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If you have sold or otherwise transferred all of your Ordinary Shares in JJB Sports plc ("JJB" or the "Company") please send this document, together with the accompanying documents (but not the personalised Form of Proxy), as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for delivery to the purchaser or transferee.

This Shareholder Circular does not constitute or form any part of any offer or invitation to sell or issue, or any solicitation of any offer to acquire any Ordinary Shares or other transferable securities in JJB. Any reproduction of this document, in whole or in part, and any disclosure of its contents, except to the extent such information is otherwise publicly available, or use of any information it contains for any purpose other than considering the Resolution is prohibited.

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**JJB SPORTS PLC**

*(Incorporated and registered in England & Wales under the Companies Acts 1985 to 1989 with registered number 01024895)*

## **NOTICE OF GENERAL MEETING**

### **Proposed disapplication of pre-emption rights for the issue of warrants**

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Your attention is drawn to the letter from the Executive Chairman of the Company set out on pages 4 to 9 of this document recommending you to vote in favour of the Resolution.

Notice of a General Meeting of JJB, to be held at 2:00 p.m. on 29 April 2009 at the Royal Horticultural Halls and Conference Centre, 80 Vincent Square, London SW1P 2PE, is set out at the end of this document. A blue Form of Proxy for use at the General Meeting is enclosed. To be valid, a blue Form of Proxy should be completed, signed and returned in accordance with the instructions printed on it to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible but in any event so as to arrive not later than 2:00 p.m. on 27 April 2009. Completion and return of a blue Form of Proxy will not prevent Shareholders from attending and voting in person should they wish to do so.

**Dated: 6 April 2009**

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## KEY DATES AND EXPECTED TIMETABLE OF EVENTS

Event	Date
Announcement of the Disposal and the CVA Proposal	25 March 2009
Publication of the Shareholder Circular and the CVA Proposal Document	6 April 2009
CVA Creditors' Meetings to approve the CVA Proposal	11:00 a.m. on 27 April 2009
Latest time and date for receipt of green CVA Forms of Proxy for the CVA Shareholders' Meeting from Shareholders	11:00 a.m. on 27 April 2009
Latest time and date for receipt of blue Forms of Proxy for the General Meeting from Shareholders	2:00 p.m. on 27 April 2009
CVA Shareholders' Meeting to approve the CVA Proposal	11:00 a.m. on 29 April 2009
General Meeting	2:00 p.m. on 29 April 2009
Anticipated date for the chairman of the CVA Creditors' Meetings and CVA Shareholders' Meeting to file reports with the Court	30 April 2009
Earliest implementation date of the CVA Proposal (representing the end of the 28 day challenge period)	28 May 2009
Expected publication of the Company's annual report and financial statements	End of May 2009

Notes:

- (1) If any of the above times and/or dates change, the revised times and/or dates will be notified by announcement through the Regulatory Information Service of the London Stock Exchange.
- (2) All references in this document are to London times unless otherwise stated.

## PART I: LETTER FROM THE EXECUTIVE CHAIRMAN OF JJB SPORTS PLC



### JJB SPORTS PLC

*(Incorporated and registered in England & Wales under the Companies Acts 1985 to 1989 with registered number 01024895)*

*Registered Office:*

Martland Park  
Challenge Way  
Wigan  
Lancashire  
WN5 0LD

*Directors:*

Sir David Jones CBE (Executive Chairman)  
Roger Lane-Smith (Deputy Chairman)  
Peter Williams (Executive Director)  
Richard Manning (Executive Director)  
Alan Benzie (Non-Executive Director)  
David Beever (Non-Executive Director)

6 April 2009

Dear Shareholder

### PROPOSED ISSUE OF THE WARRANTS

#### 1. INTRODUCTION

On 25 March 2009, we announced, inter alia, the disposal of the Fitness Clubs Business, a summary of the CVA Proposal and the key terms of new financing arrangements to be provided by the Continuing Lenders. We also announced that in exchange for the continuing support of BoS (a subsidiary of Lloyds), the Company was considering, subject to shareholder approval, to issue the Warrants to BoS. The full text of this announcement is set out in Part III of this document. We are pleased to announce that the Company and the Continuing Lenders entered into the New Facilities on 3 April 2009. The New Facilities are conditional on, inter alia, the CVA Proposal being approved and not successfully challenged.

The proposed issue of the Warrants requires your consent. Accordingly, I would like to invite you to a General Meeting of the Company to be held at 2:00 p.m. on 29 April 2009 at the Royal Horticultural Halls and Conference Centre, 80 Vincent Square, London SW1P 2PE. The Notice of General Meeting can be found at the end of this document.

