

PROJECT BLUE – CLEAN TEAM AGREEMENT

THIS AGREEMENT is made on 12 December 2016

BETWEEN:

- (1) Booker Group plc ("**Booker**"); and
- (2) Tesco PLC ("**Tesco**")

Booker and Tesco are together referred to as the **parties** and individually as a **party**.

1. INTRODUCTION

- 1.1 In connection with the possible offer by Tesco to acquire Booker (the "**Proposed Transaction**"), the parties recognise that they will need access to competitively sensitive information of the other party. This Clean Team Agreement records the terms on which the parties will exchange such information.
- 1.2 In this Agreement, "**Competitively Sensitive Information**" refers to Confidential Information (as defined in the confidentiality letter dated 20 June 2016 and entered into between the parties) (the "**Confidentiality Letter**") provided by a party and designated by that party as disclosable only to the Clean Team (as defined below). Disclosure, sharing or use of such Competitively Sensitive Information is limited to that prescribed in this Agreement Guidance as to the type of material that may be designated as Competitively Sensitive Information is set out in Annex 1 to this Agreement.
- 1.3 The purpose of the Clean Team is to collect and analyse data that will be used solely for the purposes set out at clause 2.1 below and will be undertaken in a manner that is fully consistent with and in compliance with all relevant antitrust and competition laws and regulations.

2. THE PARTIES AGREE AS FOLLOWS:

- 2.1 Competitively Sensitive Information shall only be disclosed by a party to the other party for the purposes of:
 - 2.1.1 undertaking commercial due diligence in order to evaluate the Proposed Transaction;
 - 2.1.2 evaluating the synergies expected to result from the Proposed Transaction;

- 2.1.3 planning the transition and integration process; or
 - 2.1.4 undertaking the antitrust analysis and/or the preparation of filings or subsequent communications with the Competition and Markets Authority or other relevant authority.
- 2.2 Competitively Sensitive Information shall be used only in connection with the purposes set out at clause 2.1 above. No other use will be made of Competitively Sensitive Information, it being recognised that each party reserves all rights to its Competitively Sensitive Information not expressly granted herein.
- 2.3 Competitively Sensitive Information supplied by a party pursuant to clause 2.1 above must be held only by members of a clean team, and even then only to such extent as is reasonably necessary for the purposes set out at clause 2.1 above, which the parties shall ensure operates on the following terms (the "**Clean Team**"):
- 2.3.1 The Clean Team shall be composed of (i) external advisors hired by the parties in connection with the Proposed Transaction (e.g. independent accountants, lawyers, professional advisers); and (ii) the identified employees or consultants listed in Annex 2 (as updated from time to time), being persons not involved in the day-to-day commercial / strategic operations and other commercially sensitive areas of a business that competes directly with the Booker or Tesco business, or who are due to retire or otherwise cease employment in such functions, such persons being included in the Clean Team only on the basis that they will be quarantined from making decisions on sales, pricing, marketing, research and development and other sensitive areas of the UK commercial business from the date of his/her appointment to the Clean Team until the date of closing of the Proposed Transaction or, in the event that the Proposed Transaction does not proceed, the date which is 12 months from the date on which the Proposed Transaction lapses.
 - 2.3.2 Clean Team members shall preserve the confidential nature of Competitively Sensitive Information in accordance with the provisions of the Confidentiality Letter.
 - 2.3.3 Each member of the Clean Team shall adhere to the terms of this Agreement and shall sign (either individually, or in the case of external advisors, as a firm) and deliver to the parties an acknowledgment in the form attached at Annex 3.
 - 2.3.4 The Clean Team shall review Competitively Sensitive Information and may prepare reports and conclusions based on the Competitively Sensitive Information to the parties as reasonably required solely for the purposes stated in clause 2.1, provided that all Competitively

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Sensitive Information has been omitted, aggregated, redacted or otherwise sufficiently masked.

- 2.3.5 No member of the Clean Team shall copy or reproduce in whole or in part any of the Competitively Sensitive Information without the express consent of the party that supplied such Competitively Sensitive Information.
 - 2.3.6 Subject to clause 2.2.3 above and clause 2.4 below, no member of the Clean Team shall share the Competitively Sensitive Information with any person or entity, other than members of the Clean Team and, subject to obtaining the consent (not to be unreasonably withheld) of the party that supplied such Competitively Sensitive Information, the Competition and Markets Authority or any other relevant authority.
 - 2.3.7 Each member of the Clean Team shall keep all documents and other material containing, reflecting, or which are generated from any Competitively Sensitive Information separate from all documents and other records of the parties.
 - 2.3.8 On the request of the party that supplied the Competitively Sensitive Information or in the event that the Proposed Transaction does not proceed, the Clean Team must return or destroy the Competitively Sensitive Information and confirm that no copies have been kept.
- 2.4 If a party or Clean Team member is required by any law, rule or regulation or requested by any court, legislative or administrative body, stock exchange rules or regulations or listing requirement to disclose any Competitively Sensitive Information, then the party or the Clean Team member as the case may be shall, to the fullest extent permitted by law promptly and prior to disclosure, notify the parties and shall provide full documentation concerning the disclosure sought so that an appropriate protective order can be sought and/or other action can be taken if possible.
- 2.5 Competitively Sensitive Information shall not include information which: (i) is in the public domain prior to the disclosure; (ii) is lawfully in the other party's possession prior to the disclosure; (iii) becomes part of the public domain by publication or otherwise through no unauthorised act or omission on the part of either party; or (iv) is independently developed by an employee(s) or other agent(s) of the parties.
- 2.6 Each party will designate a Legal Contact for the Clean Team. All requests for information, clarification or advice to or from the Clean Team will be managed by the parties' respective Legal Contacts.

