

TESCO

Save As You Earn 2014 – Five Year Maturity

**Your savings –
your choice.**





**Your SAYE 2014 –
Five Year Scheme
has finished!**

**You have until
31 August 2020
to make your
choice**

Dear [Colleague_Name],

You've finished saving into your Save As You Earn (SAYE) 2014, Five Year Scheme* – congratulations!

You joined this scheme in December 2014 with the Option Price of £1.50.

You now have four choices around what to do with your savings and tax-free bonus:

1. Buy shares at the Option Price to keep
2. Buy shares at the Option Price to sell
3. Buy shares at the Option Price to transfer to an Equiniti Individual Savings Account (ISA)
4. Take your savings back

You need to make your choice by 31 August 2020. If you don't, your savings will be returned to you and you'll miss out on being able to buy Tesco shares at the Option Price set five years ago.**

Further information

Go to colleague-help.ourtesco.com to read the FAQs or to watch a short video about SAYE, or call the Equiniti Ltd. helpline on 0371 384 2976.

* The Scheme End Date is 1 March 2020 if you have not missed any payments.

** Or, if you have missed one or more payments, you have until six months after your Scheme End Date to buy shares to keep or take your savings back.

SAYE 2014 - Five Year Statement

This statement shows you how much you've saved, the tax-free bonus that will be added and how many Option Price shares you can buy.

Scheme Start Date	01-Mar-15
Scheme End Date	01-Mar-20
Number of Share Options	2,020

Details of your SAYE account, together with the amount payable if you take your savings and tax-free bonus back, are shown below:

Monthly savings (£)	Total saved (£)	Bonus (£)	Total payable (£)
50.00	3,000.00	30.00	3,030.00

Details of how many Option Price shares you can buy with your savings and tax-free bonus:

Number of shares available to buy	Option Price (pence)	Last date to buy shares at the Option Price*
2,020	150.00	30-Sep-20

* Please note if you have recently left Tesco you only have six months from your original date of leaving to buy shares.

In accordance with the Sharesave (SAYE) Prospectus issued by HM Revenue and Customs ('HMRC'), your savings held with Lloyds Bank plc, as the SAYE Savings Carrier, will attract a tax-free bonus of 0.6 times your four-weekly contribution, payable on the Scheme End Date. Lloyds Bank plc does not act as agent, arranger or advisor in relation to exercising your option to buy shares. If you have any queries about your SAYE account or require more information, please contact Equiniti Ltd. on 0371 384 2976 (or +44 121 415 7119 if calling outside of the UK). Lines are open 8.30am to 5.30pm, Monday to Friday (excl. public holidays in England and Wales). Calls to 03 numbers cost no more than a national rate call to 01 or 02 numbers.

Your savings – your choice

1. Buy shares – to keep

Buy Tesco shares at the Option Price of £1.50 to keep or sell at a later date.

By keeping your shares:

- Your shares will be valued at the current Tesco share price, even though you'll pay £1.50 for them.
- You can receive dividends on the shares, if they're available.
- Your shares will be held electronically in the Tesco Share Account (see page 11) until you want to sell them.
- You'll make money if the Tesco share price is higher than the Option Price if you sell them in the future.

2. Buy shares – to sell

Buy Tesco shares at the Option Price of £1.50 and sell some or all of them.

By selling your shares:

- You'll make money if the Tesco share price is higher than the Option Price of £1.50 when the shares are sold.
- Please check the share price before choosing the "sell" option.
- Your money, minus charges, will be paid by BACs into the bank account you receive your pay, within two weeks. Read more about charges on page 6.
- If you choose to only sell some of your shares, the shares will be sold through the Tesco Share Account and you'll be sent a statement to confirm this. If you don't have an existing Tesco Share Account one will be opened for you in line with the Ts & Cs (see page 8). The shares left over will be held in the Tesco Share Account, see page 11.
- The sale service is provided by Equiniti Financial Services Limited ('Equiniti').

If you buy Tesco shares at the Option Price you can donate to charity any money left in your account, that can't be used to buy a whole share.

3. Buy shares – to transfer

Buy Tesco shares at the Option Price of £1.50 and transfer them into an Equiniti Individual Savings Account (ISA).