The purpose of this Shareholder Circular is to provide you with information about the background to and reasons for the proposed issue of the Warrants, including information about the CVA Proposal and the New Facilities, to explain why the Board considers the issue of the Warrants to be in the best interests of the Company and its shareholders as a whole and why the Directors unanimously recommend that you vote in favour of the Resolution to be proposed at the General Meeting.

## **2. BACKGROUND TO THE PROPOSED ISSUE OF THE WARRANTS**

On 25 March 2009, your Board announced the key terms of the disposal of the Fitness Clubs Business, a summary of the CVA Proposal and the key terms of the New Facilities.

### ***The Disposal***

The Company signed an agreement for and completed the Disposal on 25 March 2009. The estimated total cash consideration payable by Dave Whelan Sports Limited, a company controlled by Mr David Whelan, for the Fitness Clubs Business, including the maximum deferred consideration, is £83.4 million. Further details of the Disposal can be found in the announcement of 25 March 2009 set out in Part III of this document.

### ***The CVA Proposal***

The Board has been actively pursuing a strategy of returning JJB's core retail sports business to profitability by a number of measures, including reducing stock levels, reducing costs and the Disposal. However, given the current retail environment, the Board considers that the Company's future viability is dependent upon the entry into an arrangement involving the compromise and release of certain long term liabilities.

The Directors have therefore made the CVA Proposal to unsecured creditors of the Company. The directors of the Company's wholly-owned subsidiary, Blane, have also made the CVA Proposal to Blane's unsecured creditors. The main objectives of the CVA Proposal are to:

- 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 12 months from the next quarter date.

The CVAs do not affect either JJB's or Blane's obligations to Fitness Clubs Premises Landlords insofar as those obligations relate to Fitness Club Premises.

JJB and Blane will remain liable for rates on the closed stores until those stores are surrendered / forfeited or assigned, which shall be at the landlord's discretion. The landlords of stores that remain open will be paid in full in accordance with existing contractual terms, save that, for a period of twelve months from the next quarter date, rent will be paid on a monthly basis instead of quarterly. The landlords of the 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 CVAs. Save as set out above, the CVAs 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 and carrying on their existing trade. Neither the Company nor Blane are or will be in administration as a result of commencing the CVA process.

In order to become effective, the JJB CVA requires the approval of the requisite majority of JJB CVA Creditors and the Blane CVA requires the approval of the requisite majority of Blane CVA Creditors. It is a condition of each CVA that it will only become effective if the Implementation Date for both CVAs occurs.

A company voluntary arrangement also requires the approval of more than 50 per cent. in value of the company's shareholders present in person or by proxy and voting at a meeting on the resolution to approve the company voluntary arrangement. However, in accordance with section 4(A)(2) of the Insolvency Act 1986, if the outcome of the meeting of members differs from the outcome of the meeting of the company's creditors, the decision of the creditors will prevail, subject to the right of any member to apply to the Court (in the case of JJB) or Scottish Court (in the case of Blane) to challenge the approval of the company voluntary arrangement.

Further details of the CVA Proposal and the procedure to be followed for its approval are contained in the CVA Proposal Document dated 6 April 2009 sent to you today.

### ***The New Facilities***

Further to the announcement on 25 March 2009, the Company and Barclays have now agreed the documentation pursuant to which Barclays will make available a new short term £25 million term loan and the Company and BoS (a subsidiary of Lloyds) have agreed the documentation pursuant to which BoS will make available a new medium term £25 million working capital facility. The New Facilities were entered into on 3 April 2009.

Whilst the Company has entered into the New Facilities with each of the Continuing Lenders, the New Facilities are still conditional and not yet available to the Company. The New Facilities will only be available to the Company, inter alia, if the CVA Proposal (comprising both the JJB CVA and the Blane CVA) is approved and is not then the subject of any successful challenge brought within 28 days of such approval having been reported to the Court on the day of the CVA Creditors' Meetings or the day thereafter (expected to end on or about 28 May 2009). If the New Facilities do not become unconditional and available to the Company, the Company will not issue the Warrants to BoS (or an affiliate of BoS).

Pursuant to the terms of the Barclays Facility, Barclays will make £25 million available to the Company until 31 August 2009 and pursuant to the terms of the BoS Facility, BoS will make £25 million available to the Company until 30 September 2010. Upon drawdown, the New Facilities will replace the Company's existing bi-lateral facilities.

The Continuing Lenders will have security over the Company's assets. The operational covenants for the New Facilities are similar to those under the Company's existing bi-lateral facilities with Barclays and BoS. The New Facilities also contain financial covenants customary in financing agreements 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 the Warrants to BoS (or an affiliate of BoS), subject to shareholder approval. 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.

### **3. THE WARRANTS**

The Company intends to issue the Warrants to BoS (or an affiliate of BoS), conditional upon shareholder approval and the BoS Facility becoming available to the Company in accordance with its terms. The key terms of the Warrants are set out in Part II of this document.

