

JJB SPORTS PLC (THE "COMPANY")

TERMS OF REFERENCE FOR THE REMUNERATION COMMITTEE

1. CONSTITUTION

The Committee has been established by resolution of the board of directors of the Company (the "**Board**") and is to be known as the Remuneration Committee.

2. MEMBERSHIP

2.1 The members of the Remuneration Committee shall be appointed by the Board, on the recommendation of the Nomination Committee and in consultation with the chairman of the Remuneration Committee (the "**Chairman**").

2.2 The Remuneration Committee shall consist of at least two members, all of whom are independent non-executive directors. The chairman of the Board may also serve on the Remuneration Committee as an additional member if he or she was considered independent on appointment as chairman.

2.3 Appointments to the Remuneration Committee shall be for a period of up to three years, which may be extended for two further three-year periods, provided the director still meets the criteria for membership of the Remuneration Committee.

2.4 The Board shall appoint the Chairman. The Chairman shall be an independent non-executive director and shall not be the chairman of the Board.

2.5 The Board shall regularly review the membership of the Remuneration Committee to ensure that membership is refreshed and undue reliance is not placed on particular individuals as regards membership of the Remuneration Committee and other Board committees.

2.6 If executive directors or senior management are involved in advising or supporting the Remuneration Committee, that role should be clearly separated from their role within the business.

3. QUORUM

A quorum shall be two members. A duly convened meeting of the Remuneration Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested in or exercisable by the Remuneration Committee.

4. ATTENDANCE AT MEETINGS

4.1 No one other than the Chairman, and members, of the Remuneration Committee is entitled to attend or vote at a meeting of the Remuneration Committee.

4.2 However, other individuals such as the chairman of the Board, chief executive, members of senior management, the head of human resources and external advisers may be invited to attend for all or part of any meeting as and when appropriate.

- 4.3 No director or senior executive shall be involved in any decisions as to his or her own remuneration.

5. SECRETARY

- 5.1 The Company Secretary shall act as the secretary of the Remuneration Committee (the "**Secretary**") and shall keep a record of:

5.1.1 the membership, and the dates of any changes to the membership, of the Remuneration Committee;

5.1.2 any person or firm who provides advice or services to the Remuneration Committee or materially assists the Remuneration Committee on matters relating to directors' remuneration. If such person or firm is not a director, the Secretary shall keep a record of the nature of any other services provided by that person to the Company during the year.

6. FREQUENCY OF MEETINGS

Meetings shall normally be held at such times as the Remuneration Committee deems appropriate and in any event shall be held not less than twice a year.

7. PROCEEDINGS

- 7.1 Unless varied by these terms of reference, meetings and proceedings of the Remuneration Committee will be governed by the Company's Articles of Association regulating the meetings and proceedings of directors.

- 7.2 Meetings of the Remuneration Committee shall be summoned by the Secretary at the request of the Chairman.

- 7.3 Unless otherwise agreed, notice of each meeting confirming the venue, time and date, together with an agenda of items to be discussed and supporting papers, shall be sent to each member of the Remuneration Committee, any other person required to attend and all other non-executive directors not later than 48 hours prior to the date of the meeting.

- 7.4 The Secretary shall ascertain, at the beginning of each meeting, the existence of any conflicts of interest and minute them accordingly. The Secretary shall record the proceedings and resolutions of all meetings of the Remuneration Committee, including the names of those present and in attendance, and shall circulate the minutes of such meetings to all members of the Remuneration Committee and, once agreed, if the Chairman so decides to all members of the Board, unless a conflict of interest exists.

- 7.5 The Chairman shall report formally to the Board on its proceedings after each meeting on all matters within its duties and responsibilities.

- 7.6 In the absence of the Chairman and/or an appointed deputy, the remaining members present shall elect one of themselves to chair the meeting.

8. AUTHORITY

- 8.1 The Remuneration Committee is authorised by the Board at the expense of the Company to investigate any matter within its terms of reference. It is authorised to seek any

information it requires from any employee in order to perform its duties and all employees are directed to co-operate with any requests made by the Remuneration Committee.

- 8.2 The Remuneration Committee is authorised by the Board at the expense of the Company to obtain external legal or other professional advice and, within budgetary restraints imposed by the Board, to appoint external consultants and set their terms of reference and to commission or purchase any relevant reports, surveys or information which it deems necessary to help fulfil its duties.
- 8.3 These terms of reference may be amended from time to time as required, subject to approval by the Board.

9. DUTIES

The Remuneration Committee shall be responsible for all elements of the remuneration of the executive directors and the chairman of the Company, including pension rights and compensation (i.e. damages) payments, and should monitor the level and structure of remuneration for the executive management of the group..

