

## Drawdown Prospectus

Dated 29 November 2011



# Tesco Personal Finance PLC

*(Incorporated with limited liability under the laws of Scotland)*

## Issue of Sterling 1.00 per cent. RPI-Linked Notes due 16 December 2019 (the Notes)

The Notes are issued under the £2,000,000,000 Euro Note Programme (the **Programme**) of Tesco Personal Finance PLC (the **Issuer**). Application has been made to the Financial Services Authority in its capacity as competent authority (the **UK Listing Authority**) under the Financial Services and Markets Act 2000 (the **FSMA**) for the Notes to be admitted to the Official List of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes to be admitted to trading on the London Stock Exchange's regulated market and through the electronic order book for retail bonds (**ORB**) of the London Stock Exchange. References in this drawdown prospectus (the **Drawdown Prospectus**) to Notes being listed (and all related references) shall either mean that such Notes have been admitted to trading on the London Stock Exchange's regulated market and through ORB and have been admitted to the Official List. The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

Any person (an **Investor**) intending to acquire or acquiring any securities from any person (an **Offeror**) should be aware that, in the context of an offer to the public as defined in section 102B of the FSMA, the Issuer may be responsible to the Investor for the Offering Circular under section 90 of FSMA, only if the Issuer has authorised that Offeror to make the offer to the Investor. Each Investor should therefore enquire whether the Offeror is so authorised by the Issuer. If the Offeror is not authorised by the Issuer, the Investor should check with the Offeror whether anyone is responsible for the Offering Circular for the purposes of section 90 of FSMA in the context of the offer to the public, and, if so, who that person is. If the Investor is in any doubt about whether it can rely on the Offering Circular and/or who is responsible for its contents, it should take legal advice.

### Joint Lead Managers

Barclays Capital

Evolution Securities

Lloyds Bank Corporate  
Markets

This Drawdown Prospectus constitutes a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the **Prospectus Directive**).

This Drawdown Prospectus is published for the purpose of giving information with regard to the Issuer, the subsidiaries of the Issuer (together with the Issuer, the **Group**) and the Notes. The Issuer accepts responsibility for the information contained in this Drawdown Prospectus. To the best of the knowledge and belief of the Issuer (having taken all reasonable care to ensure that such is the case), the information contained herein is in accordance with the facts and does not omit anything likely to affect the import of such information.

No person is authorised to give any information or to make any representation not contained in or not consistent with this document or any information supplied in connection with the Programme and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer. This document does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation and no action is being taken to permit an offering of the Notes or the distribution of this document in any jurisdiction where any such action is required.

This Drawdown Prospectus is to be read and construed in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*" on pages 9 and 10).

No representation, warranty or undertaking, express or implied, is made and no responsibility is accepted by the Joint Lead Managers listed on the front cover as to the accuracy or completeness of the information contained in this Prospectus or any other information provided by the Issuer. The Joint Lead Managers do not accept liability in relation to the information contained in this Drawdown Prospectus or any other information provided by the Issuer in connection with the Programme.

This Drawdown Prospectus does not constitute an offer of, or invitation by or on behalf of, the Issuer or the Joint Lead Managers to subscribe for or purchase any Notes. The distribution of this Drawdown Prospectus and the offering of the Notes in certain jurisdictions may be restricted by law. The Issuer and the Joint Lead Managers do not represent that this Drawdown Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Drawdown Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. In particular, there are restrictions on the distribution of this Drawdown Prospectus and the offer and sale of Notes in the United States, the EEA (including UK and France), Jersey and Japan. Persons into whose possession this Drawdown Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain further restrictions on offers and sales of the Notes and on the distribution of this Drawdown Prospectus, see "*Subscription and Sale*" in the Base Prospectus.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and include Notes in bearer form that are subject to certain U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States of America or to, or for the account of or benefit of, U.S. persons.

## SUMMARY

**This Summary must be read as an introduction to this Drawdown Prospectus and any decision to invest in the Notes should be based on a consideration of this Drawdown Prospectus as a whole, including the documents incorporated by reference. No civil liability will attach to the Issuer in any such Member State in the European Economic Area in respect of this Summary, unless it is misleading, inaccurate or inconsistent when read together with the other parts of this Drawdown Prospectus. Where a claim relating to information contained in this Drawdown Prospectus is brought before a court in a Member State of the European Economic Area, the plaintiff may, under the national legislation of the Member State where the claim is brought, be required to bear the costs of translating this Drawdown Prospectus before the legal proceedings are initiated.**

Terms and expressions defined in the Conditions shall have the same meaning in this Summary.

### Information relating to the Issuer

Issuer: Tesco Personal Finance PLC

Business: The Issuer is a wholly owned subsidiary of Tesco Personal Finance Group Limited (**TPFG**). TPFG in turn is a wholly owned subsidiary of Tesco PLC (**Tesco**), the holding company of the Tesco group (the **Tesco Group**). The Issuer provides a range of retail financial service products, primarily in the United Kingdom, to personal customers.

For the year ended 28 February 2011, the Issuer's total income was £592,077,000 and as at 28 February 2011 the Issuer's total assets were £7,009,191,000.

The Issuer offers a range of retail financial service products to customers predominantly located within the United Kingdom. A significant proportion of the Issuer's United Kingdom customer base are existing Tesco Group customers that utilise other retail services offered by Tesco. As at 28 February 2011, the Issuer had more than 6.5 million customers across its range of banking and insurance products. The products and services offered by the Issuer are advertised through and can be purchased by customers from the store network of Tesco, over the telephone and on the worldwide web via [www.tescobank.com](http://www.tescobank.com).

The Issuer's funding is predominantly provided through instant access interest-based savings accounts with total balances of £5,126,323,000 as at 31 August 2011. Additionally, the Issuer operates one of the largest networks of automated teller machines (**ATMs**) in the United Kingdom with over 3,500 terminals processing in excess of 30 million cash withdrawal transactions a month.

The Issuer maintains a liquid asset portfolio of high quality securities in line with regulatory guidance and additional treasury assets which offer a high degree of liquidity. As at 31 August 2011, its Core Tier One Capital Ratio was 16.2 per cent. (13.6 per cent. as at 31 August 2010). As at 31 August 2011, treasury assets totalled more than £1.5 billion.

**Risk Factors:**

There are certain factors that may affect the Issuer's ability to fulfil its obligations under Notes issued under the Programme including general and sector-specific economic conditions in the markets in which it operates; the competitive markets for United Kingdom retail financial services in which it operates; credit risk in relation to its customers and counterparties; operational risk; interest rate and liquidity risk; risks in relation to its insurance business including event risk; solvency risk; legal and regulatory risk in relation to the financial sector; and tax, reputational, systems and pensions exposure risks. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme.