The Warrants will entitle the Warranholder to subscribe for 11,287,434 new Ordinary Shares representing 4.5% of the current issued share capital of the Company and 4.3% of the Enlarged Share Capital. The Warrants will not be detachable from, but will be freely transferable with, the associated loan commitment of BoS under the BoS Facility. If shares are issued before the issue of the Warrants the number of Warrants will be adjusted accordingly.

The Warranholder will be entitled to exercise the Warrants and subscribe for Warrant 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) at a subscription price per Warrant Share 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 ending 30 days after that date.

The Warranholder 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.

The Warrants will not be listed on any exchange and will not be capable of being traded. Upon exercise of the Warrants, application will be made to the UK Listing Authority for the Warrant Shares to be admitted to the Official List and to the London Stock Exchange to be admitted to trading on the London Stock Exchange's main market for listed securities. The Warrant Shares will rank pari passu with existing Ordinary Shares.

Further details of the terms on which the Warrants will be granted are contained in Part II of this document.

### **4. RESOLUTION TO BE VOTED ON AT THE GENERAL MEETING**

The Notice of General Meeting convening a General Meeting of the Company to be held at 2:00 p.m. on 29 April 2009 at the Royal Horticultural Halls and Conference Centre, 80 Vincent Square, London SW1P 2PE is set out at the end of this document. The Resolution will be proposed, and if thought fit, passed at this General Meeting.

At the last AGM of the Company held on 24 July 2008, the Directors were given authority to allot relevant securities (as defined in section 80(2) of the Companies Act 1985) of the Company up to a maximum aggregate of £3,981,418 (see Resolution 11 passed at the AGM of 24 July 2008). This authority expires fifteen months from 24 July 2008 or, if earlier, on the conclusion of the next AGM of the Company. At the AGM held on 24 July 2008, the Directors were also given authority to allot shares for cash without complying with the pre-emption rights conferred in the Companies Act 1985 in certain circumstances (see Resolution 12 passed at the AGM on 24 July 2008). This authority, which expires fifteen months from 24 July 2008 or, if earlier, the conclusion of the next AGM of the Company, was limited to, inter alia, allotments of equity securities for cash up to a maximum aggregate nominal value of £597,218.

On 20 October 2008, the Company announced a cash placing of 11,944,360 new Ordinary Shares to Sports Direct International plc. This cash placing constituted an allotment of equity securities for cash with an aggregate nominal value of £597,218.

As a result of this cash placing, whilst the Company has sufficient authorised share capital and sufficient directors' authority to allot to enable it to issue the Warrants, Resolution 12 passed at the last AGM does not provide sufficient authority for the Directors to allot the Warrants without complying with the pre-emption rights conferred in the Companies Act 1985.

The Resolution, if passed, will give the Directors additional authority to allot shares in the capital of the Company, pursuant to the authority granted under Resolution 11 passed at the last AGM, for cash without complying with the pre-emption rights in the Companies Act 1985. This authority is in addition to the authority granted under Resolution 12 passed at the last AGM, and will expire upon the expiry of Resolution 12 (i.e. fifteen months after 24 July 2008 or, if earlier, the conclusion of the next AGM of the Company). The Resolution will permit the Directors to issue the Warrants (otherwise than in connection with an offer to existing Shareholders) in respect of 11,287,434 Ordinary Shares arising upon the exercise of such Warrants.

The Directors intend to exercise this authority in order to issue the Warrants.

The Resolution and the CVA Proposal are not conditional upon each other. The CVA Proposal can proceed if the Shareholders do not approve the Resolution. However, as stated above, under the terms of the New Facilities if the CVA Proposal is not approved or is successfully challenged on or before 28 May 2009, the New Facilities will not become available to the Company. If the New Facilities do not become unconditional, the Company will not issue the Warrants to BoS (or an affiliate of BoS).

The issue of the Warrants is conditional upon, inter alia, the passing of the Resolution at the General Meeting. If the Resolution is not passed at the forthcoming General Meeting, the Company will be unable to issue the Warrants.

## **5. ACTION TO BE TAKEN BY SHAREHOLDERS**

### ***Action to be taken in relation to the General Meeting***

You will have received with this Shareholder Circular a blue Form of Proxy. If you wish to appoint a proxy to attend and vote on your behalf at the General Meeting, you must ensure that the blue Form of Proxy is deposited at Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU by no later than 2:00 p.m. on 27 April 2009. Deposit of a blue Form of Proxy shall not preclude you from attending and voting in person at the General Meeting or any adjournment thereof.

Voting on the Resolution will be conducted by way of a poll rather than a show of hands. As soon as practicable following the General Meeting, the results of the voting at the General Meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of the Resolution will be announced via a Regulatory Information Service and also placed on the Company's website <http://www.jjbsportscorporate.co.uk>.

