you pay into so you can join this year's scheme.

Equiniti Employee Share Plans (ESP) Portal

Managing all your shares online... made simple

The ESP Portal allows you to:

- Apply for Save As You Earn and give an instruction for maturing Save As You Earn schemes.
- See details of any Tesco Ordinary shares you might hold.
- Cancel Save As You Earn schemes and receive a repayment of your savings.

With the ESP Portal

You can manage all your colleague share plans online.

When you have registered for the ESP Portal we will send you all future communications about your share schemes by email where possible.

What's next?

Before you can use the ESP Portal you will need to activate the account Equiniti have created for you.

To activate your ESP Portal account simply:

Visit <http://www.shareview.co.uk/Clients/tescoireland> and follow the links to the ESP Portal home page where you can register using your personal activation code on page two of this booklet.

By registering, you apply to join the SAYE scheme which is run in accordance with the scheme rules on which we intend to rely. Full terms and conditions, Bank Prospectus and the Financial Services Compensation Scheme Information Sheet and Exclusions list referred to therein have been made available on www.shareview.co.uk/clients/tescoireland. These form the basis on which our services will be provided to you. For your own benefit you should read these terms carefully before giving an application instruction. If you do not understand any point please call +44 121 415 0266. By applying to join the scheme you acknowledge that you have read the Financial Services Compensation Scheme Information Sheet and Exclusions list.

If you would like to receive a copy of this brochure in an alternative format, for example Braille or Audio Tape, please contact Equiniti on +44 121 415 0266.

SAYE Journey



Life of the savings contract

Watch your savings build up...

You can take a look at your savings progress anytime on the ESP Portal.



Start thinking...

What will you do with your savings?

Will you buy shares or take your savings back?

Perhaps treat yourself to a holiday or some home improvements?

Maturity

February 2020

Three year options contract matures and shares are available to buy.



February 2022

Five year options contract matures and shares are available to buy.

Deductions will stop in October 2019 and August 2021 for the three and five year schemes respectively dependent on tax weeks and payroll cycle.

How do I Apply?

Choose from two simple ways to apply by 5pm on 10 November – by telephone or online.

All you will need is your Colleague Payroll Number (shown on your payslip), your Date of Birth and your Activation Code (if applying online). To be eligible for this year's Save As You Earn scheme you need to have completed at least one year's service as of 21 October 2016.



Online

Visit www.shareview.co.uk/clients/tescoireland and follow the on-screen instructions. If you've not yet registered for the Equiniti Employee Share Plans (ESP) Portal, you'll need your activation code, which is displayed on Page 2.

Once you have submitted your application you will see a confirmation page, please review and print or save this page and keep it until you get your Option Certificate by email. You will be given the choice to cancel your existing schemes allowing you to save the maximum amount of €500 in this year's scheme.



Telephone

Call **1890 812 730** and follow the instructions you hear.

The call should take no more than three minutes and can be made at any time of the day. At the end of the call please make a note of the confirmation number as this will validate your application.

When you apply online you will be given the choice to cancel your existing schemes allowing you to save the maximum of €500 in this year's scheme.

Keep this until you get your Option Certificate in the post.

Where can I get more information on Save As You Earn?

You can read more commonly asked questions and full terms and conditions for the scheme at www.OurTesco.ie



Telephone and Online registration services close at 5pm 10 November 2016

Late applications cannot be accepted

Save As You Earn Participation Agreement

Tesco PLC Irish Savings-Related Share Option Scheme (2000) Important document please retain this in a safe place.

Please note the price of shares and any income from them may go down as well as up.

SCHEME TERMS AND CONDITIONS SAVE AS YOU EARN CONTRACT

I apply to open a Save As You Earn account with Barclays Bank PLC (‘the Bank’ or BBPLC). I authorise the Bank and Equiniti Limited (‘Equiniti’) as scheme administrators to provide Tesco PLC with information relevant to the Save As You Earn Scheme. These instructions remain in force until cancelled by me in writing and I agree to be bound by the conditions below. The payments under this contract shall not start earlier than 1 February 2017.

If my application is accepted I authorise my employer to make the deductions indicated above from my net pay for the period of my Save As You Earn contract and deposit such amount in my Save As You Earn account.

I apply to be granted an Option to acquire Ordinary Shares of Tesco PLC in accordance with the terms and conditions of the Scheme, with the proceeds including bonus of my Save As You Earn contract with the Bank.

I authorise the Company to reduce the amount of contributions and amend my application form accordingly under the terms of the Scheme if there are insufficient Shares available to satisfy all applications in full.

DECLARATION

I understand that a copy of the Barclays Bank PLC Save As You Earn Certified Contractual Savings Scheme (May 2015) is available on request to Tesco Share Schemes, Smile Building, 1st Floor, Shire Park, Welwyn Garden City, AL7 1TW, United Kingdom and that Equiniti Limited will administer the scheme on behalf of Tesco PLC. Barclays Bank PLC will act as the savings carrier for the scheme.

I declare:

- that I am 16 years of age or over;
- that I am eligible to participate in the Scheme relevant to this application which has been arranged by my employer;
- that this savings contract will not breach the restrictions in paragraph 21 of the Barclays Bank PLC prospectus.