**Information relating to the Notes**

**Joint Lead Managers:**

Barclays Bank PLC  
Evolution Securities Limited  
Lloyds TSB Bank plc

**Distributors:**

Barclays Bank PLC  
Barclays Stockbrokers Limited  
Brewin Dolphin Limited (trading as Stocktrade)  
Charles Stanley & Company Limited  
Evolution Securities Limited  
Halifax Share Dealing  
Killik & Co LLP  
Lloyds TSB Bank plc  
Redmayne Bentley LLP  
Talos Securities Limited (trading as Selftrade)

**Currency:**

Pounds sterling

**Type of Securities:**

Fixed rate, linked to Retail Prices Index

**Issue Price**

Par

**Issue Size:**

The aggregate nominal amount of the Notes to be issued will be determined following the end of the Offer Period and set forth in an announcement (the “**Final Terms**”

**Confirmation Announcement**”) which will be published by the Issuer.

Maturity Date:	16 December 2019
Coupon:	1 per cent per annum subject to indexation.
Interest Payment Dates:	Interest will be payable semi-annually on 16 June and 16 December in each year until the Maturity Date, starting on 16 June 2012.
Principal:	The Notes will be repaid at par subject to indexation.
Status of the Notes:	The Notes constitute direct, unconditional, unsecured and unsubordinated obligations of the Issuer and rank <i>pari passu</i> among themselves.
Form of Notes:	The Notes are represented by a permanent Global Note which will be delivered to a common depository for Euroclear and Clearstream. In addition, the Notes will be accepted for settlement in Euroclear UK and Ireland (CREST) via the CREST Depository Interest (CDI) mechanism.
Listing and admission to trading:	Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's regulated market and through the electronic order book for retail bonds of the London Stock Exchange.
U.S. Selling Restrictions	Regulation S; TEFRA C
Governing Law:	The Notes will be governed by, and construed in accordance with, English law.
Use of Proceeds:	The net proceeds from the sale of the Notes (less any fees payable by the Issuer) will be set out in the Final Terms Confirmation Announcement and will be used for the Issuer's general corporate purposes.
Public Offer:	The Notes may be offered by the Joint Lead Managers and by the Authorised Distributors to the public in the United Kingdom, Guernsey and Jersey between 29 November 2011 and the Issue Date (or an alternative date if so specified in the Final Terms Confirmation Announcement). For provisions and restrictions relating to offers of Notes to the public, see " <i>Subscription and Sale</i> ".

## RISK FACTORS

*Prospective Investors should consider carefully the risks set forth below and the other information contained in this Drawdown Prospectus and the documents incorporated by reference prior to making any investment decision with respect to the Notes.*

*Particular attention of prospective Investors is drawn to the information under the heading "Risk Factors" on pages 11 to 22 (inclusive) of the Offering Circular dated 16 August 2011 (the **Offering Circular**) relating to the Programme under which the Notes are issued, which must be read in conjunction with the additional risk factors set out below. The Issuer believes that these risk factors may affect its ability to fulfil its obligations under Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below and in the Offering Circular.*

*The Issuer believes that the factors described below and in the Offering Circular represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and the Issuer does not represent that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Drawdown Prospectus and the Offering Circular and reach their own views prior to making any investment decision.*

### **RISKS RELATING TO LINKAGE OF THE RETURN ON THE NOTES TO THE RETAIL PRICES INDEX**

The Retail Prices Index ("**RPI**") is the most familiar general purpose domestic measure of inflation in the UK. The RPI has been used as a measure of inflation since 1947 and measures the average change from month to month in the prices of goods and services purchased by most households in the UK. The spending pattern on which the RPI is based is revised each year, mainly using information from official expenditure and food surveys.

The RPI is compiled by the UK Office of National Statistics ("**ONS**") using a large and representative selection of approximately 650 separate goods and services for which price movements are regularly measured in approximately 150 areas throughout the UK. Approximately 120,000 separate price quotations are used each month in compiling the RPI. The UK Government uses the RPI for its own existing inflation-linked bonds. If prices rise compared to the previous month, the RPI goes up and if prices fall compared to the previous month, the RPI goes down. It takes two or three weeks for the ONS to compile the index, so they publish each month's RPI figure during the following month, i.e. the figure relating to March will be published in April. The RPI figures used in the calculation of interest payments on the Notes and the face value of the Notes at redemption are numerical representations of where prices on a list of items bought by an average family stand at a point in time, in relation to their past values.

More information on the RPI, including past and current levels, can be found at the following website: [www.statistics.gov.uk](http://www.statistics.gov.uk).

Movements in the RPI are used to measure the effect of inflation on both the interest and the face value of the Notes as described herein. The coupons and the amount borrowed are both adjusted in line with the RPI.

- Unlike a bank deposit, the Notes are not protected by the Financial Services Compensation Scheme (FSCS). As a result, the FSCS will not pay compensation to an investor in the Notes upon the failure of the Issuer.
- All obligations arising out of or in connection with the Notes shall be the sole responsibility of the Issuer. The Notes are not guaranteed by Tesco PLC or any other member of the Tesco Group and no obligations arising out of or in connection with the Notes are supported by or have been assumed by Tesco PLC or any other member of the Tesco Group.
- If the Issuer goes out of business or becomes insolvent, Noteholders may lose part of or, in the worst case scenario, the value of their entire investment in the Notes. In the event that the Issuer becomes insolvent, Noteholders will recover their investment in priority to shareholders of the Issuer. However, a Noteholder could still lose the money it has invested.
- If investors choose to sell their Notes in the open market at any time prior to the Maturity Date, the price the investors will receive from a purchaser may mean that they get back less than their original investment. Factors that will influence the price received by the investors include, but are not limited to, market appetite, inflation, period remaining to the Maturity Date, interest rates and the financial position of the Issuer. In particular, investors should note that if interest rates start to rise then the interest amounts due on the Notes might become less attractive and the price the investors get if they sell the Notes could fall. However, the market price of the Notes has no effect on the interest amounts due on the Notes or what the investors will be due to be repaid on the Maturity Date if they hold on to the Notes until then.
- Interest is paid on the face value of the Notes adjusted for changes in RPI between October 2011 and 8 months prior the relevant coupon payment date. It is possible that the RPI will decrease during the relevant period. In this case, a coupon payment could be lower than the previous amount paid. In a deflationary environment, the annual interest received may be lower than 1% of the face value of the Notes. There is no guarantee that investors will receive an annual rate of 1% or more interest in respect of any coupon except the first. However, on redemption the Noteholders will be entitled to receive at least the face value of the Notes.