If you have any queries in relation to the General Meeting, please contact Capita Registrars on 0871 664 0300 (calls cost 10p per minute plus network extras).

### ***Action to be taken in relation to the CVA Proposal***

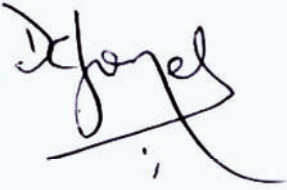
You should also have received a pack of documents in relation to the CVA Proposal. Your vote on the JJB CVA is important, so please do take the time to consider the documents which have been sent to you and take appropriate action, including the submission of a green CVA Form of Proxy for the CVA Shareholder Meeting if required.

## 6. RECOMMENDATION FROM YOUR DIRECTORS

The Board considers the Resolution is in the best interests of the Company and its shareholders as a whole.

The Board unanimously recommends that you vote in favour of the Resolution as the Directors intend to do in respect of their own beneficial holdings which amount in aggregate to 694,751 Ordinary Shares representing approximately 0.28% of the existing issued ordinary share capital of the Company (excluding treasury shares).

Yours sincerely

A handwritten signature in black ink, appearing to read 'D Jones', is centered within a light blue rectangular box. The signature is fluid and cursive, with a long horizontal stroke extending to the right.

**Sir David Jones**  
Executive Chairman  
JJB Sports plc

## PART II: KEY TERMS AND CONDITIONS OF THE WARRANTS

The following term sheet summarises the key terms and conditions of the Warrants:

<b>Issuer</b>	JJB Sports plc.
<b>Securities to be issued</b>	Warrants to subscribe for 11,287,434 new Ordinary Shares (representing 4.5% of the current issued share capital of the Company and 4.3% of the Enlarged Share Capital) (adjusted for any issue of shares prior to the issue date of the Warrants).
<b>Subscription Price</b>	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 the date of publication of the same.
<b>Issue Date</b>	Upon obtaining shareholder approval at the General Meeting and the BoS Facility becoming available to the Company in accordance with its terms.
<b>Form</b>	Registered.
<b>Exercise right</b>	The Warrants can be exercised at any time during the exercise period.
<b>Exercise period</b>	Between the Start Date and 30 September 2010, inclusive (or later if the BoS Facility is extended or refinanced within the lending group). The "Start Date" is 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.
<b>Discretionary purchase</b>	The Warrantholder may request the Company to purchase and cancel the Warrants at the Purchase Price any time after the first anniversary of the Start Date of the exercise period. The "Purchase Price" is equivalent to the average market price for the 30 days prior to such request less the Subscription Price.
<b>Anti-dilution provisions</b>	Customary protection from dilution for the capitalisation of profits or reserves and the subdivision or consolidation of the Company's issued share capital.
<b>Transferability</b>	The Warrants will not be detachable from, but will be freely transferable with, the associated loan commitment under the BoS Facility.
<b>Listing</b>	The Warrants will not be listed on any regulated market or traded on any stock exchange.
<b>Lock-up on conversion</b>	Three months after the issue of Ordinary Shares on exercise of the Warrants.
<b>Settlement</b>	Issue of Ordinary Shares upon exercise and payment of the aggregate Subscription Price.

## **PART III: ANNOUNCEMENT OF THE DISPOSAL AND THE CVA PROPOSAL**

The following is the full text of the announcement of the Disposal and the CVA Proposal made by the Company on 25 March 2009:

"JJB Sports PLC  
25 March 2009

### **JJB Sports PLC**

#### **Statement re Disposal of Fitness Clubs Business, Financing Arrangements and Proposed Company Voluntary Arrangement**

JJB Sports PLC ("JJB" or the "Company"), one of the UK's leading high street sports retailers, today announces a 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**

- Disposal of the Fitness Clubs business (including the fitness clubs and attached retail stores, the Cardiff MiFit fitness club and retail store and certain committed fitness club sites) (the "Fitness Business") and related stock to Dave Whelan Sports Limited, a company controlled by Mr David Whelan, for an approximate total cash consideration of £83.4 million (the "Disposal").
- Waiver granted by the United Kingdom Listing Authority (the "UKLA") under Listing Rule 10.8, available only for companies in severe financial difficulty, in respect of the requirement to issue a circular and obtain shareholder approval for the Disposal.
- Proceeds of the Disposal will initially reduce the Company's borrowings under its working capital facilities, but will ultimately be used to fund the Company's short term working capital requirements.
- All March quarterly rents will be paid in full, following which the Company will propose a company voluntary arrangement ("CVA") 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").
- Further extension of the standstill arrangements with the Company's existing lenders, Barclays, Lloyds (formerly HBOS) and Kaupthing Singer & Friedlander Limited (in administration) (the "Lenders") until the CVA Proposal has been approved and become effective, conditional, inter alia, upon receipt of deferred consideration from Dave Whelan Sports Limited in accordance with the terms of the transaction documentation and on the Lenders remaining satisfied with the progress of the CVA Proposal and the trading performance of the Company.
- Conditional upon the CVA Proposal being approved and becoming effective, proposed new funding arrangements through a short term £25 million term loan with Barclays and a medium term £25 million working capital facility with Lloyds, together with a possible issue of warrants to Lloyds in connection with their continuing support of the business.

