

Tesco PLC - TSCO

Tender Offer to Purchase Senior Notes

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Tesco PLC

15 October 2018

October 15, 2018**TESCO PLC ANNOUNCES CASH TENDER OFFER FOR UP TO \$325 MILLION IN AGGREGATE PRINCIPAL AMOUNT OF SENIOR NOTES DUE 2037**

Tesco PLC (the "**Offeror**") announces today an invitation for an aggregate principal amount of up to \$325 million of its 6.15% Senior Notes due 2037 (the "**Securities**") for purchase by the Offeror for cash (the "**Offer**"). The terms and conditions of the tender offer are described in a tender offer memorandum dated October 15, 2018 (the "**Tender Offer Memorandum**"). Capitalized terms not otherwise defined in this announcement have the same meaning as assigned to them in the Tender Offer Memorandum.

Holders are advised to read carefully the Tender Offer Memorandum for full details of, and information on the procedures for participating in, the Offer.

The following table sets forth certain information relating to pricing for the Offer.

Title of Security	ISIN / CUSIP	Principal Outstanding Amount	Maximum Tender Amount*	U.S. Treasury Reference Security	Fixed Spread (basis points)	Early Tender Payment	Bloomberg Reference Page
6.15% Senior Notes due 2037	Rule 144A: US881575AC87 / 881575AC8 Regulation S: USG87621AL52 / G87621AL5	U.S.\$850,000,000	U.S.\$325,000,000 aggregate principal amount	3.125% due May, 2048	215 bps	U.S.\$30 per U.S.\$1,000 principal amount	PX1

* If the aggregate principal amount of Securities validly tendered and not validly withdrawn at the Early Tender Time exceeds the Maximum Tender Amount, the Offeror, in its sole discretion, reserves the right to accept for purchase all such tendered Securities in lieu of accepting such tendered Securities for purchase on a pro-rated basis as provided herein.

Rationale for the Offer

The Offer and the concurrent non-U.S. tender offers are being made in the context of the Offeror's strategic aim of strengthening the balance sheet.

The Offer

The Offeror will pay a "**Total Purchase Price**" per U.S.\$1,000 principal amount of Securities validly tendered and not validly withdrawn prior to the Early Tender Time calculated as described in the Tender Offer Memorandum in a manner intended to result in a yield to maturity as of the Early Settlement Date equal to the sum of:

- the yield to maturity of the Reference Treasury Security as measured at the Price Determination Time; and
- the Fixed Spread.

The Total Purchase Price includes an "**Early Tender Payment**" of U.S.\$30 per U.S.\$1,000 principal amount. Holders that validly tender Securities following the Early Tender Time but on or prior to the Expiration Deadline, and whose Securities are accepted for

purchase, will receive only the "**Purchase Price**", which is an amount equal to the Total Purchase Price minus the Early Tender Payment. In addition to the payment of the Total Purchase Price or the Purchase Price, as applicable, each Holder whose Securities are validly tendered (and not validly withdrawn) and accepted for purchase will also be paid Accrued Interest equal to interest accrued and unpaid on the Securities from (and including) the immediately preceding interest payment date for the Securities to (but excluding) the Early Settlement Date or the Final Settlement Date, as applicable.

The Total Purchase Price and the Accrued Interest for the Securities validly tendered and not validly withdrawn on or prior to the Early Tender Time and accepted for purchase will be payable on the Early Settlement Date (as defined herein). Subject to the Maximum Tender Amount and the proration arrangements applicable to the Offer, the Purchase Price and the Accrued Interest payable in respect of Securities validly tendered after the Early Tender Time and accepted for purchase (if any) will be paid on the Final Settlement Date (as defined herein). The Offeror expects that the Early Settlement Date will be October 31, 2018 and the Final Settlement Date will be November 14, 2018. No tenders submitted after the Expiration Date will be valid.

If the aggregate principal amount of the Securities validly tendered for purchase at or prior to the Early Tender Time is greater than the Maximum Tender Amount, the Offeror intends to accept such Securities for purchase on a pro rata basis such that the aggregate principal amount of the Securities accepted for purchase pursuant to the Offer is no greater than the Maximum Tender Amount. In addition, in such circumstances, the Offeror, in its sole discretion, reserves the right to accept for purchase all such tendered Securities in lieu of accepting such tendered Securities for purchase on a pro rated basis.

If the Offer is not oversubscribed at the Early Tender Time but the aggregate principal amount of the Securities validly tendered for purchase after the Early Tender Time and at or prior to the Expiration Deadline would result in the Maximum Tender Amount being exceeded, the Offeror intends to accept such Securities for purchase on a pro rata basis such that the then Maximum Tender Amount is not exceeded. In the event any tendered Securities are not accepted for purchase due to proration, they will be returned or credited to the Holder's account no later than the relevant Settlement Date. Securities purchased pursuant to the Offer will be cancelled.