I understand that if this declaration is untrue in any respect, any interest or bonus payable under this Scheme will be forfeited.

DATA PROTECTION

Your personal information will be treated as confidential and will only be disclosed outside of Equiniti in the following circumstances: where the law permits or it is in the public interest; to investigate or prevent fraud, to Equiniti agents in connection with running accounts and services for you; at your request or with your consent; to Tesco PLC so they may update their own records about you. In accordance with the Data Protection Act you are entitled, on payment of a fee, to a copy of the information that Equiniti hold about you. You should let Equiniti know if you think any information they hold about you is inaccurate, so they can correct it.

BARCLAYS BANK PLC

Barclays is a UK-based financial services group, with a large international presence in Europe, the USA, Africa and Asia. It is engaged primarily in banking, investment banking and investment management. In terms of market capitalisation, Barclays is one of the largest financial services companies in the world.

Barclays Bank PLC is registered in England and authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority, Registered No. 1026167. Registered Office: 1 Churchill Place, London E14 5HP. The main business of BBPLC is banking.

1. Your information

1.1 Barclays will store and process your information on Barclays computers and in any other way. By “your information” Barclays means personal and financial information Barclays obtains from you, your Employing Company and other Barclays group companies or other organisations in anticipation of you applying and being accepted for a Savings Contract, during the term of the Savings Contract and in relation to the exercise of the Option under the Scheme.

1.2 Barclays will use your information to manage and administer your Savings Contract and Option, give you statements, and to develop and improve Barclays’ services to you and other customers and protect the Barclays’ interest.

1.3 Barclays may give information about you and your Savings Contract to the following:

- The Employing Company and its agents or service providers where disclosure is necessary to enable Barclays to discharge its duties and obligations in the management and administration of the Savings Contract and Option on the understanding that they will keep the information confidential.
- People who provide a service to Barclays or who are acting as its agents, on the understanding that they will keep the information confidential.
- Equiniti Limited in connection with running accounts and services for you.
- Tesco PLC so they may update their own records about you.
- Anyone to whom Barclays transfers or may transfer its rights and duties under this agreement.
- Where Barclays has a duty to do so or if the law allows Barclays to do so. Otherwise Barclays will keep information about you confidential.

1.4 Your information will be held in the UK. If Barclays transfers your information to a service provider or agent in another country, Barclays will make sure that the service provider or agent agrees to apply the same level of protection as Barclays is required to apply to information held in the UK and to use your information only for the purpose of providing the service to Barclays.

1.5 You are entitled to a copy of your information held by Barclays and if any details are inaccurate you can request to have them changed. Please be advised that Barclays may charge you for a copy of your information. Please contact Barclays Share Plans 00 44 121 4150153.

2.1 European Savings Directive

2.1 I understand that if I am an individual who is or becomes resident in a member state of the European Union (other than Ireland) or another territory which is subject to the European Savings Directive (“ESD”), Barclays may be obliged to pass certain information about any savings income payment Barclays makes or has made to me to Irish Revenue Commissioners who will pass it on to the relevant tax authority in my country of residence. This information includes (but is not limited to) the amount of interest or bonus payment paid or credited to me, my name, address and country of residence.

2.2 I understand that I may be required to provide Barclays with further information regarding my identity and status.

2.3 I understand that Barclays’ determination of whether I am or am not subject to the ESD can be changed at any time.

2.4 I understand that Barclays will only be liable to me for any loss I may suffer if Barclays makes an ESD related disclosure or incorrect determination of whether I shall be treated as being subject to ESD or if Barclays changes its determination if such loss is caused by Barclays’ negligence, wilful default or fraud.

3. Financial Services Compensation Scheme

3.1 Savings held by Barclays Bank PLC in Ireland are covered by the UK’s Financial Services Compensation Scheme (FSCS).

The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations. Most depositors – including most individuals and small businesses – are covered by the scheme. In respect of deposits, an eligible depositor is entitled to claim up to the equivalent of £75,000. For joint accounts each holder is treated as having a claim in respect of their share so, for a joint account held by two eligible depositors, the maximum amount that could be claimed would be £75,000 each (making a total of £150,000). The £75,000 limit relates to the combined amount in all an eligible depositor’s accounts with Barclays Bank PLC, including their share of any joint account, and not to each separate account. For further information about the scheme (including the amounts covered and eligibility to claim) please ask at your local branch, refer to the FSCS website www.FSCS.org.uk or call +44 (0) 207741 4100.

Questions & Answers

Can I cancel my existing schemes so that I can put more into this year's application?

Yes, but remember you may lose any tax-free bonus payable. If you submit your application online or by phone you will have the opportunity to cancel any existing schemes during the application process.

Who can join the scheme?

All Tesco colleagues who have completed at least one year's continuous service as of 21 October 2016.

How can I find out the Option Price?

The Option Price for the 2016 scheme will be displayed on posters at your location and on www.ourtesco.ie from Friday 21 October.

When would my payments start?

Your savings will be taken from your net pay starting in January 2017.

Are there any risks?