## **RISKS IN INVESTING IN THE FORM OF CERTIFICATELESS DEPOSITORY INTERESTS IN CREST**

Investors may also hold interests in the Notes through Euroclear UK & Ireland Limited (formerly known as CRESTCo Limited) (**CREST**) through the issuance of dematerialised depository interests (**CDIs**) issued, held, settled and transferred through CREST, representing interests in the Notes. CDIs are independent securities constituted under English law and transferred through CREST and will be issued by CREST Depository Limited (the **CREST Depository**) pursuant to the global deed poll dated 25 June 2001 (as subsequently modified, supplemented and/or restated) (the **CREST Deed Poll**).

The rights of CDI Holders to the Notes are represented by the relevant entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Notes. Accordingly, rights under the Underlying Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians. The enforcement of rights under the Notes will be subject to the local law of the relevant intermediaries. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Notes in the event of any insolvency or liquidation of any of the relevant intermediaries, in particular where the Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.

The rights of the CDI Holders will be governed by the arrangements between CREST, Euroclear, Clearstream, Luxembourg and the Issuer, including the CREST Deed Poll. Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the CREST Depository. CDI Holders are bound by such provisions and may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the amounts originally invested by them. As a result, the rights of and returns received by CDI Holders may differ from those of holders of Notes which are not represented by CDIs.

In addition, CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the Notes through the CREST International Settlement Links Service.

Potential investors should note that none of the Issuer, the Joint Lead Managers, Distributors, the Trustee or the Paying Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.



## **DOCUMENTS INCORPORATED BY REFERENCE**

The Offering Circular (which offering circular constitutes a base prospectus for the purposes of the Prospectus Directive) shall be deemed to be incorporated into and form part of this Drawdown Prospectus in its entirety (including the supplement to the Offering Circular dated 11 November 2011, which incorporated by reference the interim financial report of the Issuer for the six months ended 31 August 2011).

Any statement contained in the Offering Circular shall be deemed to be modified or superseded for the purpose of this Drawdown Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Drawdown Prospectus.

Any documents incorporated by reference in the Offering Circular shall not constitute part of this Drawdown Prospectus.

This Drawdown Prospectus must be read in conjunction with the Offering Circular and full information on the Issuer and the offer of the Notes is only available on the basis of the combination of the provisions set out within this document and the Offering Circular.

In addition the following documents which have previously been published or are published simultaneously with this Drawdown Prospectus and have been approved by the Financial Services Authority or filed with it shall be deemed to be incorporated in, and to form part of, this Drawdown Prospectus:

- (i) the auditors' report and the audited financial statements of the Issuer for the 12 months ended 28 February 2011 (which appear on pages 14 to 88 of the Directors' Report and financial statements for the year ended 28 February 2011 of the Issuer);
- (ii) the auditors' report and the audited financial statements of the Issuer for the 12 months ended 28 February 2010 (which appear on pages 8 to 76 of the Directors' Report and financial statements for the year ended 28 February 2010); and
- (iii) the interim financial report of the Issuer for the six months ended 31 August 2011.

save that any statement contained herein or in a document which is deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Drawdown Prospectus to the extent that a statement contained in any document which is subsequently incorporated by reference herein by way of a supplement prepared in accordance with Article 16 of the Prospectus Directive modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute part of this Drawdown Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Drawdown Prospectus shall not form part of this Drawdown Prospectus. Information contained in the documents incorporated by reference into this Drawdown Prospectus, which is not itself incorporated by reference, is not relevant for investors.

The Issuer will provide, without charge, to each person to whom a copy of this Drawdown Prospectus has been delivered, upon the oral or written request of such person, a copy of any or all of the financial information which is incorporated herein by reference. Written or oral requests for such financial information should be directed to the Issuer at its registered office set out at the end of this Drawdown Prospectus.

In addition, copies of documents incorporated by reference in this Drawdown Prospectus will be available for viewing on the website of the Regulatory News Service operated by the London Stock Exchange at <http://www.londonstockexchange.com/en-gb/pricesnews/marketnews/>.

## TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes shall consist of the "Terms and Conditions of the Notes" set out on pages 52 to 69 of the Offering Circular (the **Base Conditions**), as amended and completed by the Final Terms issued in respect of the Notes the form of which is set out below. References in the Offering Circular to **Final Terms** shall be deemed to refer to the Final Terms set out below.

Terms used herein but not otherwise defined shall have the meanings given to them in the Offering Circular. All references to **Conditions** or to a numbered **Condition** shall be to the Base Conditions or the relevant numbered Condition of the Base Conditions.

## FINAL TERMS

29 November 2011

### Tesco Personal Finance PLC

**Issue of  
Sterling 1.00 per cent. RPI-Linked Notes due 16 December 2019  
under the  
£2,000,000,000 Euro Note Programme**

The Offering Circular referred to below (as completed by these Final Terms) has been prepared on the basis that, except as provided in sub-paragraph (ii) below, any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (2003/71/EC) (each, a **Relevant Member State**) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of the Notes. Accordingly any person making or intending to make an offer of the Notes may only do so:

- (i) in circumstances in which no obligation arises for the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer; or
- (ii) in those Public Offer Jurisdictions mentioned in Paragraph 33 of Part A below, provided such person is one of the persons mentioned in Paragraph 33 of Part A below and that such offer is made during the Offer Period specified for such purpose therein.

Neither the Issuer nor any Dealer has authorised, nor do they authorise, the making of any offer of Notes in any other circumstances.

### Part A — Contractual Terms

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Notes set forth in the Offering Circular dated 16 August 2011 which, as modified by a supplement to the Offering Circular dated 11 November 2011, constitutes a base prospectus for the purposes of Directive 2003/71/EC of 4th November 2003 of the European Parliament and the Council of the European Union (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Offering Circular and such supplement to the Offering Circular. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms, the Offering Circular and the supplement to the Offering Circular dated 11 November 2011. The Offering Circular and such supplements are available for viewing during normal business hours and copies may be obtained from the registered office of the Issuer, from the specified office of the Paying Agents for the time being and the website of the London Stock Exchange