- Board changes including the dismissal of Christopher Ronnie, former Chief Executive, announcement of intention to resign by David Madeley, Finance Director and appointment of Richard Manning as Legal Director and Company Secretary.
- "Serious about Sport" strategy under the leadership of Sir David Jones to revitalise the Continuing Group's core retail business and reposition it in the market place.

Commenting on the Disposal, the proposed CVA and proposed new funding arrangements, Sir David Jones, Executive Chairman, said:

*"In announcing our series of measures today, we have taken the first step in securing JJB's long term future after months of speculation.*

*We have worked very hard with our advisers and lending banks to propose a robust, solvent restructuring of the Group that we believe is in the best interests of all of our stakeholders.*

*In addition to the continued support of our lending banks, our proposals require the approval of our unsecured creditors and our shareholders. Their support of our CVA proposal will ultimately allow us to focus on realising the full potential of the Company's core sports retail business."*

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

For further information, please contact:

JJB Sports PLC                    01942 221 400  
Sir David Jones  
Peter Williams

Lazard                                020 7187 2000  
Melanie Gee  
Gregory Bret

Panmure Gordon                020 7459 3600  
Richard Gray  
Andrew Potts

Maitland                            020 7379 5151  
Emma Burdett  
Richard Farnsworth

This announcement has been issued by, and is the sole responsibility of, the Company.

Lazard & Co., Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company and for no one else in connection with the Disposal and the CVA Proposal and will not be responsible to any person other than the Company for providing the protections afforded to customers of Lazard & Co., Limited or for providing advice in relation to the matters described in this announcement.

## JJB Sports PLC

### Statement re Disposal of Fitness Clubs Business, Financing Arrangements and Proposed Company Voluntary Arrangement

#### 1. Introduction

JJB Sports PLC ("JJB" or the "Company"), one of the UK's leading high street sports retailers, today announces a 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.

The measures announced today include:

- the £83.4 million disposal of the Fitness Clubs business (including the fitness clubs and attached retail stores, the Cardiff MiFit fitness club and retail store and certain committed fitness club sites) (the "Fitness Business") and related stock to Dave Whelan Sports Limited (the "Purchaser"), a company controlled by Mr David Whelan;
- a proposed company voluntary arrangement ("CVA") to compromise claims of landlords of approximately 140 closed retail stores and temporarily vary the terms of the leases of the open retail stores, which number approximately 250, to permit monthly rent payments (the "CVA Proposal");
- a further extension to the standstill arrangements with Barclays, Lloyds (formerly HBOS) and Kaupthing Singer & Friedlander Limited (in administration) (the "Lenders") until the CVA Proposal has been approved and become effective (subject to certain earlier termination events); and
- conditional upon the CVA Proposal being approved and becoming effective, proposed new funding arrangements through a short term £25 million term loan with Barclays and a medium term £25 million working capital facility with Lloyds, together with a possible issue of warrants to Lloyds in connection with their continuing support for the business.

#### 2. Disposal of the Fitness Clubs business

On 10 December 2008, the Board of JJB announced that it had received a number of enquiries in relation to the Company's Fitness Clubs business. The Company appointed Lazard & Co., Limited ("Lazard") to conduct an auction process in relation to the Fitness Clubs business.

On 10 February 2009, the Company confirmed that it had received a number of non-binding indications of interests for some or all of the Fitness Business. On 9 March 2009, the Company confirmed that it had received a number of second round offers from interested parties. The Company has now entered into a definitive agreement with, and simultaneously completed the sale of the Fitness Business and related stock to, the Purchaser.

Given the current financial position of JJB, the UKLA granted a waiver, available only for companies in severe financial difficulty, under Listing Rule 10.8 in respect of the requirement to issue a circular and obtain shareholder approval for this Disposal which would have otherwise been required pursuant to Listing Rule 10.5.

The estimated total consideration payable by the Purchaser for the Fitness Business and related stock is approximately £83.4 million. This comprises approximately £40 million of initial consideration, subject to completion adjustments, to be paid to the Company today, approximately £33.9 million of deferred consideration to be paid into an escrow account on 16 April 2009 and approximately £9.5 million of consideration for the stock in the Fitness Business as at completion to be paid on 1 May 2009.

