

**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 (the "Act") to certain actions for the purposes of the Initial Enforcement Order made by the Competition and Markets Authority ("CMA") on 26 October 2021.**

**Completed acquisition by Clayton, Dubilier and Rice of Wm Morrison Supermarkets Ltd ("Morrisons") (the "Acquisition")**

We refer to the CMA's consent letter of 25 February 2022 and your submission of 6 May 2022 requesting that the CMA consents to a derogation to the Initial Enforcement Order of 26 October 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, Clayton, Dubilier & Rice Holdings, LLC ("**CD&R**"), Motor Fuel Limited, CD&R Firefly Holdco Limited, Market Bidco Limited ("**Bidco**") and Market Topco Limited (collectively referred to as the "**Acquirer Group**"), and Morrisons (together with the Acquirer Group the "**Addressees**") are required to hold separate the Acquirer Group business from the Morrisons business 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, the CMA consents to the Addressees carrying out the following actions, in respect of the specific paragraphs:

**Paragraphs 6(a), 6(b), 6(c), 6(e) and 6(g) – McColl's Offer**

The CMA understands that Morrisons wishes to acquire some or all of the business, assets or undertaking of McColl's Group plc ("**McColl's**") out of administration. The CMA also understands that McColl's has filed a notice of intention to appoint Mark James Tobias Banfield, Robert Nicholas Lewis and Rachael Maria Wilkinson of PriceWaterhouseCoopers as administrators (the "**Administrators**") with a view to selling the McColl's business as soon as possible, and that the sale of the McColl's business to an alternative trade bidder is imminent.

The CMA further understands that the Addressees have prepared an alternative proposal to acquire all or a significant part of the McColl's business, assets or undertaking out of administration (the "**Offer**"). It is envisaged that the Offer would include [✂].

Morrisons submits that proceeding with the Offer is urgent and strictly necessary in circumstances where McColl's owes Morrisons more than [X], while also accounting for [X]. Morrisons forecasts that its relationship with McColl's will generate approximately [X] in annual sales for 2021/22, and the volumes generated by that relationship [X].

Morrisons further submits that (i) the Administrators [X].

Morrisons submits that its overarching intention is to [X]. Morrisons considers its Offer would provide [X]. It is also Morrisons' understanding that the Offer seeks to [X]. The Offer both [X].

The Addressees are subject to a requirement to request a separate derogation from the CMA prior to executing the Offer in relation to the McColl's business pursuant to the CMA's derogation consent letter dated 25 February 2022.

The CMA consents to a derogation from paragraphs 6(a), 6(b), 6(c), 6(e) and 6(g) of the Initial Order to permit the Addressees to commit to and proceed with acquiring some or all of the business, assets or undertaking of McColl's out of administration.

The CMA consents to the derogation above strictly on the basis that:

- (a) The costs payable by Morrisons under the Offer do not undermine the Morrisons business' ability to pursue its pre-merger business plan.
- (b) This derogation will not result in any integration between the Morrisons business and the Acquirer Group business.
- (c) This derogation shall not prevent any remedial action which the CMA may need to take regarding the Acquisition.

Yours sincerely,

Ricardo Zimbrón

Director, Mergers

7 May 2022