

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

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 10 February 2021.

Anticipated acquisition by Bellis Acquisition Company 3 Limited, jointly controlled by Mr. Mohsin Issa and Mr. Zuber Issa (the Issa Brothers), and funds managed by TDR Capital LLP (TDR Capital), of Asda Group Limited (Asda), (the Acquisition).

We refer to your submissions of 22 December 2020 and 27 January 2021 requesting that the CMA consents to a derogation from the Initial Enforcement Order of 10 February 2021 (the '**Initial Order**'). Unless otherwise stated, 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, Mr Mohsin Issa, Mr Zuber Issa, TDR Capital III Holdings L.P., TDR Capital III Investments (2019) L.P., TDR Capital, and Asda (the **Addressees**) are required to hold separate the Asda business from the EG business and refrain from taking any action which might prejudice a reference under section 22 or 33 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, the CMA consents to the Addressees carrying out the following actions, in respect of the specific paragraphs:

Paragraphs 6(c), 6(i) and 6(k) of the Initial Order

Asda submits that its subsidiary Power4All Limited (**Power4All**) operates as the interface between Asda and the UK electricity market. Asda further submits that Power4All [✂] day-to-day operations are undertaken by Texas Retail Energy LLC (**TRE**), a subsidiary of Walmart Inc. (**Walmart**), Asda's pre-Acquisition majority shareholder. [✂].

The Acquirers, TDR Capital and Asda therefore request a derogation from paragraphs 6(c) 6(i) and 6(k) of the Initial Order to permit [X], both Walmart employees and non-executive directors of Power4All, to resign from Power4All's board. The CMA consents to a derogation from paragraphs 6(c), 6(i) and 6(k) of the Initial Order to permit this action, strictly on the understanding that:

- (a) neither resignation nor [X] will affect the viability or ongoing operation of the Asda business post-completion;
- (b) this derogation will not result in any integration between the Asda business and the EG business; and
- (c) this derogation shall not prevent any remedial action which the CMA may need to take regarding the Acquisition.

Yours sincerely,

Ricardo Zimbron

Assistant Director, Mergers

10 February 2021