The deferred consideration of approximately £33.9 million will, after deduction of certain costs, expenses and other agreed amounts, be released to the Company from the escrow account as and when landlord's consent is obtained to the assignment of the relevant leasehold properties. Payments will not be made from the escrow account until an agreed number of leases have been assigned. The Directors expect the process of assignment of all of the leases to be completed over the next six months.

In connection with the Disposal, the parties have agreed to a number of customary restrictions to protect their respective interests. Subject to certain exceptions, the Company has agreed not to own or operate a fitness club in the United Kingdom for a period of 36 months from completion. Subject to certain exceptions, the Company and the Purchaser have each agreed not to solicit each other's senior employees for a period of 12 months from completion.

The Company has agreed to provide the Purchaser with certain transitional services, including IT, HR, payroll, insurance and finance, for an anticipated period of between 6 and 12 months from completion at cost. The Company has also granted an intellectual property licence to the Purchaser in respect of certain JJB trade marks for a period of between 3 and 6 months.

The net proceeds of the Disposal will initially reduce the Company's borrowings under its working capital facilities, but will ultimately be used to fund the Company's short term working capital requirements. The proceeds will also be used to pay the Lenders' arrangement fee of approximately £8 million in aggregate, payable under the terms of the standstill arrangements entered into on 10 December 2008, as amended from time to time.

### **3. Information on the Fitness Business**

The Fitness Clubs business operates 55 fitness clubs (including the Cardiff MiFit fitness club, being the only MiFit fitness club) across the United Kingdom and Ireland with approximately 228,600 members as at 22 March 2009. The Purchaser will acquire 53 of these 55 sites. The Dundalk and Limerick fitness clubs, based in the Republic of Ireland, are excluded from the transaction. The Purchaser has also agreed to acquire leases or agreements to lease in relation to 10 future fitness clubs.

52 of the 53 fitness clubs comprising the Fitness Business (including the Cardiff MiFit fitness club) are co-located with a retail store in a single property unit, with the fitness club typically located on the ground floor of the unit and the retail store on a mezzanine level above.

As at 27 July 2008, the Fitness Business had gross assets of approximately £119.8 million. For the 52 week period ended 27 January 2008, the Fitness Business had revenue of £138.7 million and operating profit of £22.9 million (pre central costs for the attached retail stores). This financial information is extracted, without material adjustment, from the consolidation schedules which support the unaudited interim financial statements for the Group for the 26 week period ended 27 July 2008 and the audited financial statements for the Group for the 52 week period ended 27 January 2008, respectively, and relates to the assets that have been sold.

The Fitness Clubs business (including the Cardiff MiFit fitness club) employs over 1,500 staff, with 33 employees based at JJB's head office. An additional 7 employees at JJB's head office spend the majority of their time on the Fitness Clubs business (including the Cardiff MiFit fitness club). The attached retail stores (including the Cardiff MiFit retail store) employ over 1,600 staff. It is intended that all employees working in the Fitness Business will transfer to the Purchaser.

Managing Director Barry Aspinall joined JJB in 1993 and has run the Fitness Clubs business since it was founded in 1998. Graeme Rogers (Associate Director), Alun Peacock (National Operations Manager), Mel Crossland (National Sales Manager), Jules Housecroft (Club Openings Manager), Ian Watson (National Brands Standards Manager) and Elaine Coulthard (National Fitness Manager) are also key individuals important to the Fitness Clubs business.

#### **4. Background to and details of the waiver under Listing Rule 10.8**

Since 10 December 2008, the Company and its Lenders have been operating pursuant to standstill arrangements in respect of the Company's three existing debt facilities. As announced on 17 March 2009, the most recent standstill period expired yesterday. The Lenders agreed to grant the extension of the standstill period until yesterday (expiring prior to the due date for the payment of March quarterly rents on the group's portfolio of stores) in order to enable the Company to enter into definitive transaction documentation with the Purchaser as the preferred bidder.

Following receipt of final offers for the Fitness Business in the middle of March, the Lenders advised the Company that unless it entered into definitive transaction documentation for the sale of the Fitness Business on or before 24 March 2009 (with completion due to take place simultaneously), no further extensions to the standstill arrangements would be forthcoming and that the current facilities would be withdrawn and no further finance or facilities would be made available. Accordingly, all outstanding amounts under the existing debt facilities (totalling approximately £50.5 million in aggregate at 20 March 2009) would have become due and payable by the Company.

Prior to this time, the Company had been intending to seek shareholder approval to the Disposal and the Lenders had not previously indicated that they would not extend additional funds nor allow sufficient time to complete the Disposal in accordance with the usual requirements of Listing Rule 10.

Following a request to the UKLA by the Company, the UKLA granted a waiver, available only for companies in severe financial difficulty, under Listing Rule 10.8 in respect of the requirement to issue a circular and obtain shareholder approval for the Disposal which would have otherwise been required pursuant to Listing Rule 10.5.