1. (i) Series Number: 2  
(ii) Tranche Number: 1
2. Specified Currency or Currencies: GBP (£)
3. Aggregate Nominal Amount:  
(i) Tranche: The aggregate nominal amount of the Notes to be issued will depend partly on the amount of Notes for which indicative offers to subscribe are received during the Offer Period and will be specified in an announcement by the Issuer after the Offer Period (as defined in Part B – item 8)  
(ii) Series: As per 3(i) above
4. Issue Price: The Issuer has offered the Notes to the Joint Lead Managers (as defined herein) at the initial issue price of 100 per cent. of the Aggregate Nominal Amount for distribution via the Authorised Distributors (as defined herein)
5. (i) Specified Denominations: £100  
(ii) Calculation Amount: £100
6. (i) Issue Date: 16 December 2011  
(ii) Interest Commencement Date: Issue Date
7. Maturity Date: 16 December 2019
8. Interest Basis: Index Linked Interest  
  
(further particulars specified below and in Annex 1 hereto)
9. Redemption/Payment Basis: Index-linked Redemption (further particulars specified below and in Annex 1 hereto)
10. Change of Interest Basis or Redemption/Payment Basis: Not Applicable
11. Put/Call Options: Issuer Call Option for indexation reasons. For further information see paragraph 2 of Annex 1 hereto.
12. Method of distribution: Syndicated

**Provisions Relating to Interest (if any) Payable**

13. Fixed Rate Note Provisions: Applicable  
(i) Rate(s) of Interest: 1 per cent. per annum payable semi-annually in arrear (subject to the terms set out in Annex 1 hereto)

(ii)	Interest Payment Date(s):	16 June and 16 December in each year, commencing on 16 June 2012, up to and including the Maturity Date
(iii)	Fixed Coupon Amount(s):	£1 per Calculation Amount, subject to indexation as provided in Annex 1 hereto
(iv)	Broken Amount(s):	Not Applicable
(v)	Fixed Day Count Fraction:	Actual/Actual (ICMA)
(vi)	Determination Date(s):	16 June and 16 December in each year
(vii)	Other terms relating to the method of calculating interest for Fixed Rate Notes:	Each payment of interest will be adjusted for indexation as provided in Annex 1 hereto
14.	Floating Rate Note Provisions	Not Applicable
15.	Zero Coupon Note Provisions	Not Applicable
16.	Index Linked Interest Note Provisions	See Annex 1 hereto
17.	Dual Currency Interest Note Provisions	Not Applicable

#### **Provisions Relating to Redemption**

18.	Issuer Call	Not Applicable
19.	Investor Put	Not Applicable
20.	Final Redemption Amount	
(i)	Index/Formula	The Index as defined in Annex 1 paragraph 1(a)
(ii)	Calculation Agent responsible for calculating the Final Redemption Amount:	Not Applicable
(iii)	Provisions for determining Final Redemption Amount where calculated by reference to Index and/or Formula and/or other variable:	The Final Redemption Amount per Note shall be its outstanding nominal amount and subject to paragraph 20(vii) below, adjusted in accordance with Annex 1 paragraph 1(b)
(iv)	Determination Date(s):	Not Applicable
(v)	Provisions for determining Final Redemption Amount where calculation by reference to Index and/or Formula and/or other variable is impossible or impracticable or otherwise disrupted:	Annex 1 paragraphs (c) to (f) shall apply

(vi) Payment Date:	Maturity Date
(vii) Minimum Final Redemption Amount:	£100 per Calculation Amount
(viii) Maximum Final Redemption Amount:	Not Applicable

21. (i) Early Redemption Amount(s) payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6(e)): Subject to the following proviso, the Early Redemption Amount of each Note shall be £100 per Calculation Amount together with interest accrued but unpaid up to and including the date of redemption (in each case adjusted in accordance with Annex 1 paragraph 1(b)); *provided that* if, in the case of a redemption pursuant to either of Annex 1 paragraph 2 or Condition 6(b), adjustment of the redemption amount in accordance with Annex 1 paragraph 1(b) would reduce the amount of principal payable upon redemption to less than £100 per Calculation Amount, the Early Redemption Amount of each Note shall be £100 per Calculation Amount together with interest accrued but unpaid up to and including the date of redemption (in the case of the interest only, adjusted in accordance with Annex 1 paragraph 1(b)).
- (ix) Redemption for taxation reasons permitted on days other than Interest Payment Dates (Condition 6(b)(i)) Yes
- (x) Unmatured Coupons to become void upon early redemption (Condition 5(b)) Yes

#### **General Provisions Applicable to the Notes**

22. (i) Form of Notes: Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
- (ii) New Global Note: No
23. Additional Financial Centre(s) or other special provisions relating to Payment Dates: Not Applicable
24. Talons for future Coupons or Receipts to be attached to Definitive Notes (and dates on which such Talons mature): No
25. Details relating to Partly Paid Notes: Not Applicable
26. Details relating to Instalment Notes: Not Applicable
27. Redenomination: Not Applicable

28. Other final terms: See Annex 1 hereto

**Distribution**

29. (i) If syndicated, names and addresses of Managers and underwriting commitments: Barclays Bank PLC  
Evolution Securities Limited  
Lloyds TSB Bank plc
- (ii) Date of Subscription Agreement: The Subscription Agreement is expected to be dated 14 December 2011
- (iii) Stabilising Manager(s) (if any): Not Applicable
30. If non-syndicated, name and address of relevant Dealer: Not Applicable
31. Total commission and concession: The Joint Lead Managers will receive fees of 0.1875 per cent. of the Aggregate Nominal Amount of the Notes. The Authorised Distributors will receive fees of 0.50 per cent. of the aggregate Nominal Amount of the Notes allotted to them
32. U.S. Selling Restrictions Reg. S Compliance Category 2; TEFRA C
33. Non exempt Offer: An offer of the Notes may be made by the Joint Lead Managers and the Authorised Distributors (as defined herein) (together with the Joint Lead Managers, the **Financial Intermediaries**) other than pursuant to Article 3(2) of the Prospectus Directive in the United Kingdom during the period from the time of publication of these Final Terms on 29 November 2011 until 5.00 p.m. (London time) on 9 December 2011 or such earlier or later time and date as agreed between the Issuer and the Joint Lead Managers and announced via a Regulatory Information Service (the **Offer Period**). The only person authorised to use these Final Terms and the Offering Circular in connection with an offer of the Notes are the Financial Intermediaries and such persons are only entitled to use such documents during the Offer Period. See further Paragraph 8 of Part B below.
34. Additional selling restrictions: There shall be no circulation in Jersey of any offer for subscription, sale or exchange of the Notes unless such offer is circulated in Jersey by a person or persons authorised to conduct investment business under the Financial Services (Jersey) Law 1998, as amended and (a) such offer does not for the purposes of Article 8 of the Control of Borrowing (Jersey) Order 1958, as amended, constitute an offer to the public; or (b) an identical offer is for the time being circulated in the United Kingdom without contravening the Financial Services and Markets Act 2000 and is, *mutatis mutandis*, circulated in Jersey only to persons similar to those to whom, and in a



manner similar to that in which, it is for the time being circulated in the United Kingdom.

