

SUPPLEMENTARY OFFERING CIRCULAR NO.2 DATED 7 JUNE 2011 TO THE OFFERING CIRCULAR DATED 5 AUGUST 2010 AS SUPPLEMENTED BY A SUPPLEMENTARY OFFERING CIRCULAR NO. 1 DATED 3 FEBRUARY 2011



TESCO PERSONAL FINANCE PLC

(incorporated with limited liability under the laws of Scotland)

**£2,000,000,000
Euro Note Programme**

This Supplementary Offering Circular No.2 (the “**Supplementary Offering Circular**”) to the Offering Circular dated 5 August 2010 (the “**Offering Circular**”) as supplemented by the Supplementary Offering Circular No.1 dated 3 February 2011 (the “**First Supplementary Offering Circular**”) which together comprise a base prospectus for the purposes of Article 5.4 of the Prospectus Directive 2003/71/EC, constitutes a supplementary prospectus for the purposes of section 87G of the Financial Services and Markets Act 2000 (“**FSMA**”) and is prepared in connection with the £2,000,000,000 Euro Note Programme (the “**Programme**”) of Tesco Personal Finance PLC (the “**Issuer**”).

This Supplementary Offering Circular is supplemental to, and should be read in conjunction with, the Offering Circular, the First Supplementary Offering Circular and any other supplements to the Offering Circular issued by the Issuer. Terms defined in the Offering Circular have the same meaning when used in this Supplementary Offering Circular.

The purpose of this Supplementary Offering Circular is to:

- (i) disincorporate the February 2009 Financial Statements (as defined below) from being incorporated by reference into the Offering Circular;
- (ii) incorporate by reference into the Offering Circular the February 2011 Financial Statements (as defined below);
- (iii) amend the existing disclosure in the section headed “Tesco Personal Finance PLC” in the Offering Circular as supplemented by the First Supplementary Offering Circular, by: (a) deleting and replacing a sentence in the “Business Overview” section relating to the number of the Issuer’s customers that are domiciled in the United Kingdom and (b) deleting and replacing a sentence in the sub-section headed “Automated Teller Machines” of the “Business Overview” section relating to the number of automated teller machines within the Issuer’s network, each as set out under the heading “Tesco Personal Finance PLC” below;

- (iv) amend the section headed “Taxation” in the Offering Circular as supplemented by the First Supplementary Offering Circular, by: (a) inserting an additional sentence into the sub-section headed “Accrued Income Scheme”, (b) inserting a new sub-section headed “Taxation of Discount” and (c) deleting and replacing the sub-section headed “Individual Savings Accounts (“ISAs”)", each as set out under the heading “Taxation” below; and
- (v) amend the section headed “General Information” in the Offering Circular as supplemented by the First Supplementary Offering Circular, by: (a) deleting and replacing the wording in the sub-section headed “Significant or Material Change” and (b) deleting and replacing certain dates in the sub-sections headed “Auditors” and “Documents Available”, each as set out under the heading “General Information” below.

The Issuer accepts responsibility for the information contained in this Supplementary Offering Circular. The Issuer confirms that, having taken all reasonable care to ensure that such is the case, the information contained in this Supplementary Offering Circular is, to the best of its knowledge and belief, in accordance with the facts and does not omit anything likely to affect the import of such information.

To the extent that there is any inconsistency between (a) any statement in this Supplementary Offering Circular and (b) any other statement in or incorporated in the Offering Circular as supplemented by the First Supplementary Offering Circular (as supplemented from time to time), the statements in (a) above will prevail.

If the documents which are incorporated by reference in the Offering Circular by virtue of this Supplementary Offering Circular themselves incorporate any information or other documents therein, either expressly or implicitly, such information or other documents will not form part of the Offering Circular for the purposes of the Prospectus Directive except where such information or other documents are specifically incorporated by reference in, or attached to, the Offering Circular by virtue of this Supplementary Offering Circular.

Except as disclosed in this Supplementary Offering Circular, there has been no significant new factor, material mistake or inaccuracy relating to information included in the Offering Circular as supplemented by the First Supplementary Offering Circular which is capable of affecting the assessment of Notes issued under the Programme since the publication of the Offering Circular.

Investors should be aware of their rights under section 87Q(4) of the FSMA.

The Dealers have not separately verified the information contained in this Supplementary Offering Circular. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Dealers as to the accuracy or completeness of the information contained or incorporated in this Supplementary Offering Circular.

The distribution of the Offering Circular, the First Supplementary Offering Circular, this Supplementary Offering Circular, any other supplements to the Offering Circular and any Final Terms and the offering or sale of the Notes in certain jurisdictions may

be restricted by law. Persons into whose possession the Offering Circular, the First Supplementary Offering Circular, this Supplementary Offering Circular, any other supplements to the Offering Circular or any Final Terms come are required by the Issuer, the Dealers and the Arranger to inform themselves about and to observe any such restriction. In particular, there are restrictions on the distribution of the Offering Circular, the First Supplementary Offering Circular, this Supplementary Offering Circular, any other supplements to the Offering Circular, any Final Terms and other information in relation to the Issuer and the Notes, and the offering or sale of Notes in the European Economic Area (including the United Kingdom and France), the United States and Japan. For a further description of restrictions on offers, sales and transfers of Notes and distribution of the Offering Circular, the First Supplementary Offering Circular, this Supplementary Offering Circular, any other supplements to the Offering Circular and any Final Terms, see “Subscription and Sale” in the Offering Circular. The Notes have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons.

