

**DEROGATION LETTER
IN RESPECT OF INITIAL ENFORCEMENT ORDERS ISSUED
PURSUANT TO SECTION 72(2) ENTERPRISE ACT 2002
COMPLETED ACQUISITION**

Please note that [✂] indicates figures or text which have been deleted at the request of the parties for reasons of commercial confidentiality.

Consent under section 72(3C) of the Enterprise Act 2002 to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ('CMA') on 17 May 2019

Completed acquisition by JD Sports Fashion plc of Footasylum plc (the Merger)

We refer to your emails of 16 and 17 May, and the accompanying note dated 17 May 2019 requesting that the CMA consents to derogations to the Initial Enforcement Order of 17 May 2019 (the '**Initial Order**'). The terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for written consent by the CMA, Pentland Group PLC (**Pentland**) and JD Sports Fashion plc (**JD Sports**) are required to hold separate the Footasylum business from the Pentland and JD Sports businesses and refrain from taking any action which might prejudice a reference under section 22 of the Act or impede the taking of any remedial action following such a reference. After due consideration of your request for derogations from the Initial Order, based on the information received from you and in the particular circumstances of this case, JD Sports and Footasylum plc (**Footasylum**) may carry out the following actions, in respect of the specific paragraphs:

1. Paragraphs 4(a), 6(a) and 6(l) of the Initial Order

The CMA understands that JD Sports is obliged under its existing syndicated bank facility agreement (the **JD Credit Agreement**) [✂]. In light of this obligation, the CMA consents to Footasylum ending its existing credit agreement and acceding as an obligor to the JD Credit Agreement, subject to the following conditions:

- a) Any Footasylum information shared with certain designated individuals within JD Sports (a limited category of individuals to be agreed with the CMA and which can be amended with prior consent of the CMA, referred to as **JD Designated Individuals**) will be limited to the following categories of information that are strictly necessary for the purposes of ensuring sufficient funding is made available to Footasylum:
- i. Information required by the relevant banks for the purpose of enabling Footasylum to accede to the JD Credit Agreement; and
 - ii. Information required in order for JD Sports to be able to provide [✂] as required by the terms of the JD Credit Agreement (together, the **Necessary Information**);
- b) The JD Designated Individuals in receipt of the Necessary Information will be subject to a non-disclosure agreement in the form approved by the CMA;
- c) Should the Merger be prohibited or remedies accepted, any records or copies (electronic or otherwise) of such information that have passed from Footasylum to JD Sports, wherever they may be held, must be returned to Footasylum or be destroyed, and Footasylum can immediately resign from the JD Credit Agreement. There are no significant obstacles to it arranging an alternative facility in the event that it were no longer part of JD Sports' group or, if appropriate, acceding to a suitable purchaser's existing facility;
- d) JD Sports will commit to make funding to Footasylum in line with its pre-merger business plans as required by the Initial Order;
- e) The amount of funding and terms available from JD Sports, including the conditions on which Footasylum can access that funding, will be at least as favourable to Footasylum as under the JD Credit Agreement; and
- f) Prior to such a decision being communicated to Footasylum, JD Sports will inform the CMA of any instances in which it is proposed that a funding request from Footasylum would be denied.

Elie Yoo, Assistant Director, Mergers

4 June 2019