### **Purpose of Final Terms**

These Final Terms comprise the final terms required for issue, public offer in the Public Offer Jurisdictions, admission to trading on the London Stock Exchange's regulated market and listing on the Official List of the UK Listing Authority of the Notes described herein pursuant to the £2,000,000,000 Euro Note Programme of Tesco Personal Finance PLC.

Signed on behalf of Tesco Personal Finance PLC:

By:

*Duly authorised*

## **Part B — Other Information**

### **1. LISTING AND ADMISSION TO TRADING**

Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and through the London Stock Exchange's electronic order book for retail bonds (ORB) and listing on the Official List of the UK Listing Authority with effect from 16 December 2011.

Barclays Bank PLC and Evolution Securities Limited will be appointed as registered market makers through ORB

([www.londonstockexchange.com/exchange/prices-and-markets/retail-bonds/retail-bonds-search.html](http://www.londonstockexchange.com/exchange/prices-and-markets/retail-bonds/retail-bonds-search.html)) when the Notes are issued. Market-making will be supported by Barclays Bank PLC on the bondscape platform ([www.bondscape.net](http://www.bondscape.net))

### **2. RATINGS**

Ratings: Not Applicable

### **3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE**

Save for any fees payable to the Joint Lead Managers and Authorised Distributors, so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer.

### **4. REASONS FOR THE OFFER, ESTIMATED NET PROCEEDS AND TOTAL EXPENSES**

- |       |                           |  |
|-------|---------------------------|--|
| (i)   | Reasons for the offer     | See "Use of Proceeds" in the Offering Circular   |
| (ii)  | Estimated net proceeds:   | This will be the aggregate nominal amount of the Tranche multiplied by 99.3125 per cent. |
| (iii) | Estimated total expenses: | £3,000   |

### **5. YIELD**

Indication of yield: 1 per cent. per annum (before indexation)

The yield is calculated as at the date of these Final Terms on the basis of the Issue Price. It is not an indication of future yield.

### **6. PERFORMANCE OF INDEX/FORMULA/OTHER VARIABLE AND OTHER INFORMATION CONCERNING THE UNDERLYING**

The Retail Prices Index ("RPI") is the most familiar general purpose domestic measure of inflation in the UK. Approximately 120,000 separate price quotations are used each month in compiling the RPI. If prices rise compared to the previous month, the RPI goes up and if prices fall compared to the previous month, the RPI goes down. It takes two or three weeks for the ONS to compile the index, so they publish each month's RPI figure during the following month, i.e. the figure relating to March will be published in April. The RPI figures used in the calculation of interest payments on the Notes and the face value of the Notes at redemption are numerical representations of where prices on a list

of items bought by an average family stand at a point in time, in relation to their past values.

More information on the Index (as defined in paragraph 1 of Annex 1 hereto) can be found on Bloomberg Page UKRPI.

Movements in the RPI are used to measure the effect of inflation on both the interest and the face value of the Notes as described herein. The coupons and the amount borrowed are both adjusted in line with the RPI.

Interest is paid on the face value of the Notes, and is adjusted for changes in RPI between October 2011 and the month which is eight months prior the relevant coupon payment date. It is possible that the RPI will decrease during any relevant period. In this case, a coupon payment could be lower than the previous amount paid. In a deflationary environment, the annual interest received may decrease as per the change in RPI. There is no guarantee that Investors will receive an annual rate of 1% or more interest in respect of any coupon except the first. However, unless the Issuer goes out of business or becomes insolvent, the investors will be entitled to receive at least the face value of the Notes on redemption.

## **7. OPERATIONAL INFORMATION**

- |       |  |   |
|-------|--|---|
| (i)   | ISIN Code:   | XS0710391532  |
| (ii)  | Common Code:   | 071039153   |
| (iii) | Any clearing system(s) other than Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme and the relevant identification number(s): | The Bonds will settle in Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme. In addition, the Bonds will be accepted for settlement in Euroclear UK & Ireland ( <b>CREST</b> ) via the CREST Depositary Interest (CDI) mechanism |
| (iv)  | Delivery:  | Delivery versus payment   |
| (v)   | Names and addresses of additional Paying Agent(s) (if any):  | Not Applicable  |
| (vi)  | Intended to be held in a manner which would allow Eurosystem eligibility:  | No  |

## **8. TERMS AND CONDITIONS OF THE OFFER**

Offer Period:	29 November 2011 to 9 December 2011 (5.00 p.m. London time) or such earlier time and date as agreed between the Issuer and the Joint Lead Managers and announced via a Regulatory Information Service.
---------------	--

Offer Price:	The Notes will be issued at the Issue Price. In order to determine the Issue Price, the aggregate nominal amount of the Notes will be determined at the end of the Offer Period and will be specified in an announcement by the Issuer after the Offer Period. Any investor intending to acquire any Notes from a bank, financial intermediary or other entity (including an Authorised Distributor) will do so only at the Issue Price and in accordance with any terms and other arrangements in place between the seller or distributor
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and such investor, including as to allocations and settlement arrangements. The Issuer is not party to such arrangements with investors and accordingly investors must obtain such information from the relevant seller or distributor. The Issuer has no responsibility to an Investor for such information.

Conditions to which the offer is subject:

The issue of the Notes will be conditional upon the Subscription Agreement being signed by the Issuer and the Joint Lead Managers and further to the terms of the Subscription Agreement which will in certain circumstances entitle the Joint Lead Managers to be released and discharged from their obligations under the Subscription Agreement prior to the issue of the Notes.

Description of the application process:

Applications cannot be made directly to the Issuer. Notes will be issued to the Investors as per the arrangements in place between the seller or distributor and such Investor, including as to application process, allocations and settlement arrangements.

Investors will be notified by the relevant Joint Lead Manager or Authorised Distributor of their allocations of Notes and the settlement arrangements in respect thereof as soon as practicable after the Final Terms Confirmation Announcement is made which may be after the Offer Period has ended.

After the closing time and date of the Offer Period no Notes will be offered for sale (i) by or on behalf of the Issuer or (ii) by the Joint Lead Managers and/or any Authorised Distributor (in their respective capacities as Joint Lead Managers or Authorised Distributors) except with the consent of the Issuer.

Investors may not be allocated all of the Notes for which they apply.

Details of the minimum and/or maximum amount of application:

The minimum subscription per investor is £2,000 in nominal amount of the Notes.