Shares can go down in value as well as up but with Save As You Earn your savings are protected, so you will always get back what you've put in. There will be no charge to have your savings refunded in full.

Are my savings safe with Barclays Bank PLC?

Yes, as your savings are held with Barclays Bank plc, they will be covered by the Financial Services Compensation Scheme ("FSCS").

The FSCS can pay compensation to depositors if a bank is unable to meet its financial obligations.

In respect of deposits, an eligible depositor is entitled to claim up to £75,000.

For further information about the scheme refer to the FSCS website www.fscs.org.uk or call the FSCS on telephone number +44 20 7741 4100 or +44 800 678 1100.

What happens at the end of my savings period?

When your savings period ends, we call this Maturity. At Maturity, you will have the option to get your money back or buy Tesco shares.

You must make your choice within six months of your maturity date or by default your savings will be returned to you and you will lose your opportunity to buy shares.

More information will be sent to you when your scheme matures in three or five years' time.

What if I want to suspend my savings?

You can suspend up to six contributions; each four – weekly contribution missed will result in the maturity of your savings contract being deferred. If you miss more than six payments into the scheme your option to buy shares lapses and your account closes. If you go on maternity leave or are absent for a prolonged period of time you can make payments by a direct cheque to payroll.

What Tax will I pay?

When you save every pay period your savings are taken from your after-tax (net) salary.

At the end of your savings contract you have the following options:

Option 1) Take cash

You can take the cash you have saved plus the tax free bonus*. There are no income tax, USC or PRSI implications should you choose to take cash.

Option 2) Acquire shares

If you use your savings to buy shares there are no income tax implications.

However, you will be subject to USC and PRSI on the potential profit or Exercise Gain. The Exercise Gain is calculated as the difference between the actual share price on the date you buy the shares in three or five years' time and the Option Price. The USC and PRSI will be deducted from your net pay via payroll.

However, if you leave Tesco and are able to buy a reduced number of shares at the option price, you will be responsible for reporting and payment of these charges through the self-assessment system.

* The bonus is only applicable for the 5 year scheme.

Questions & Answers

Sell shares acquired

Should you subsequently decide to sell the shares you acquired under the SAYE scheme you may be subject to capital gains tax if the gain/profit on all disposals in any one tax year is more than €1,270. The current capital gains tax rate is 33%. Should this apply, you will be responsible for reporting and paying the capital gains tax to Irish Revenue.

Can I change my savings amount after the invitation period closes?

No, you won't be able to reduce or increase the amount, you will however be able to cancel the scheme if you no longer wish to save into the scheme.

Will I be able to apply to save €500 each year going forward?

No, the maximum amount set by the Department of Finance that you can save into SAYE at any time is €500 across all schemes you save into.

If you choose to save €500 this year, you will not be able to participate in any future schemes until you either cancel this scheme or your scheme reaches its end date.

Therefore, think about the amount you choose to contribute this year as it may mean you will not be able to contribute into future schemes until this year's scheme is completed or you cancel any existing schemes. If your 2016 application along with your existing schemes exceeds the maximum €500 then your 2016 application will be reduced to reflect this.

What if I want to stop saving?

Even though this scheme has a three or five year term – it doesn't mean your money is tied up. You can withdraw from the scheme and take your savings back at any time, although if you do you will lose your option to buy discounted shares. If you need to stop saving you will need to complete an SAYE withdrawal form which is available from your Line Manager or you can cancel your SAYE schemes anytime using the ESP Portal.

What happens if I leave Tesco?

If you leave Tesco before the end of your savings period you can choose to either get all your money back OR you can choose to carry on saving privately into your Save As You Earn account. However you will not be able to buy shares at the Option Price if you leave within three years of the option grant date. If you leave Tesco at any time during your savings period because you are made redundant, retire at the specified age or retire due to injury or disability, you may be able to buy a reduced number of Tesco shares within six months of leaving.

What are the tax-free bonus rates for 2016?

There is no tax-free bonus on the three year scheme, and for the five year scheme the tax-free bonus is 0.5 x your four weekly contribution.

Want to know more?

Please call the Tesco SAYE Helpline on: +44 121 415 0266. Lines are open 8.30am to 5.30pm Monday to Friday excluding bank holidays in England and Wales.

What happens if lots of people decide to join?

There is a limit to the number of shares available when we grant an option to you. If there is a higher demand for the scheme than the number of shares available, we will review and reduce everyone's application by the same percentage, unless this reduction takes you below the minimum savings amount. In this case, your application will be reduced to the minimum savings amount.

If you choose to only save the minimum amount we will not scale back your application.

Your option certificate sent in December will confirm the amount you will save every pay period and the number of shares you have been granted.

Save As You Earn options are offered to you by Tesco PLC in accordance with the terms of the Tesco PLC Irish Savings Related Share Option Scheme (2000) which are summarised in this booklet. Full details of the scheme are in the legal rules and if there is any conflict between this booklet and the rules, then the rules will prevail. Copies of the full rules are available on request from UK Reward, Tesco Stores Ltd, Smile Building, Shire Park, Welwyn Garden City, Herts, AL7 1AB.