The Offer is not conditioned on any minimum amount of Securities being tendered. The Offeror's obligation to accept and pay for Securities in the Offer is, however, subject to the satisfaction or waiver of each of the New Financing Condition (as defined below) and the General Conditions contained in the Tender Offer Memorandum. Subject to applicable securities laws and the terms set within the Tender Offer Memorandum, the Offeror reserves the right, with respect to the Offer made by it, (i) to waive or modify in whole or in part any and all conditions to the Offer, (ii) to extend the Withdrawal Deadline or the Expiration Deadline, (iii) to modify or terminate the Offer or (iv) to otherwise amend the Offer in any respect.

Announcements in connection with the Offer will be made by the delivery of a press release to a recognized financial news service and through RNS.

Offering of New Notes and New Financing Condition

On October 15, 2018 the Offeror announced that Tesco Corporate Treasury Securities plc ("**TCTS**") intends to issue a new series of euro-denominated fixed rate notes to be guaranteed by the Offeror, (the "**New Notes**"), subject to market conditions.

The Offeror's obligation to accept and pay for any Notes validly tendered is conditioned on the successful completion (in the Offeror's sole discretion), prior to the Early Tender Time, of an offering of the New Notes that will raise an amount of proceeds to the Offeror that is sufficient to fund the aggregate Total Purchase Price or Purchase Prices as applicable and applicable Accrued Interest for all Notes validly tendered and accepted in the Offer (the "**New Financing Condition**").

The New Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), or any state securities laws, and are being offered only outside the United States to non-U.S. persons in reliance on Regulation S under the Securities Act.

INDICATIVE TIMETABLE

The following table sets out the expected dates and times of the key events relating to the Offer. This is an indicative timetable and is subject to change.

Date and Time	Action
October 15, 2018.....	<p data-bbox="582 44 981 85">Commencement of the Offer</p> <p data-bbox="582 107 1267 174">Tender Offer Memorandum available from the Information & Tender Agent.</p> <p data-bbox="582 197 1267 324">Offer announced through a press release to a recognized financial news service, and the Regulatory News Service provided by the London Stock Exchange plc ("RNS").</p>
October 26, 2018, 5:00 p.m. (New York City time).....	<p data-bbox="582 347 837 387">Early Tender Time</p> <p data-bbox="582 398 1267 481">Deadline for Holders to tender Securities to be eligible for the Total Purchase Price, which includes the Early Tender Payment (in addition to Accrued Interest).</p>
October 26, 2018, 5:00 p.m. (New York City time).....	<p data-bbox="582 504 869 544">Withdrawal Deadline</p> <p data-bbox="582 555 1267 750">Deadline for Holders to properly withdraw tenders of their Securities. If a tender of Securities is properly withdrawn, the Holder will not receive any consideration on any Settlement Date (unless that Holder validly re-tenders such Securities at or prior to the Expiration Deadline and the Securities are accepted by the Offeror).</p>
October 29, 2018, 10:00 a.m. (New York City time).....	<p data-bbox="582 772 933 813">Price Determination Time</p> <p data-bbox="582 824 1267 891">The Dealer Managers will calculate the Total Purchase Price and the Purchase Price (as defined herein).</p> <p data-bbox="582 913 1267 996">The Offeror will announce the Total Purchase Price and the Purchase Price as soon as reasonably practicable following the Price Determination Time.</p>
October 29, 2018, as soon as practicable following the Price Determination Time.....	<p data-bbox="582 1019 1125 1059">Announcement of Early Tender Results</p> <p data-bbox="582 1093 1267 1355">The Offeror expects to announce the aggregate principal amount of Securities validly tendered prior to the Early Tender Time and accepted for purchase; any proration that will be applied to the tendered Securities; any amount of the Maximum Tender Amount that remains unused; the Early Settlement Date; and the Total Purchase Price and the Purchase Price (unless previously announced).</p>
October 31, 2018.....	<p data-bbox="582 1366 885 1406">Early Settlement Date</p> <p data-bbox="582 1417 1267 1534">Expected Early Settlement Date for Securities accepted for purchase on the Early Tender Time. Payment of the Total Purchase Price plus Accrued Interest in respect of such Securities.</p>
November 9, 2018, 11:59 p.m. (New York City time)	<p data-bbox="582 1556 853 1597">Expiration Deadline</p> <p data-bbox="582 1608 1267 1713">The last time and date for Holders to tender Securities in order to be able to participate in the Offer and to be eligible to receive the Purchase Price and Accrued Interest on the Final Settlement Date.</p>
November 12, 2018.....	<p data-bbox="582 1780 1109 1821">Announcement of Results of the Offer</p> <p data-bbox="582 1832 1267 1926">The Offeror expects to announce the amount of Securities to be accepted for purchase on the Final Settlement Date, if necessary.</p>
November 14, 2018.....	<p data-bbox="582 1937 885 1977">Final Settlement Date</p> <p data-bbox="582 1989 1267 2130">Expected Final Settlement Date for Securities validly tendered and accepted for purchase by the Offeror accepted for purchase after the Early Tender Time. Payment of the Purchase Price and any Accrued Interest in respect of any such Securities.</p>