Description of possibility to reduce subscriptions and manner for refunding excess amount paid by applicants:

There will be no refund as Investors will not be required to pay for any Notes until any application for Notes has been accepted and the Notes allotted.

Details of the method and time limits for paying up and delivering the Notes:

The Notes will be issued on the Issue Date against payment to the Issuer by the Joint Lead Managers of the subscription moneys (less any amount of commission that the Issuer and the Joint Lead Managers agree should be deducted from the subscription moneys). Investors will be notified by their relevant Joint Lead Manager or relevant Authorised Distributor of their allocations of Notes (if any) and the settlement arrangements in respect

thereof.

Manner in and date on which results of the offer are to be made public:

The results of the offer will be specified in an announcement by the Issuer after the Offer Period and published by a Regulatory Information Service (expected to be the Regulatory News Service operated by the London Stock Exchange) prior to the Issue Date; such announcement is currently expected to be made on or around 14 December 2011.

Procedure for exercise of any right of pre-emption, negotiability of subscription rights and treatment of subscription rights not exercised:

Not Applicable

Categories of potential investors to which the Notes are offered and whether tranche(s) have been reserved for certain countries:

Notes will be offered by the Joint Lead Managers and the Authorised Distributors to the public in the United Kingdom, Jersey and Guernsey during the Offer Period.

Process for notification to applicants of the amount allotted and the indication whether dealing may begin before notification is made:

Investors will be notified by their relevant Joint Lead Manager or Authorised Distributor of their allocations of Notes (if any). No arrangements have been put in place by the Issuer to whether dealings may begin before such notification is made. Accordingly, whether Investors can commence dealing before such notification will be as arranged between the relevant Investor and the relevant Joint Lead Manager or Authorised Distributor.

Amount of any expenses and taxes specifically charged to the subscriber or purchaser:

No such expenses or taxes upon issue will be allocated by the Issuer to any Investor. Any Investor intending to acquire any Notes from a bank, financial intermediary or other entity (including an Authorised Distributor) other than a Joint Lead Manager in its capacity as such will do so in accordance with any terms and other arrangements in place between the seller or distributor and such investor, including as to price, allocations and settlement arrangements. Neither the Issuer nor any of the Joint Lead Managers are party to such arrangements with investors and accordingly investors must obtain such information from the relevant seller or distributor. Neither the Issuer nor the Joint Lead Managers have any responsibility to an Investor for such information.

Retail tax disclosure: Applicable

Name(s) and address(es), to the extent known to the Issuer, of the placers in the various countries where the offer takes place.

Barclays Bank PLC  
5 The North Colonnade  
Canary Wharf  
London E14 5LB

Barclays Stockbrokers Limited  
1 Churchill Place  
London E14 5HP

Brewin Dolphin Limited (trading as Stocktrade)  
12 Smithfield Street,  
London, EC1A 9BD

Evolution Securities Limited  
100 Wood Street  
London EC2V 7AN

Charles Stanley & Company Limited  
25 Luke Street  
London EC2A 4AR

Halifax Share Dealing  
Lovell Park Road  
Leeds, LS1 1NS

Killik & Co LLP  
46 Grosvenor Street  
London W1K 3HN

Redmayne-Bentley LLP  
Merton House  
84 Albion Street  
Leeds LS1 6AG

Talos Securities Limited (trading as Selftrade)  
Boatman's House  
2 Selsdon Way  
London E14 9LA

who, as at the date of these Final Terms, are the authorised distributors who have each been appointed by the Issuer and the Joint Lead Managers to offer and distribute the Notes purchased from the Joint Lead Managers to the public in the United Kingdom, Jersey and Guernsey in accordance with all prevailing regulatory requirements during the Offer Period (together, the **Authorised Distributors**).

Neither the Issuer nor any Joint Lead Manager has authorised, nor will they authorise, the making of any other offer of the Notes in any other circumstances.

## ANNEX 1

The following additional terms shall apply in respect of the Notes.

### 1. Indexation

#### (a) *Definitions*

**Base Index Figure** means (subject to paragraph (c) below) 234.4 (i.e the figure applicable to April 2011, being the month falling 8 months prior to December 2011);

**Index** or **Index Figure** means, subject as provided in paragraph (c) below, the U.K. Retail Price Index (**RPI**) (for all items) published by the Office for National Statistics (January 1987 = 100) or any comparable index which may replace the U.K. Retail Price Index for the purpose of calculating the amount payable on repayment of the Reference Gilt. Any reference to the Index Figure applicable to a particular month, shall, subject as provided in paragraphs (c) and (f), be construed as a reference to the Index Figure published in the seventh month prior to that particular month and relating to the month before that of publication.

**Index Ratio** applicable to any month means the Index Figure applicable to such divided by the Base Index Figure and rounded to the nearest fifth decimal place; and

**Reference Gilt** means the 2.5 per cent. Indexed-Linked Treasury Stock due 2020 for so long as such stock is in issue, and thereafter such issue of index-linked Treasury Stock determined to be appropriate by a gilt-edged market maker or other adviser selected by the Issuer (an **Indexation Adviser**).

#### (b) *Application of the Index Ratio*

Each payment of interest and principal in respect of the Notes shall be the amount provided in, or determined in accordance with, these Conditions, multiplied by the Index Ratio applicable to the month on which such payment falls to be made and rounded in accordance with Condition 4(b)(iv).

#### (c) *Changes in Circumstances Affecting the Index: change in base*

If at any time and from time to time the Index is changed by the substitution of a new base therefor, then with effect from the month from and including that in which such substitution takes effect (i) the definition of "Index" and "Index Figure" shall be deemed to refer to the new month in substitution for January 1987 (or, as the case may be, to such other month as may have been substituted therefor), and (ii) the new Base Index Figure shall be the product of the existing Base Index Figure and the Index Figure for the date on which such substitution takes effect, divided by the Index Figure for the date immediately preceding the date on which such substitution takes effect.

#### (d) *Changes in Circumstances Affecting the Index: delay in publication of the Index*

If the Index Figure which is normally published in the seventh month and which relates to the eighth month (the **relevant month**) before the month in which a payment is due to be made is not published on or before the 14th business day before the date on which such payment is due (the **date for payment**), the Index Figure applicable to the month in which the date for payment falls shall be (i) such substitute index figure (if any) as the Trustee considers (acting solely on the advice of the Indexation Adviser) to have been published by the United Kingdom Debt Management Office or the Bank of England, as the case may be, for the purposes of indexation of payments on the Reference Gilt or, failing such publication, on any one or more issues of index-linked Treasury Stock selected

by an Indexation Adviser (and approved by the Trustee (acting solely on the advice of the Indexation Adviser)) or (ii) if no such determination is made by such Indexation Adviser within seven days, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to the paragraph (c)) before the date for payment.