By transferring your shares:

- You'll make money if the Tesco share price is higher than the Option Price of £1.50 when the shares are sold.
- If you sell them from an ISA, this profit won't be subject to Capital Gains Tax.
- There are restrictions on the amount you can put into an ISA, for details please read the FAQs at colleague-help.ourtesco.com
- Any shares that go over the ISA limit will be transferred to the Tesco Share Account, see page 11.
- There is no charge to transfer shares into an ISA, but ISA admin fees and share dealing charges apply.
- This choice can only be selected online.

4. Take your savings back

Take your savings back and don't buy any Tesco shares.

By taking your savings back:

- You won't benefit from buying shares at the Option Price of £1.50.
- Your savings will be sent back to you by BACS to the same bank you receive your pay.
- To request a repayment of your savings call the Equiniti Ltd helpline and speak to an agent.
- If you change your mind and the Tesco share price is above the Option Price of £1.50, you can still choose to buy shares at £1.50 before the 'Last date to buy shares at the Option Price' shown on your statement on page 3.

Remember, share prices can go down as well as up.

If you don't do anything

If you don't take any action by 31 August 2020 (or within 6 months of your Scheme End Date if you've missed one or more payments) you won't be able to benefit from buying Tesco shares at the Option Price of £1.50. Instead you'll have your savings automatically returned to you.



Things to remember...

Charges

- To buy Tesco shares at the Option Price of £1.50 and sell some or all of them at the same time, Equiniti will charge 0.5% (min. £15) to sell your shares.
- The charge is taken from the sale proceeds.
- Depending on the share price, you may end up with less after charges than if you had originally asked for your money back.
- Equiniti currently charge 1% (minimum £15) to sell shares from the Tesco Share Account.

Paying tax

- You don't pay Income Tax or National Insurance Contributions (NIC) on your savings and bonus or your shares.
- If you sell your shares, you may have to pay Capital Gains Tax (CGT) if the total profit you make in a tax year is more than the CGT 'annual exemption' amount. This is £12,000 for 2019/20 tax year. See example two on page 7. Total profit can include gains from shares or selling a second home etc.
- If you think you'll go over the CGT exemption amount, you may wish to sell a smaller number of shares in that tax year or sell through an ISA. Please see the FAQs at colleague-help.ourtesco.com for more details on CGT.

The value of shares can go up and down

- Once you've made your choice to buy shares to keep, sell or transfer, you can't change it.
- In the time between making your choice and when it's processed, the value of Tesco shares may go up or down.
- This can be affected by political and world events such as Brexit and can sometimes be significant.
- This means that the amount you receive can sometimes be less than you expected.
- If the share price falls below the Option Price at the time your choice is processed, it will not be processed and your choice will be carried forward to the following week.



Bonus

Every year, HMRC decide whether they'll offer a tax-free bonus to SAYE schemes. When you joined this scheme in 2014 a tax-free bonus, of 0.6 times your four weekly contribution, was offered. This will be automatically added to your savings.

Selling shares

- You can't set a specific Tesco share price to sell at.
- The share price will be the price at the time your sale is processed.
- Your shares will only be sold if the share price is more than the Option Price of £1.50.
- Tesco colleague 'insider dealing' restrictions apply.

Examples:

	EXAMPLE ONE	EXAMPLE TWO
Amount you saved every four weeks	£50	£350
Total savings after five years (60 payments) plus five year bonus (0.6× your four weekly contribution)	£3,030	£21,210
The number of shares you can buy at the Option Price of £1.50	2,020 shares	14,140 shares
Sale amount if you sold all Option Price shares at £2.50 a share	£5,050	£35,350
Cost of the Option Price shares used in the sale	£3,030	£21,210
Commission charge	£25.25	£176.25
Profit (sale amount minus cost of the Option Price shares sold and commission charge)	£1,994.75	£13,963.25
Capital Gains Tax charge if you sold all shares in 2019/20 tax year?	No – profit is less than £12,000	Yes – profit is more than £12,000. Any profit over this will be taxable.

These are just examples and assume you sell all of your shares at once and haven't made any other profit in the tax year that could be taxable.

How to make your choice...



Call*

0371 384 2976**

(Or +44 121 415 7119 from outside the UK)

- The call should take no more than three minutes and can be made at any time of day.
- Please make a note of your reference number from the call.

Online

shareview.co.uk/tesco

- To make your choice online you need to have registered for the Employee Share Plans (ESP) Portal.
- You'll need your Activation Code printed on page 3.
- Once you've given your choice, please save the confirmation page. You'll also receive this as an email.