The Legal Contact for Booker are:

In house

Mark Chilton
Company Secretary and General Counsel
T +44 1933 371 675
M +44 7720 505 877
mark.chilton@booker.co.uk

External counsel

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Partner, Clifford Chance LLP
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Jennifer Storey
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Jennifer Harvey
Senior Associate, Clifford Chance LLP
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The Legal Contacts for Tesco are:

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Regulatory, Ethics and Compliance Director
T +44 1992 646 146
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Group M&A Counsel
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The parties may replace and/or specify additional Legal Contacts from time to time. Any change by a party of the Legal Contacts will be communicated in writing to the Legal Contacts of the other party.

- 2.7 The parties acknowledge and agree that a breach of the provisions of this agreement would cause the parties to suffer irreparable damage that could not be adequately remedied by an action at law. Accordingly, Tesco agrees that Booker and Booker agrees that Tesco is entitled to specific performance of the provisions of this agreement to enjoin a breach or attempted breach of the provisions thereof and to any other remedy, including, *inter alia*, damages and injunctive relief, awarded by a court of competent jurisdiction as set forth in clause 2.11 below.
- 2.8 No failure or delay by the parties in exercising any right or remedy under this agreement shall impair such right or remedy or operate or be construed as a waiver or variation of it or preclude its exercise at any subsequent time. No single or partial exercise of any such right or remedy shall prevent any further exercise of it or the exercise of any other remedy. The rights and remedies of the parties under this agreement are cumulative and not exclusive of any rights or remedies provided by law.
- 2.9 Except as specifically provided herein, this Agreement shall not affect or supersede the confidentiality obligations of the parties with respect to any other agreement(s) relating to the Proposed Transaction (including the Confidentiality Letter) all of which remain in full force and in effect.

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- 2.10 This agreement may be executed in any number of counterparts, and by each party on separate counterparts. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument. Delivery of an executed counterpart signature page of this agreement by e-mail attachment (PDF) shall be effective as delivery of a manually executed counterpart of this agreement.
- 2.11 This Agreement, and any non-contractual or other obligations arising out of or in connection with it, shall be governed by, and construed in accordance with, the laws of England and Wales. In the event of any litigation arising under this agreement or in relation to any non-contractual or other obligations arising out of or in connection with this agreement, the parties agree to submit to the exclusive jurisdiction of the courts of England and Wales.

SIGNED for and on behalf of Booker Group plc

Represented by: JONATHAN PRENTIS

Title: Finance Director /s/ Jonathan Prentis

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SIGNED for and on behalf of Tesco PLC

/s/ Adrian Morris

Represented by: ADRIAN MORRIS

Title: GENERAL COUNSEL

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Annex 1

Competitively Sensitive Information

Information is competitively sensitive if it would or might form a basis for the recipient to alter its commercial conduct, potentially affecting competition. The following questions may help to identify competitively sensitive information:

- (i) Does the information 'affect competition'? Would the information enable the recipient to forecast more precisely its competitors' conduct or relationships with their customers, or would it otherwise reduce uncertainty about the operation of any market(s)?
- (ii) Is the information already in the public domain? If so, disclosure is unlikely to give rise to any concerns.
- (iii) Is the information historical and/or aggregated? If so, disclosure is less likely to give rise to competition law concerns. As a general rule, information is no longer considered competitively sensitive if it is at least a year old. If information is aggregated so that it is not possible to recognise individualised company level information, it is unlikely to be of concern.

In particular, competitively sensitive information includes:

- Current and future pricing information (including price related terms, such as discounts, commissions and rebates, and other sensitive contractual terms);
- Detailed information with regard to contracts with third parties;
- Future pricing intentions;
- Current or future marketing pricing or other commercial/strategy plans, including plans to introduce new or improved products;
- Current detailed profit information, especially when broken down by customer or type of product;
- Current individual margin information;
- Current detailed information about costs, including costs of inputs, supplies and facilities, as well as details of current wage or salary information;
- Lists of present or anticipated customers and any specific customer information including current detailed information regarding "pipeline contracts", proposals, intention to bid for new customers or ongoing negotiations with customers;
- Current detailed information regarding pending bids, proposals or ongoing negotiations with customers or suppliers;

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- Current proprietary technologies, trade secrets or methods of doing business; and
- Current regulatory investigations and other matters

Annex 2 – Clean team members

Booker Clean Team Members

Name	Title
Bryan Drew	Consultant
Bryn Satherley	Consultant

Tesco Clean Team Members

Name	Title
Nigel Jones	Operations Director – International
Surojit Majumder	Head of Finance – Packaged Products

Annex 3

Acknowledgment of clean team agreement

To: [Booker] /[Tesco]

[] December 2016

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Acknowledgment of clean team agreement

1. [I/we] [*name of individual/firm of outside advisers*], have read the foregoing Clean Team Agreement for the protection and exchange of competitively sensitive information (the **Agreement**), and agree to be bound by its terms with respect to any Competitively Sensitive Information that is furnished to me as set forth in the Agreement.
2. [I/we] [*name of individual/firm of outside advisers*], further agree (i) not to disclose to anyone any Competitively Sensitive Information other than as set forth in the Agreement, and (ii) to use Competitively Sensitive Information only under the terms outlined in the Agreement.
3. [I/we] [*name of individual/firm of outside advisers*], further agree that any Competitively Sensitive Information furnished to [*me/us*] will be used by [*me/us*] only for the purposes set out at clause 2.1 of the Agreement in connection with the Proposed Transaction, and for no other purpose, and will not be used by [*me/us*] in any business affairs or be imparted by [*me/us*] to any other person other than as set forth in the Agreement.

Agreed to and Accepted on _____

Signature: _____

Title: _____