(e) *Application of Changes*

Where the provisions of paragraph (d) apply, the determination of the Indexation Adviser as to the Index Figure applicable to the month in which the date for payment falls or the date for payment, as the case may be, shall be conclusive and binding. If, an Index Figure having been applied pursuant to paragraph (d)(ii), the Index Figure relating to the relevant month or relevant calculation month, as the case may be, is subsequently published while a Note is still outstanding, then:

- (a) in relation to a payment of principal or interest in respect of such Note other than upon final redemption of such Note, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced, as the case may be, by an amount equal to the shortfall or excess, as the case may be, of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of paragraph (d)(ii) above or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the 14th business day before the date for payment; and
- (b) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

(f) *Cessation of or Fundamental Changes to the Index*

If (i) the Trustee has been notified by the Calculation Agent that the Index has ceased to be published or (ii) any change is made to the coverage or the basic calculation of the Index which constitutes a fundamental change which would, in the opinion of (A) the Issuer be materially prejudicial to the interests of the Issuer, or (B) the Trustee (acting solely on the advice of the Indexation Adviser), be materially prejudicial to the interests of the Noteholders, the Trustee will give written notice of such occurrence to the Issuer in the case of (B), and the Issuer and the Trustee (acting solely on the advice of the Indexation Adviser) together shall seek to agree for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Noteholders in no better and no worse position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made.

If the Issuer and the Trustee (acting solely on the advice of the Indexation Adviser) fail to reach agreement as mentioned above within 20 business days following the giving of notice as mentioned in the immediately preceding paragraph to this paragraph, a bank or other person in London shall be appointed by the Issuer and the Trustee or, failing agreement on and the making of such appointment within 20 business days following the expiry of the 20 day period referred to above, by the Trustee (acting solely on the advice of the Indexation Adviser) (in each case, such bank or other person so appointed being referred to as the **Expert**), to determine for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should leave the Issuer and the Noteholders in no better and no worse position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made. Any Expert so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Expert and of any Indexation Adviser and of any of the Issuer and the Trustee in connection with such appointment shall be borne by the Issuer.



The Index shall be adjusted or replaced by a substitute index as agreed by the Issuer and the Trustee (acting solely on the advice of the Indexation Adviser) or as determined by the Expert pursuant to the foregoing paragraphs, as the case may be, and references in these Conditions to the Index and to any Index Figure shall be deemed amended in such manner as the Trustee (acting solely on the advice of the Indexation Adviser) and the Issuer agree are appropriate to give effect to such adjustment or replacement. Such amendments shall be effective from the date of such notification and binding upon the Issuer, the Trustee and the Noteholders, and the Issuer shall give notice to the Noteholders in accordance with Condition 13 of such amendments as promptly as practicable following such notification.

## **2. Redemption for Index Reasons**

If either (a) the Index Figure for three consecutive months is required to be determined on the basis of an Index Figure previously published as provided in paragraph (d)(ii) and the Trustee has been notified by the Calculation Agent that publication of the Index has ceased or (b) notice is published by Her Majesty's Treasury, or on its behalf, following a change in relation to the Index, offering a right of redemption to the holders of the Reference Gilt, and (in either case) no amendment or substitution of the Index shall have been advised by the Indexation Adviser to the Issuer and such circumstances are continuing, the Issuer may, upon giving not more than 60 nor less than 30 days' notice to the Noteholders in accordance with Condition 13, redeem all, but not some only, of the Notes at their principal amount, subject as provided in Part A - item 21(i), together with interest accrued but unpaid up to and including the date of redemption (in each case adjusted in accordance with clause 1(b)).

## **United Kingdom Taxation**

**The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current law and HMRC practice in the United Kingdom relating only to certain aspects of United Kingdom taxation. It does not purport to be a complete analysis of all tax considerations relating to the Notes. Some aspects do not apply to certain classes of taxpayer and the treatment of United Kingdom corporation taxpayers is not generally addressed. The summary set out below is a general guide and should be treated with appropriate caution. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who are or may be unsure as to their tax position should seek their own professional advice.**

**For further information regarding United Kingdom taxation in relation to the Notes, please refer to the section of the Offering Circular entitled "United Kingdom Taxation".**

### **Interest**

Interest on the Notes constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding. Interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not, however, be chargeable to United Kingdom tax in the hands of a Noteholder who is not resident for tax purposes in the United Kingdom unless that Noteholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency (or for Noteholders who are companies through a United Kingdom permanent establishment) in connection with which the interest is received or to which the Notes are attributable. There are exemptions for interest received by certain categories of agent (such as brokers and investment managers).

### **Transfer or other disposal (including redemption)**

Notes, whose redemption value is linked to the retail prices index, will constitute "deeply discounted securities" for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005. In those circumstances, profits arising on disposal (including redemption or transfer) of the Notes will generally be taxable as income with no account being taken of any costs incurred in connection with the acquisition or disposal of the Notes.

### **Individual Savings Accounts ("ISAs")**

The Notes should be eligible for inclusion within a stocks and shares ISA. 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.

## GENERAL INFORMATION

### (2) Listing and Admission to Trading

Application has been made to the UK Listing Authority in its capacity as competent authority under the FSMA to approve this document as a drawdown prospectus for the purposes of the Prospectus Directive. Application has also been made to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's regulated market and through the electronic order book for retail bonds (ORB) of the London Stock Exchange and to be listed on the Official List of the UK Listing Authority.

### (3) Clearing Systems

The Notes have been accepted for clearance through Clearstream, Luxembourg and Euroclear (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Clearstream, Luxembourg and Euroclear will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Following their delivery into a clearing system, interests in the Notes may be delivered, held and settled in CREST by means of the creation of CREST Depository Interests (CDIs) representing the interests in the Notes. The CDIs will be issued by the CREST Depository to CDI Holders and will be governed by English Law.

The CDIs will represent indirect interests in the interest of CREST International Nominees Limited (the **CREST Nominee**) in the Notes. Pursuant to the CREST Manual (as defined below), Notes held in global form by the Common Depository may be settled through CREST, and the CREST Depository will issue CDIs. The CDIs will be independent securities, constituted under English law which may be held and transferred through CREST.

Interests in the Notes will be credited to the CREST Nominee's account with Euroclear and the CREST Nominee will hold such interests as nominee for the CREST Depository which will issue CDIs to the relevant CREST participants.