The above dates and times are subject, where applicable, to the right of the Offeror to extend, re-open, amend, and/or terminate the Offer, subject to applicable laws. Holders of Securities are advised to check with any bank, securities broker or other intermediary through which they hold Securities when such intermediary would require to receive instructions to participate in, or withdraw their instruction to participate in, the Offer before the deadlines set out above.

Holders of Securities are advised to read carefully the Tender Offer Memorandum for full details of and information on the procedures for participating in the Offer.

FURTHER INFORMATION

Questions and requests for assistance in connection with the Offer may be directed to the Dealer Managers:

BNP Paribas	Citigroup Global Markets Limited	Goldman Sachs & Co. LLC	MUFG Securities EMEA plc
10 Harewood Avenue London NW1 6AA Attention: Liability Management Group	Citigroup Centre Canada Square Canary Wharf London E14 5LB United Kingdom Attention: Liability Management Group	200 West Street New York, NY 10282 United States Attention: Liability Management Group	Ropemaker Place 25 Ropemaker Street London EC2Y 9AJ United Kingdom Attention: Liability Management Group
In the United States:	In the United States:	In the United States:	In the United States:
Toll Free: + 1 888 210 4358 Collect: + 1 212 841 3059	Toll Free: +1 800 558 3745 Collect: +1 212 723 6106	Toll Free: +1 800 828-3182 Collect: +1 212 902-5183	Toll Free: +1 877 744 4532
In Europe: Telephone: +44 20 7595 8668	In Europe: Telephone: +44 20 7986 8969	In Europe: Telephone: +44 20 7774 9862	In the United States: Toll Free: +1 877 744 4532
E-mail: liability.management@bnpparibas.com	E-mail: liabilitymanagement.europe@citi.com	E-mail: liabilitymanagement.eu@gs.com	In Europe: Telephone: +44 20 7577 4048 / 4218 E-mail: DCM-LM@int.sc.mufg.jp

Questions and requests for assistance in connection with the tender of Securities including requests for a copy of the Tender Offer Memorandum may be directed to:

INFORMATION & TENDER AGENT

Lucid Issuer Services Limited

Tankerton Works
12 Argyle Walk
London WC1H 8AH
United Kingdom
E-mail: tesco@lucid-is.com
Telephone: +44 20 7704 0880
Attention: Arlind Bytyqi

NOTICE AND DISCLAIMER

Subject to applicable law, the Offeror or any of its affiliates may at any time and from time to time following completion of the Offer purchase remaining outstanding Securities issued by it by tender, in the open market, by private agreement or otherwise on such terms and at such prices as the Offeror or, if applicable, its affiliates may determine. Such terms, consideration and prices may be more or less favorable than those offered pursuant to the Offer.

This announcement must be read in conjunction with the Tender Offer Memorandum. This announcement and the Tender Offer Memorandum contain important information which must be read carefully before any decision is made with respect to the Offer. If any holder of Securities is in any doubt as to the action it should take, it is recommended to seek its own legal, accounting and financial advice, including as to any tax consequences, immediately from its stockbroker, bank manager, attorney, accountant or other

independent financial adviser. Any individual or company whose Securities are held on its behalf by a broker, dealer, bank, custodian, trust company or other nominee or intermediary must contact such entity if it wishes to participate in the Offer. None of the Offeror, the Dealer Managers, the Information & Tender Agent and any person who controls, or is a director, officer, employee or agent of such persons, or any affiliate of such persons, makes any recommendation as to whether holders of Securities should participate in the Offer.

OFFER AND DISTRIBUTION RESTRICTIONS

This announcement and the Tender Offer Memorandum do not constitute an offer or an invitation to participate in the Offer in any jurisdiction in which, or to any person to or from whom, it is unlawful to make such offer or invitation or for there to be such participation under applicable laws. The distribution of this announcement and the Tender Offer Memorandum in certain jurisdictions may be restricted by law. Persons into whose possession this announcement or the Tender Offer Memorandum comes are required by the Offeror, the Dealer Managers and the Information & Tender Agent to inform themselves about and to observe any such restrictions.

