

**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.**

**Completed 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 submission of 24 February 2021 requesting that the CMA consents to derogations 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) and 6(i) of the Initial Order**

The Addressees submit that on 1 March 2021, Michael Hughes, the present Group CFO of EG, will be promoted to Chief Strategy Officer (CSO) of EG (a newly created role). Paul Altschwager, the current CFO of EG Australia, will replace Mr Hughes as Group CFO of EG. The CMA understands that both Mr Hughes and Mr Altschwager are key staff within the meaning of the Initial Order.

The Addressees therefore request a derogation from paragraphs 6(c) and 6(i) of the Initial Order to permit:

- (i) Mr Hughes to leave the position of Group CFO of EG.
- (ii) Mr Hughes to be appointed CSO of EG.
- (iii) Mr Altschwager to be appointed Group CFO of EG.

The CMA consents to a derogation from paragraphs 6(c) and 6(i) of the Initial Order to permit the three above actions, strictly on the basis that:

- (a) Mr Altschwager has the relevant expertise and experience necessary to perform the role of Group CFO of EG. As such, him replacing Mr Hughes as Group CFO of EG will not impact the viability and ongoing operation of the EG business.
- (b) Mr Hughes will ensure a smooth handover of his responsibilities to Mr Altschwager.
- (c) This derogation will not result in any integration between the Asda business and the EG business.
- (d) 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

26 February 2021