

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

**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 4, 13 and 21 June 2019 and related discussions regarding a request by JD Sports that the CMA grant certain derogations to the Initial Enforcement Order served on JD Sports and Pentland Group plc on 17 May 2019 (the '**Initial Order**'). Terms defined in the Initial Order have the same meaning in this letter.

Under the Initial Order, save for the 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 may carry out the following actions, in respect of the specific paragraphs:

**1. Paragraph 6(I) of the Initial Order**

In order to ensure that designated individuals within JD Sports can receive Footasylum plc (**Footasylum**) financial information for internal accounting and external auditing and financial reporting purposes, the CMA consents to the designated individuals set out below (**JD Designated Clean Team**) receiving financial information which may include commercially sensitive information, including the following:

- Information for the preparation of management accounts and audited half year results, the publication of which is a statutory requirement under the Listing Rules and Disclosure and Transparency Rules due to JD Sports' status as a listed company (including but not limited to month end financial reporting information, budget information, credit control information on aged debtors, stock and debt and cash positions);
- Information for the preparation of acquisition accounts (including but not limited to the valuation of leasehold interests and assets, pre-acquisition costs and accounting adjustments);
- Information for the preparation of aggregated financial reports to the JD Sports Board (in order to comply with relevant corporate and fiduciary duties of the JD Sports Board having acquired Footasylum, and in a form agreed with the CMA as required);
- For the avoidance of doubt, where individuals in the JD Designated Clean Team are also members of the JD Designated Individuals under the derogation relating to the banking facility and published 14 June 2019, they shall also have access to information required by the relevant banks for the purpose of enabling [✂].

The derogation granted above is subject to the implementation of the following safeguard measures listed below:

- a) Information will only be provided to the JD Designated Clean Team once Footasylum has received appropriate signed written undertakings (in a form approved in advance by the CMA) to preserve the confidentiality of the information and to use the information only for the purposes specified in this letter.
- b) The JD Designated Clean Team will undertake not to discuss or otherwise share Footasylum information with unauthorised individuals other than with (i) JD Sports' external auditors where this is required as part of JD Sports' statutory auditing process and (ii) JD Sports' lender banks for the purpose set out above and in the relevant derogation published on 14 June 2019;
- c) The JD Designated Clean Team will not use the information for any purpose other than those specified above;
- d) The JD Designated Clean Team do not have any operational or commercial decision-making role in the JD Sports business nor are they members of JD Sports board;
- e) Firewalls will be put in place to prevent any unauthorised individuals in JD Sports from accessing the information;
- f) In the event that the transaction is prohibited or remedies accepted, any records or copies (electronic or otherwise) of such information that have passed, wherever they may be held, will be returned to the Footasylum business to which they relate and/or any copies destroyed; and

g) In the event the JD Designated Clean Team need to report on any findings from commercially sensitive information shared under this derogation to other individuals at JD Sports, such reporting shall be aggregated so as to no longer include commercially sensitive information (unless as agreed under a separate derogation granted by the CMA) and shall be reviewed by external counsel in advance of any such onward reporting.

### **JD Designated Clean Team**

- [REDACTED];
- [REDACTED];
- [REDACTED];
- [REDACTED];
- [REDACTED];
- [REDACTED];
- [REDACTED];
- [REDACTED];
- [REDACTED];
- [REDACTED];
- [REDACTED];
- [REDACTED];
- [REDACTED];
- [REDACTED].

**Alexandra Zachmann**  
**Assistant Legal Director, Mergers**  
**25 June 2019**