United Kingdom

This announcement, the Tender Offer Memorandum and any other documents or materials relating to the Offer have not been made and such documents have not been approved by an authorized person for the purposes of section 21 of the Financial Services and Markets Act 2000. Accordingly, such documents and/or materials are not being distributed to, and must not be passed on to, the general public in the United Kingdom. The communication of such documents and/or materials as a financial promotion is only being made to those persons in the United Kingdom falling within the definition of investment professionals (as defined by Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 ("**Financial Promotion Order**") or persons who are within Article 34 of the Financial Promotion Order or any other persons to whom it may otherwise lawfully be made under the Financial Promotion Order.

Belgium

None of this announcement, the Tender Offer Memorandum or any other documents or materials relating to the Offer have been submitted to or will be submitted for approval or recognition to the Belgian Financial Services and Markets Authority (*Autoriteit voor financiële diensten en markten / Autorité des services marchés financiers*) and, accordingly, the Offer may not be made in Belgium by way of a public offering, as defined in Articles 3 and 6 of the Belgian Law of April 1, 2007 on public takeover bids as amended or replaced from time to time. Accordingly, the Offer may not be advertised and the Offer will not be extended, and none of this announcement, the Tender Offer Memorandum or any other documents or materials relating to the Offer (including any memorandum, information circular, brochure or any similar documents) has been or shall be distributed or made available, directly or indirectly, to any person in Belgium other than "qualified investors" in the sense of Article 10 of the Belgian Law of June 16, 2006 on the public offer of placement instruments and the admission to trading of placement instruments on regulated markets, acting on their own account. Insofar as Belgium is concerned, this announcement and/or Tender Offer Memorandum have been issued only for the personal use of the above qualified investors and exclusively for the purpose of the Offer. Accordingly, the information contained in this announcement and/or Tender Offer Memorandum may not be used for any other purpose or disclosed to any other person in Belgium.

France

The Offer is not being made, directly or indirectly, to the public in France. None of this announcement, the Tender Offer Memorandum or any other documents or offering materials relating to the Offer, has been or shall be distributed to the public in France and only (i) providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d'investissement de gestion de portefeuille pour compte de tiers*) and/or (ii) qualified investors (*investisseurs qualifiés*), other than individuals, acting for their own account, all as defined in, and in accordance with, Articles L.411-1, L.411-2 and D.411-1 of the French *Code monétaire et financier*, are eligible to participate in the Offer. Neither this announcement nor this Tender Offer Memorandum has been or will be submitted for clearance to or approved by the *Autorité des Marchés Financiers*.

Italy

None of the Offer, this announcement, this Tender Offer Memorandum or any other documents or materials relating to the Offer has been or will be submitted to the clearance procedure of the Commissione Nazionale per le Società e la Borsa ("**CONSOB**"), pursuant to Italian laws and regulations.

The Offer is being carried out in Italy as an exempted offer pursuant to article 101-bis, paragraph 3-bis of the Legislative Decree No. 58 of February 24, 1998, as amended (the "**Financial Services Act**") and article 35-bis, paragraph 4 of CONSOB Regulation No. 11971 of May 14, 1999, as amended.

Holders or beneficial owners of the Securities that are located in Italy can tender Securities for purchase in the Offer through authorized persons (such as investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with the Financial Services Act, CONSOB Regulation No. 16190 of October 29, 2007, as amended from time to time, and Legislative Decree No. 385 of September 1, 1993, as amended) and in compliance with applicable laws and regulations or with requirements imposed by CONSOB or any other Italian authority.

Switzerland

None of this announcement, the Tender Offer Memorandum or any other offering or marketing material relating to the Securities constitutes a prospectus as such term is understood pursuant to article 652a or article 1156 of the Swiss Federal Code of Obligations or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange. Accordingly, the investor protection rules otherwise applicable to investors in Switzerland do not apply to the Offer. When in doubt, investors based in Switzerland are recommended to contact their legal, financial or tax adviser with respect to the Offer.

General

The Offer does not constitute an offer to buy or the solicitation of an offer to sell Securities in any circumstances in which such offer or solicitation is unlawful. In those jurisdictions where the securities or other laws require the Offer to be made by a licensed broker or dealer and any of the Dealer Managers or, where the context so requires, any of their respective affiliates is such a licensed broker or dealer in that jurisdiction, the Offer shall be deemed to be made on behalf of the Offeror by such Dealer Manager or affiliate (as the case may be) in such jurisdiction.

Each Holder participating in the Offer will be deemed to give certain representations in respect of the jurisdictions referred to above and generally as set out in "*Procedures for Participating in the Offer*" in the Tender Offer Memorandum. Any tender of Securities for purchase pursuant to the Offer from a Holder that is unable to make these representations may be rejected. Each of the Offeror, the Dealer Managers and the Information & Tender Agent reserves the right, in their absolute discretion, to investigate, in relation to any tender of Securities for purchase pursuant to the Offer, whether any such representation given by a Holder is correct and, if such investigation is undertaken and as a result the Offeror determines (for any reason) that such representation is not correct, such tender may be rejected.

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