



JJB Sports PLC

7 April 2009

Update on Proposed Company Voluntary Arrangements and Financing Arrangements

JJB Sports PLC ("JJB" or the "Company"), one of the UK's leading sports retailers, announces an update in relation to the series of measures intended to address the Group's current financial difficulties and to create a stable financial platform for the revitalisation of its core sports retail business.

Highlights

- The directors of the Company and its wholly owned subsidiary, Blane Leisure Limited ("Blane"), have finalised the terms of company voluntary arrangements to compromise claims of landlords of approximately 140 closed retail stores and temporarily vary the terms of the leases of approximately 250 open retail stores to permit monthly rent payments (the "CVA Proposal")
- Pursuant to the terms of the CVA Proposal, landlords of closed retail stores will be able to make a claim against a total aggregate fund of £10 million, with payments from that fund in two instalments (the first instalment of £5,000,001 on 30 September 2009 and the balance of £4,999,999 on 31 December 2009)
- The detailed terms of the CVA Proposal, including details for the meetings, are contained in the document (the "CVA Proposal Document") that was posted to unsecured creditors and shareholders of both the Company and Blane last night
- The Company has executed documentation for a short term £25 million term loan with Barclays and a medium term £25 million revolving facility with Bank of Scotland plc ("BoS") (a subsidiary of Lloyds), with both facilities only available to the Company once the CVA Proposal is approved and becomes effective
- Subject to shareholder approval, the Company intends to issue warrants to BoS (or an affiliate of BoS) in connection with their continuing support of the business
- Further information in relation to the warrants, including details for the general meeting, is contained in the shareholder circular (the "Shareholder Circular") that

was posted to JJB shareholders last night

Commenting on the CVA Proposal and the new financing arrangements, Sir David Jones, Executive Chairman, said:

"This announcement details the continuing steps we are taking to implement the strategy necessary to secure JJB's long term future.

Following the initial announcement of our CVA Proposal we have had a number of discussions with some of our key stakeholders, including our landlords. We are very encouraged by the initial feedback from these discussions with key stakeholders and hope their continued support will ultimately allow us to focus on realising the full potential of the Group's core sports retail business.

The Board is strongly of the view that the CVA proposal is in the best interests of the Group and its stakeholders as a whole."

This summary should be read in conjunction with the full text of this announcement.

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JJB Sports PLC

Update on Proposed Company Voluntary Arrangements and Financing Arrangements

Further to the announcement dated 25 March 2009, JJB Sports PLC ("JJB" or the "Company"), is pleased to announce an update in relation to the proposed company voluntary arrangements, new financing arrangements and the issue of warrants to Bank of Scotland plc ("BoS") (a subsidiary of Lloyds).

1. Proposed company voluntary arrangements

The Board and the directors of Blane Leisure Limited ("Blane") have now finalised the terms of the company voluntary arrangements to be proposed to unsecured creditors and shareholders of the Company and Blane (the "CVA Proposal"). Blane, a wholly owned subsidiary of JJB, is the lessee for a number of the Group's retail stores.

The terms of the CVA Proposal are contained in the document (the "CVA Proposal Document") posted to unsecured creditors and shareholders of both the Company and Blane last night by the joint nominees, Richard Dixon Fleming and Brian Green of KPMG LLP (in the case of the Company) and Richard Dixon Fleming, Brian Green and Blair Carnegie Nimmo of KPMG LLP (in the case of Blane), appointed in relation to the CVA Proposal.

As announced on 25 March 2009, a company voluntary arrangement or CVA is a formal procedure under the Insolvency Act 1986 which enables a company to agree with its unsecured creditors a composition in satisfaction of its debts or a scheme of arrangement of its affairs which can determine how its debts should be paid and in what proportions.

In summary terms, if approved (and not successfully challenged), the CVA Proposal will:

- compromise claims of landlords of approximately 140 closed retail stores and certain related contingent claims (such as claims of former tenants and guarantors, but not including rates on those closed stores);
- enable landlords of those closed retail stores to make a claim against a total aggregate fund of £10 million, with payments from that fund in two instalments (the first instalment of £5,000,001 on 30 September 2009 and the balance of £4,999,999 on 31 December 2009); and
- vary temporarily the terms of leases of the open retail stores, approximately 250 stores in total, such that rent will be paid on a monthly rather than quarterly basis for a period of twelve months from the next quarter date.

The CVA Proposal does not affect the Company's obligations to Fitness Club premises landlords insofar as those obligations relate to Fitness Club premises sold to Dave Whelan Sports Limited on 25 March 2009.

The Company and Blane will remain liable for rates on the closed retail stores until those stores are surrendered / forfeited or assigned, which shall be at the landlord's discretion. The landlords of open retail stores will not be able to claim against the £10 million fund and will not otherwise be paid a fee in relation to the CVA Proposal. Save as set out above in general terms, the CVA Proposal will not seek to compromise claims of any other

creditors.

Throughout the CVA process, the Company and Blane shall continue trading under the control of their respective directors, operating as going concerns. The Company and Blane are not in and will not be in administration as a result of commencing the CVA process.

The CVA Proposal Document contains notices of meetings ("CVA Meetings") of the unsecured creditors and shareholders of both the Company and Blane to consider and, if thought fit, approve the CVA Proposal. To become effective, the CVA for the Company requires the approval of the requisite majority of the unsecured creditors of the Company and the CVA for Blane requires the approval of the requisite majority of unsecured creditors of Blane. It is a condition of each CVA that it will only become effective if the implementation date for both CVAs occurs.