Each CDI will be treated by the CREST Depository as if it were Notes, for the purposes of determining all rights and obligations and all amounts payable in respect thereof. The CREST Depository will pass on to CDI Holders any interest or other amounts received by it as holder of the Notes on trust for such CDI Holder. CDI Holders will also be able to receive from the CREST Depository notices of meetings of holders of Notes and other relevant notices issued by the Issuer.

Transfers of interests in the Notes by a CREST participant to a participant of Euroclear or Clearstream, Luxembourg will be effected by cancellation of the CDIs and transfer of an interest in such Notes to the account of the relevant participant with Euroclear or Clearstream, Luxembourg.

The CDIs will have the same ISIN as the ISIN of the Notes and will not require a separate listing on the Official List.

Prospective subscribers for Notes represented by CDIs are referred to Chapter 3 of the CREST Manual which contains the form of the CREST Deed Poll to be entered into by the CREST Depository. The rights of the CDI Holders will be governed by the arrangements between CREST,

Euroclear, Clearstream, Luxembourg and the Issuers including the CREST Deed Poll (in the form contained in Chapter 3 of the CREST International Manual (which forms part of the CREST Manual)) executed by the CREST Depository. These rights may be different from those of holders of Notes which are not represented by CDIs.

CDIs will be delivered, held and settled in CREST, by means of the CREST International Settlement Links Service (the "**CREST International Settlement Links Service**"). The settlement of the CDIs by means of the CREST International Settlement Links Service has the following consequences for CDI Holders:

- (i) CDI Holders will not be the legal owners of the Notes. The CDIs are separate legal instruments from the Notes and represent an indirect interest in the Notes.
- (ii) The Notes themselves (as distinct from the CDIs representing indirect interests in the Notes) will be held in account with a custodian. The custodian will hold the Notes through a clearing system. Rights in the Notes will be held through custodial and depository links through the appropriate clearing systems. The legal title to the Notes or to interests in the Notes will depend on the rules of the clearing system in or through which the Notes are held.
- (iii) Rights under the Notes cannot be enforced by CDI Holders except indirectly through the intermediary depositories and custodians described above. The enforcement of rights under the Notes will therefore be subject to the local law of the relevant intermediary. The rights of CDI Holders to the Notes are represented by the entitlements against the CREST Depository which (through the CREST Nominee) holds interests in the Notes. This could result in an elimination or reduction in the payments that otherwise would have been made in respect of the Notes in the event of any insolvency or liquidation of the relevant intermediary, in particular where the Notes held in clearing systems are not held in special purpose accounts and are fungible with other securities held in the same accounts on behalf of other customers of the relevant intermediaries.
- (iv) The CDIs issued to CDI Holders will be constituted and issued pursuant to the CREST Deed Poll. CDI Holders will be bound by all provisions of the CREST Deed Poll and by all provisions of or prescribed pursuant to, the CREST International Manual dated 14 April 2008 as amended, modified, varied or supplemented from time to time (the **CREST Manual**) and the CREST Rules (the **CREST Rules**) (contained in the CREST Manual) applicable to the CREST International Settlement Links Service and CDI Holders must comply in full with all obligations imposed on them by such provisions.
- (v) Potential investors should note that the provisions of the CREST Deed Poll, the CREST Manual and the CREST Rules contain indemnities, warranties, representations and undertakings to be given by CDI Holders and limitations on the liability of the issuer of the CDIs, the CREST Depository.
- (vi) CDI Holders may incur liabilities resulting from a breach of any such indemnities, warranties, representations and undertakings in excess of the money invested by them. The attention of potential investors is drawn to the terms of the CREST Deed Poll, the CREST Manual and the CREST Rules, copies of which are available from CREST at 33 Cannon Street, London EC4M 5SB or by calling +44 (0) 207 849 0000 or from the CREST website at [www.euroclear.com/site/public/EUI](http://www.euroclear.com/site/public/EUI)
- (vii) Potential investors should note CDI Holders may be required to pay fees, charges, costs and expenses to the CREST Depository in connection with the use of the CREST International Settlement Links Service. These will include the fees and expenses charged by the CREST Depository in respect of the provision of services by it under the CREST Deed Poll and any

taxes, duties, charges, costs or expenses which may be or become payable in connection with the holding of the CDIs through the CREST International Settlement Links Service.

- (viii) Potential investors should note that none of the Issuers, the Joint Lead Managers, the Distributors, the Trustee or the Paying Agents will have any responsibility for the performance by any intermediaries or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

**(4) Documents Available**

Copies of this Drawdown Prospectus are available on the website of the Regulatory News Service operated by the London Stock Exchange at [www.londonstockexchange.com/rns](http://www.londonstockexchange.com/rns). For the avoidance of doubt, the contents of this website are not incorporated in, and do not form part of, this Drawdown Prospectus.

**(5) Post issuance information**

The Issuer does not intend to provide post issuance information on the price performance of the Notes on level of the RPI-Index. Information about the past and further performance and volatility of the RPI-Index may be obtained from the website [www.statistics.gov.uk](http://www.statistics.gov.uk). For the avoidance of doubt, the contents of this website are not incorporated in, and do not form part of, this Drawdown Prospectus.

**(6) Significant or Material Change and Litigation**

There has been no significant change in the financial position of the Issuer or the Issuer and its Subsidiaries since 31 August 2011 and there has been no material adverse change in the financial position or prospects of the Issuer or the Issuer and its Subsidiaries since 28 February 2011.

There are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the twelve months prior to the date of this Drawdown Prospectus, a significant effect on the financial position or profitability of the Issuer and its Subsidiaries.

**THE ISSUER**

*Registered Office*

**Tesco Personal Finance PLC**

Interpoint Building  
22 Haymarket Yards  
Edinburgh EH12 5BH

**THE TRUSTEE**

**Capita Trust Company Limited**

Phoenix House  
18 King William Street  
London EC4N 7HE

**AGENT AND PAYING AGENT**

**HSBC Bank plc**

8 Canada Square  
London E14 5HQ

**JOINT LEAD MANAGERS**

**BARCLAYS BANK PLC**

5 The North Colonnade  
Canary Wharf  
London E14 4BB

**EVOLUTION SECURITIES  
LIMITED**

100 Wood Street  
London EC2V 7AN

**LLOYDS TSB BANK PLC**

10 Gresham Street  
London EC2V 7AE

**LEGAL ADVISERS**

*To the Issuer as to English Law*

*To the Issuer as to Scots Law*

**Freshfields Bruckhaus Deringer LLP**

65 Fleet Street  
London EC4Y 1HS

**Dundas & Wilson CS LLP**

Saltire Court  
20 Castle Terrace  
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*To the Joint Lead Managers and the Trustee as to English law*

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