* If you have dual nationality or non-UK nationality, you can only use the Employee Share Plans (ESP) Portal to make your choice. This is because the EU regulation known as the Market in Financial Instruments Directive II (MiFID II), requires companies such as Equiniti Financial Services Ltd. to provide additional information to the Financial Conduct Authority (FCA) about share transactions. The aim is to increase customer protection and prevent market abuse. Because of this, Equiniti Ltd. may need to collect additional information from you when processing your transaction.

** Calls to 03 numbers cost no more than a national rate call to 01 or 02 numbers. Texts will be charged at your standard network rate.

All Terms & Conditions can be found at shareview.co.uk/clients/Tesco/SAYE. Please read these carefully before making your choice, as they form the basis on which services will be provided to you by Equiniti. If there's anything you don't understand or if you need an alternative format such as braille or audio please call the Equiniti Ltd Helpline.

You must be aged 18 or over and resident in the EEA (including the UK), Isle of Man, Channel Islands, Switzerland or Gibraltar in order to hold shares in the Tesco Share Account.

The ISA and shares selling facilities for this scheme are provided by Equiniti Financial Services Ltd. until 6pm on 31 August 2020.



The online, telephone and text services open at 9am on 14 February 2020

You'll need your **Employee Number (shown on your payslip)** and your **Date of Birth**

Text*

84247**

(Or +44 7624808299 if sending from outside the UK)

- The text message must include the details as shown right, with a space between each piece of information.
- You'll receive a confirmation text message along with a reference number. Please keep this safe.

How to format your text message:

- **Tescomat5**
- **Your 8 digit employee number** (including leading zeros if applicable)
- **Date of Birth** (to be entered DDMMYYYY)
- **2014** (as you're in the 2014 scheme)
- **5** (as you're in the five year scheme)
- **Keep or Sell** (If selling shares you must specify how many you want to sell. Details of how many you have to sell are on page 3. Ts & Cs apply)
- **Y or N** (confirm if you want any cash left over, that's not enough to buy a full share, donated to charity)
- **Y or N** (confirm if you have UK nationality)
- **Y or N** (confirm if you have dual nationality)

Text example one: I want to buy shares at the Option Price to keep. My birthday is 1 Jan 1980. I want to donate what's left in my account to charity. I am a UK national and I don't have dual nationality.

Tescomat5 12345678 01011980 2014 5 Keep Y Y N

Text example two: I want to buy shares at the Option Price and sell 100 shares. My birthday is 1 Jan 1980. I don't want to donate what's left to charity. I am a UK national and I don't have dual nationality.

Tescomat5 12345678 01011980 2014 5 Sell 100 N Y N

Key dates



After 6pm on 24 Feb 2020, any request received before 6pm on a Friday will be processed the following Thursday.

* This is six months after the Scheme End Date if you haven't missed any payments. Or, if you have missed one or more payments, you have until six months after your Scheme End Date to buy shares to keep or take your savings back.

Taking your savings back

If you don't want to buy shares at the Option Price and you want to take your savings back as soon as possible (2 Mar 2020), you need to tell us no later than 28 Feb 2020. After this, requests will take no longer than three working days to process and your savings will reach your bank account within three working days via BACS.

Tesco Share Account (TSA)

A simple way to manage your shares



The Tesco Share Account (TSA) lets you hold your Tesco PLC shares electronically rather than keeping paper share certificates.

The account also offers...

- Preferential dealing rates (1% – with a minimum £15 charge)
- Real time share dealing
- No annual fees
- Up to date share price information
- Track your shares online
- Shares will appear in the TSA within two working days of buying them at the Option Price

If you have existing share certificates and want to transfer all of your Tesco Ordinary Shares into the TSA, call 0371 384 2977.

You can view your shares in the TSA at anytime, by logging into your ESP Portal account at shareview.co.uk/tesco.

For more information and Ts & Cs about this service, provided by Equiniti, please read the Tesco Share Account Employee Guide in the Useful Links section at www.shareview.co.uk/tesco.

If you're opening an account for the first time, any dividends you receive will be automatically reinvested into the Tesco Dividend Reinvestment Plan. You can change this after your account has been opened, if you'd rather receive your dividends as cash.

Shares held in the TSA can only be sold using Equiniti. Details on this, along with your Shareholder Reference will be included on your Opening or Annual Statement.