In connection with the waiver, the Board of JJB confirms, as it has confirmed to the UKLA, that in respect of the Disposal:

- negotiations did not allow time for shareholder approval;
- all alternative methods of financing had been exhausted and the only option remaining to the Company was to make the Disposal; and
- by taking the decision to dispose of the Fitness Business to raise cash, the Directors believe that they were acting in the best interests of the Company and shareholders as a whole and that unless the Disposal was completed, receivers, administrators or liquidators were likely to be appointed.

The Directors believe that the Disposal is in the best interests of the Company and shareholders as a whole and that unless the Disposal had been completed the Company would have been unable to meet its financial commitments as they fell due and consequently would have been unable to continue to trade resulting in the appointment of receivers, administrators or liquidators.

The Company's sponsor, Lazard, has confirmed to the Company and to the UKLA that, in its opinion and on the basis of the information available to it, the Company is in severe financial difficulty and that it would not be in a position to meet its obligations as they fall due if the Disposal had not taken place according to the proposed timetable.

The Company's lenders, Barclays, Lloyds (formerly HBOS) and Kaupthing Singer & Friedlander Limited (in administration), have each confirmed to the Company and to the UKLA that further finance or facilities would not be made available and that unless the Disposal was effected immediately, current facilities would have been withdrawn.

## **5. Extension of the standstill arrangements and proposed financing arrangements**

In order to provide the Company with access to working capital during the period in which the CVA Proposal (further details of which are set out below) is considered by the Company's unsecured creditors and shareholders, the Lenders have agreed further to extend the standstill arrangements until 17 June 2009.

The Lenders will have the right to accelerate the standstill expiry date from 17 June 2009 in the event that either they are not satisfied with the progress of the CVA or the CVA Proposal is not approved or effected before that time. The Lenders will also have the right to accelerate the standstill expiry date if, inter alia: (i) they are not satisfied with the trading performance of the Company; (ii) if the deferred consideration for the disposal of the Fitness Business is not paid into an escrow account on or before 16 April 2009; or (iii) if they are not satisfied with the progress of the assignment of leases in respect of the Fitness Business.

As a consequence of the execution of definitive transaction documentation for, and simultaneous completion of, the Disposal, the Company and Barclays have reached agreement on the basis upon which Barclays would consider making available a new short term £25 million term loan (the "Barclays Facility") and the Company and Lloyds have reached agreement on the basis upon which Lloyds would consider making available a new medium term £25 million working capital facility (the "Lloyds Facility") to support the Company's ongoing funding requirements (the Barclays Facility and the Lloyds Facility together referred to as the "New Facilities").

The New Facilities will only be available to the Company following completion of the CVA Proposal (described in further detail below), and are intended to replace the three existing bi-lateral facilities with the Lenders that are currently available to the Company under the terms of the standstill arrangements.

With effect from the date upon which the New Facilities become unconditionally available to the Company for draw down, Barclays and Lloyds will be granted security over the assets of the JJB Group (excluding the Fitness Business) (the "Continuing Group").

In exchange for its continuing support, the Company is considering, subject to shareholder approval, the issue to Lloyds of warrants to subscribe for ordinary shares representing up to a maximum of 5% of the Company's current issued share capital. It is not intended that the warrants will be listed or traded on any recognised investment exchange or stock exchange. Once the Company has agreed definitive terms for these warrants, it intends to seek shareholder approval in a general meeting to disapply pre-emption rights to enable it to issue these warrants.

The parties are working towards finalising and documenting the terms of the New Facilities, including the terms of the financial covenants set out therein and the terms of the warrants, by the end of March, prior to the despatch of a shareholder circular and the documentation relating to the CVA Proposal.

## **6. Proposed Company Voluntary Arrangement**

The Board has been actively pursuing a strategy of returning JJB's core retail business to profitability by reducing costs, closing underperforming stores and reducing stock levels. However, given the current retail environment, the Board considers that the Company's future viability is dependant upon a scheme of arrangement of its affairs involving the compromise and release of certain liabilities.

After paying all March quarterly rents in full, the Board intends to propose a CVA to the Company's unsecured creditors and shareholders. At the same time, the directors of the Company's subsidiary, Blane Leisure Limited ("Blane"), intend to propose a CVA to Blane's unsecured creditors and shareholders. A 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.

The main objectives of the CVA Proposal will be to:

- seek to compromise claims of landlords of approximately 140 closed retail stores and certain related contingent claims; and
- vary temporarily the terms of leases of the Continuing Group's open retail stores, approximately 250 stores in total, such that rent will be paid on a monthly basis rather than quarterly.