The duties of the Remuneration Committee shall be:

- 9.1 to determine and agree with the Board the framework and broad policy for the remuneration (including benefits, pension arrangements and termination payments), of the chairman, chief executive, executive directors and the executive management of the Company;
- 9.2 in determining the framework or broad policy for remuneration, to take into account all factors which it deems necessary, the objective of such policy being to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- 9.3 to determine and agree with the Board the Company's policy on the duration of contracts with executive directors, and notice periods and termination payments under such contracts, with a view to ensuring that any termination payments are fair to the individual and the Company, that failure is not rewarded and the duty to mitigate loss is fully recognised;
- 9.4 to consider and make recommendations in respect of any other terms of the service contracts of the executives and any proposed changes to these contracts;
- 9.5 within the terms of the agreed framework and broad policy, to determine the total individual remuneration package of each executive director and other senior executives, including, where appropriate, bonuses, incentive payments, share options, other share awards and pension arrangements;
- 9.6 having regard to Schedule A of the Combined Code, to advise on and determine all formulae and targets for performance-related schemes operated by the Company, the methods for assessing whether performance conditions are met and the eligibility of executive directors for annual bonuses and benefits under long term incentive schemes and approve the total annual payments made under such schemes;

- 9.7 to review the design of all share incentive plans for approval by the Board and shareholders and, for any such plans, determine each year whether awards will be made and if so, the overall amount of such awards, the individual awards to executive directors and other senior executives and the performance targets to be used;
- 9.8 when appropriate, requesting the Board to seek shareholder approval of all new long term incentive schemes save in the circumstances permitted by paragraph 13.8.13 of the Listing Rules;
- 9.9 to administer and review all aspects of any share option scheme operated by or to be established by the Company, (subject always to the rules of that scheme and any applicable legal and regulatory requirements) including but not limited to:
 - 9.9.1 the selection of those eligible directors and employees of the Company and its subsidiary companies to whom options should be granted,
 - 9.9.2 the timing of any grant of options,
 - 9.9.3 the numbers of shares over which options are to be granted,
 - 9.9.4 the exercise price at which options are to be granted, and
 - 9.9.5 the imposition of any objective condition which must be complied with before any option may be exercised.
- 9.10 to review and recommend to the Board, the remuneration of the Company Secretary;
- 9.11 to liaise with the Nomination Committee to ensure that the remuneration of newly-appointed executive directors and senior management is within the Company's overall policy;
- 9.12 to revise and note annually the remuneration trends across the Company or group;
- 9.13 to consider any other matters relating to the remuneration of or terms of employment applicable to the executive directors, chairman and senior management and referred to the Remuneration Committee by the Board;
- 9.14 to obtain reliable, up-to-date information about remuneration in other companies;
- 9.15 to be aware of and oversee any major changes in employee benefit structures throughout the Company or group;
- 9.16 to review the ongoing appropriateness and relevance of the remuneration policy;
- 9.17 to have regard, in the performance of the duties set out in this clause, to any applicable laws and regulations including the Combined Code, the Listing Rules, the Disclosure and Transparency Rules, any published guidelines or recommendations regarding the remuneration of directors of listed companies and the formation and operation of share option schemes (in particular the guidelines published by the Association of British Insurers and National Association of Pension Funds) and on corporate performance on environmental, social and governance issues (in particular the guidelines published by the Association of British Insurers) which the Remuneration Committee considers relevant or appropriate;

- 9.18 to establish the selection criteria, select, appoint and set the terms of reference for any remuneration consultants from whom the Remuneration Committee deems it necessary to receive advice;
- 9.19 in conjunction with the Board, to draft the annual directors' remuneration report, having regard to the provisions of LR 9.8.6 R (7), LR 9.8.8, the Combined Code and the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008, and ensure that all provisions regarding disclosure of remuneration are fulfilled;
- 9.20 to ensure that the items that should be published in the Company's Annual Report relating to the activities of the Remuneration Committee, are included in that report;
- 9.21 to agree the policy for authorising claims for expenses of the chief executive and the chairman of the Company;
- 9.22 to ensure that it is in a position to justify all of its actions and proposed courses of action;
- 9.23 in exercising its powers, to take into account the duties of directors under Chapter 2 of Part 10 of the Companies Act 2006 including, in particular, section 172 of the 2006 Act, which requires a director to act in a way he considers, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to:
 - 9.23.1 the likely consequences of any decision in the long term,
 - 9.23.2 the interests of the company's employees,
 - 9.23.3 the need to foster the company's business relationships with suppliers, customers and others,
 - 9.23.4 the impact of the company's operations on the community and the environment,
 - 9.23.5 the desirability of the company maintaining a reputation for high standards of business conduct, and
 - 9.23.6 the need to act fairly as between members of the company.
- 9.24 to promptly provide the Board with such information as may be necessary or desirable in the opinion of the Board to enable the Board to monitor its conduct in order that each member of the Board may fulfil his duties and responsibilities as a director;
- 9.25 at least once a year to review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and, where necessary, to update these terms of reference (subject to the approval of the Board) and make them publicly available; and
- 9.26 to make whatever recommendations to the Board it deems appropriate on any area within its remit where action or improvement is needed.

10. EXCLUSIONS

- 10.1 The terms of reference of the Remuneration Committee do not encompass decisions to employ or dismiss executives. The Remuneration Committee does not have responsibilities for nominations to the Board.

- 10.2 The remuneration of non-executive directors shall be a matter for the executive members and the chairman of the Board (subject to the Articles of Association of the Company). The Board may, however, delegate this responsibility to a smaller sub-committee of executive directors, which may include the chief executive.

11. ANNUAL GENERAL MEETING

- 11.1 The Chairman shall be available at the Annual General Meeting to answer questions arising from the directors' remuneration report and generally on remuneration principles and practice and the activities of the Remuneration Committee. He or she should also ensure that the Company maintains good contact with shareholders about remuneration in the same way as for other matters.
- 11.2 The Remuneration Committee should also ensure that the annual report of the Company's remuneration policy and practice (which forms part of the Company's annual report) is put to the shareholders at the Annual General Meeting.

15 July 2009