

**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 26 October 2022.

Completed acquisition by Asda Stores Limited ('Asda') of Arthur Foodstores Limited ('Arthur') ('the Acquisition').

We refer to your submissions of 20 February 2023 requesting that the CMA consents to derogations to the Initial Enforcement Order of 26 October 2022 (the '**Initial Order**'). 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 Zuber Issa, Mr Mohsin Issa, TDR Capital LLP, TDR Capital III Portfolio No. 2 L.P., TDR Capital III Investments (2019) L.P., Asda Group Limited, Asda (the '**Acquirers**'), as well as Co-operative Group Limited ('**Co-op**') and Arthur (together with the Acquirers, the '**Addressees**') are required to hold separate the Arthur business from the Asda 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) – Changes in key staff

The CMA understands that Asda [X] the employment of [X]. Separately, Asda has proposed that David Hills will join the senior leadership team of Asda as Chief Customer Officer in the course of 2023.

The CMA understands that neither change is connected to the Arthur acquisition and there will be no change to the overall number of members of Asda's senior leadership team. [X]. [X].

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

- (i) The [X] employment.
- (ii) Asda to appoint David Hills as Chief Customer Officer.

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

- a) The departure of [X] will not have an impact on Asda's operations.
- b) Asda will continuously monitor the staffing requirements of [X].
- c) The appointment of David Hills will not have any impact on the ability of Asda to compete independently of Arthur or Co-op.
- d) David Hills has the relevant expertise and experience necessary to perform the role of Chief Customer Officer of Asda.
- e) This derogation will not result in any integration between Asda and Arthur.
- f) This derogation shall not prevent any remedial action which the CMA may need to take regarding the Acquisition.

Yours sincerely,

[X]

Adam Phillimore

Assistant Director, Mergers

21 February 2023