

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

Please note that [X] 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 26 July 2019 and related discussions regarding a request by JD Sports Fashion plc that the CMA grant certain derogations to the Initial Enforcement Order served on JD Sports Fashion plc 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 of the CMA, JD Sports Fashion plc (**JD Sports**) and Pentland Group plc (**Pentland**) 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 a derogation 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 relation to the specific paragraphs of the Initial Order listed below:

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

JD Sports has requested that, in order to ensure that Footasylum plc (**Footasylum**) can operate in the ordinary course of business and is maintained as a going concern, it may enter into a delegated authority arrangement with Footasylum in a form agreed with the CMA (**Delegated Authority**). Under the Delegated Authority,

Footasylum's CEO, [REDACTED], would be permitted to escalate and discuss certain proposed conduct relating to the Footasylum business, which exceed the levels set out in the Delegated Authority, with [REDACTED], CFO of JD Sports.

For those matters which are escalated to [REDACTED], [REDACTED] should be permitted to approve or veto the relevant proposed action as identified in the Delegated Authority.

The CMA consents to a derogation from the Initial Order to enable [REDACTED] to approve or veto certain actions by Footasylum exceeding the levels of the Delegated Authority, subject to the implementation of the following safeguard measures listed below:

- The information shared by [REDACTED] with [REDACTED] is no more than is strictly necessary to allow him to reach a view on the specific matter at hand and should not include any commercially sensitive information;
- Discussions will be limited to the specific matters listed in the Delegated Authority;
- [REDACTED] takes decisions on the escalated matters on his own and without involvement from any other JD Sports employee in the decision-making process except that [REDACTED] may discuss such matters with JD Sports' General Counsel, [REDACTED], and with JD Sports' external legal counsel as required, all of whom shall keep such information confidential and use it only for this purpose;
- The CMA may, at its discretion, be provided with a summary of the information shared with [REDACTED] after a request for approval has been submitted by Footasylum to [REDACTED] under the terms of the Delegation Authority;
- The CMA is notified of any proposed veto and the reasons for this in advance of any such veto being exercised; and
- [REDACTED] will be required to sign a non-disclosure agreement in a form agreed by the CMA.

Elie Yoo
Assistant Director, Mergers
29 July 2019