None of the Offering Circular, the First Supplementary Offering Circular, this Supplementary Offering Circular, any other supplements to the Offering Circular or any Final Terms constitutes an offer of, or an invitation by or on behalf of the Issuer, the Trustee, the Arranger or the Dealers to subscribe for, or purchase, any Notes.

DISINCORPORATION OF INFORMATION INCORPORATED BY REFERENCE INTO THE OFFERING CIRCULAR

The auditors’ report and the audited consolidated and non-consolidated restated financial statements of the Issuer for the 14 months ended 28 February 2009 (the “**February 2009 Financial Statements**”) which are incorporated by reference into the Offering Circular by virtue of paragraph (b) on page 23 of the Offering Circular, shall, by virtue of this Supplementary Offering Circular, no longer be incorporated by reference into the Offering Circular.

INCORPORATION OF INFORMATION BY REFERENCE INTO THE OFFERING CIRCULAR

The auditors’ report and annual audited financial statements for the year ended 28 February 2011 of the Issuer (the “**February 2011 Financial Statements**”) which was published via RNS on 26 May 2011 and each of which have been approved by the Financial Services Authority of the United Kingdom (the “**FSA**”) or filed with it, shall be deemed to be incorporated in, and form part of, the Offering Circular.

TESCO PERSONAL FINANCE PLC

In the section headed “Tesco Personal Finance PLC” in the Offering Circular as supplemented by the First Supplementary Offering Circular:

(i) the section headed “Business Overview” shall be amended so that the third sentence is deleted and replaced with: “The Issuer currently has approximately 6 million customers domiciled in the United Kingdom”; and

(ii) the sub-section headed “Automated Teller Machines” in the section headed “Business Overview” shall be amended so that the second sentence is deleted and replaced with: “The Issuer has over 3,050 ATMs within its network which process in excess of 28 million cash withdrawal transactions a month”.

TAXATION

In the section headed “Taxation” in the Offering Circular as supplemented by the First Supplementary Offering Circular:

(i) The following sentence will be added to the end of the sub-section headed “Accrued Income Scheme” as follows:

“The Accrued Income Scheme will not apply in relation to Notes which constitute “deeply discounted securities”, discussed further below.”

(ii) The following new sub-section headed “Taxation of Discount” will be added immediately after the sub-section headed “Accrued Income Scheme”:

“Taxation of Discount

Depending on the issue price and redemption amount, the Notes may constitute “deeply discounted securities” for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005. Index Linked Redemption Notes linked to the retail prices index will constitute deeply discounted securities. Fixed Rate Notes repayable at par should not constitute deeply discounted securities. If the Notes are “deeply discounted securities”:

- (i) the Notes will represent “qualifying corporate bonds”;
- (ii) the Accrued Income Scheme will not apply to the Notes; and
- (iii) profits arising on disposal (including redemption or transfer) of the Notes by a Noteholder who is within the charge to United Kingdom income tax in respect of the Notes will generally be taxable as income but such Noteholder will not be able to claim relief from income tax in respect of incidental costs incurred on the acquisition or disposal, or losses incurred on the disposal, of the Notes.”

(iii) The sub-section headed “Individual Savings Accounts (“ISAs”)” will be deleted and replaced with the following:

“Individual Savings Accounts (“ISAs”)

The Notes should be eligible for inclusion within a stocks and shares ISA provided that they are and continue to be listed on the official list of a “recognised stock exchange” within the meaning of section 1005 of the Income Tax Act 2007 (or if that is not the case, that the Issuer’s ordinary shares are, and continue to be so listed or that the Issuer is a 75 per cent subsidiary of a company whose shares are, and continue to be so listed) and when the Notes are included in such an ISA, their terms do not require the Notes to be redeemed within the next five years. Noteholders should note

that for the 2011/2012 tax year, the yearly subscription limit for a stocks and shares ISA is £10,680 for each individual eligible to hold such an ISA.

The Notes would not qualify for inclusion within a Cash ISA.”

GENERAL INFORMATION

In the section headed “General Information” in the Offering Circular as supplemented by the First Supplementary Offering Circular:

(i) the words in the sub-section headed “Significant or Material Change” shall be deleted and replaced with the following:

“There has been no significant change in the financial or trading position of the Issuer and there has been no material adverse change in the financial position or prospects of the Issuer since 28 February 2011”;

(ii) the words “28th February 2010 and 28th February 2009” in the second line of the sub-section headed “Auditors” shall be deleted and replaced with “28th February 2011 and 28th February 2010”; and

(iii) the words “28th February 2010 and 28th February 2009” in the second line of paragraph (ii) of the sub-section headed “Documents Available” shall be deleted and replaced with “28th February 2011 and 28th February 2010”.