A CVA also requires the approval of more than 50 per cent. in value of the shareholders present in person or by proxy and voting at a meeting on the resolution to approve the CVA. However, in accordance with section 4(A)(2) of the Insolvency Act, if the outcome of the meeting of shareholders differs from the outcome of the meeting of a company's creditors, the decision of the creditors will prevail, subject to the right of any shareholder to apply to the Court (in the case of JJB) or Scottish Court (in the case of Blane) to challenge the approval of the CVA.

The directors of the Company and Blane, and the nominees, are firmly of the view that the CVA Proposal and the CVA process in general will facilitate a better outcome for creditors than would occur if the Group was placed into administration or liquidation.

The CVA Meetings for creditors of the Company and Blane will be held at 11:00 a.m. on 27 April 2009 at Royal Horticultural Halls and Conference Centre, 80 Vincent Square, London SW1P 2PE.

The CVA Meetings for shareholders of the Company and Blane will be held two days later at 11:00 a.m. on 29 April 2009 at Royal Horticultural Halls and Conference Centre, 80 Vincent Square, London SW1P 2PE.

Copies of the CVA Proposal Document are, and will remain, available for inspection at the registered office of the Company at Martland Park, Challenge Way, Wigan, Lancashire WN5 0LD during normal business hours on any business day with effect from today and up to and including the conclusion of the CVA Meetings. Copies will also be available for download from the Company's website (<http://www.jjbsportscorporate.co.uk>) later today.

Copies of the CVA Proposal Document are also available for inspection at the UK Listing Authority's Document Viewing Facility situated at the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

2. New financing arrangements and issue of warrants

The Company has finalised documentation with Barclays and BoS for £50 million of new facilities. On 3 April 2009, Barclays and the Company executed documentation for a short term banking facility of £25 million (the "Barclays Facility") with a maturity date of 31 August 2009 and BoS and the Company executed separate documentation for a medium term £25 million revolving facility (the "BoS Facility") with a maturity date of 30 September

2010 to support the Company's ongoing funding requirements (the Barclays Facility and the BoS Facility together referred to as the "New Facilities").

Whilst the Company has entered into the New Facilities with each of Barclays and BoS, the New Facilities will only be available to the Company, inter alia, following the implementation of the CVA Proposal. With effect from the date upon which the New Facilities become unconditionally available to the Company for draw down, Barclays and BoS will be granted security over the assets of the JJB Group. The operational covenants for the New Facilities are similar to those under the Company's previous financing arrangements with Barclays and BoS respectively and contain financial covenants customary in financing arrangements of this nature.

The Company has paid an initial arrangement fee of £125,000 to Barclays in connection with the Barclays Facility. A further fee of £125,000 is payable prior to first utilisation.

In exchange for the continuing support of BoS pursuant to the BoS Facility, the Company intends to issue warrants to subscribe for 11,287,434 new ordinary shares of 5 pence each representing 4.5% of the Company's current issued share capital (the "Warrants") to BoS (or an affiliate of BoS) (the "Warrantholder"), subject to shareholder approval. If shares are issued before the issue of the Warrants, the number of Warrants will be adjusted accordingly. In the event that shareholder approval for the issue of the Warrants is not obtained, the BoS Facility would not terminate but the Company would pay an arrangement fee to BoS of £500,000 on the final maturity date of the BoS Facility.

The Warrants will not be listed or traded on any recognised investment exchange or stock exchange. The Warrantholder will be entitled to exercise the Warrants and subscribe for new ordinary shares at any time between the start date of the exercise period (the 31st day after the earlier of the date of publication of the Company's 2009 annual report and accounts and the date of first drawdown under the BoS Facility) and 30 September 2010 (or later if the BoS Facility is extended or refinanced within the lending group). The subscription price per share would be equal to the average market price for the 60 day period beginning 30 days before the earlier of the date of publication of the Company's 2009 annual report and accounts and the date of first drawdown under the BoS Facility and ending 30 days after that date.

The Warrantholder may request the Company to purchase and cancel the Warrants at any time after the first anniversary of the start date of the exercise period.

If the BoS Facility does not become unconditional and available to the Company or shareholder approval is not obtained, the Company will not issue the Warrants to the Warrantholder.

Further information in relation to the Warrants is contained in the shareholder circular that was posted to shareholders last night (the "Shareholder Circular"). The Shareholder Circular contains the notice of general meeting (the "General Meeting") of the Company to consider and, if thought fit, approve the disapplication of pre-emption rights under the Companies Act 1985 in relation to the issue of the Warrants.

The General Meeting will be held at 2:00 p.m. on 29 April 2009 at Royal Horticultural Halls and Conference Centre, 80 Vincent Square, London SW1P 2PE (following the shareholder meetings to consider the CVA Proposal).

Copies of the Shareholder Circular are, and will remain, available for inspection at the registered office of the Company at Martland Park, Challenge Way, Wigan, Lancashire WN5 0LD during normal business hours on any business day with effect from today and up to and including the conclusion of the General Meeting. Copies will also be available for download from the Company's website (<http://www.jjbsportscorporate.co.uk>) later today.

Copies of the Shareholder Circular are also available for inspection at the UK Listing Authority's Document Viewing Facility situated at the Financial Services Authority, 25 The North Colonnade, Canary Wharf, London E14 5HS.

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