The CVA Proposal will not seek to compromise claims of any other creditors. Throughout the CVA process, the Company shall continue trading under the control of the Directors, operating as a going concern. The Company and Blane are not in and will not be in administration as a result of commencing the CVA process.

The CVA Proposal will require the approval of:

- a majority in excess of 75% in value of the unsecured creditors of each of the Company and Blane present at a meeting on the resolution to approve the CVA Proposal; and
- more than 50% in value of the Company's shareholders present at a meeting on the resolution to approve the CVA Proposal (however, if the outcome of the meeting of shareholders differs from the outcome of the meeting of creditors, the decision of the creditors will prevail, subject to the right of any member to apply to the Court to challenge the approval of the CVA Proposal).

The Directors 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 Company was placed into liquidation. The aim of the CVA Proposal is to achieve a result which:

- ensures closed retail stores are no longer a burden to the operating cash flow of the Group and thus improve cash flow;
- preserves job security for the majority of employees;
- enables the maximum number of supply arrangements to continue; and
- preserves value for shareholders.

Full details of the CVA Proposal (including details of the creditor and shareholder meetings) will be set out in the CVA Proposal document that the Company intends to despatch to unsecured creditors and shareholders in the week commencing 30 March 2009.

## **7. Working capital**

The Company is of the opinion that the Continuing Group does not have sufficient working capital for its present requirements, that is, for at least 12 months from the date of this announcement.

The Company remains dependent on the continuing support of its Lenders to continue trading. Accordingly, in order to allow it to proceed with the CVA Proposal (as described in detail above), the Company has now agreed with its Lenders, subject to the Disposal being effected, a further extension of the current standstill arrangements until 17 June 2009. The Lenders will have the right to accelerate the standstill expiry date from 17 June 2009 in the event that either they are not satisfied with the progress of the CVA or the CVA Proposal is not approved or effected before that time. The Lenders will also have the right to accelerate the standstill expiry date if, inter alia: (i) they are not satisfied with the trading performance of the Company; (ii) if the deferred consideration for the disposal of the Fitness Business is not paid into an escrow account on or before 16 April 2009; or (iii) if they are not satisfied with the progress of the assignment of leases in respect of the Fitness Business.

As described in more detail above, the Company is working towards finalising and documenting the terms of the New Facilities prior to issuing the documentation relating to the CVA Proposal. Based on recent discussions with the Continuing Lenders, the Company is confident that the New

Facilities (including financial covenants) will be agreed, documented and committed on reasonably satisfactory terms. Subject to the New Facilities being committed, they will become available to the Company if the CVA Proposal is approved at the meetings of creditors and shareholders expected to be held in the week commencing 20 April 2009 and is not then the subject of any challenge (which would, in the opinion of leading counsel, have a reasonable prospect of success) (a "Valid Challenge") within 28 days of such approval having been reported to the Court on the day of the meeting or the day thereafter (the "Challenge Period"). On the date the New Facility becomes available (after the expiry of the Challenge Period expected to be on or about 22 May 2009) the Company's three existing bi-lateral facilities and the standstill arrangements will be terminated.

Whilst the Directors 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 Company were placed into liquidation, the success of the CVA process is dependent upon voting by creditors and shareholders.

If the New Facilities are not agreed, committed and documented or if the standstill arrangements are terminated or if the CVA Proposal is not approved at the meetings of creditors and shareholders expected to be held in the week commencing 20 April 2009 or, if it is approved but is then the subject of any Valid Challenge within the Challenge Period (expected to end on or about 22 May 2009), the New Facilities will not become available to the Company and it is likely that the Company will no longer be able to trade as a going concern which is likely to result in the appointment of receivers, liquidators or administrators.

As outlined above, under the proposed terms of the New Facilities, initial committed facilities of £50 million will be made available to the Continuing Group upon the expiry of the Challenge Period (assuming there has been no Valid Challenge or the standstill arrangements have not otherwise terminated within that time). The Barclays Facility will be repaid progressively as the deferred consideration proceeds from the Disposal are received. It is therefore expected that by the end of August 2009, the Barclays Facility will have been repaid in full. The Lloyds Facility will be committed through until the end of September 2010. On the basis of this level of facility, the Company is of the opinion that it will not have sufficient working capital for its then present requirements, that is for the 12 months from the date of this announcement and a shortfall is likely to occur sometime towards the end of 2009.

In considering the working capital thought to be necessary for the Continuing Group and in determining the shortfall, the Directors have assumed that: (i) largely all of the deferred consideration of approximately £33.9 million payable, after the deduction of certain costs, expenses and other agreed amounts, by the Purchaser to the Company is released from escrow to the Company by no later than 31 August 2009; (ii) the Company's new business strategy is executed in accordance with its latest business plan for the Continuing Group; (iii) the Company executes its objective of reducing the working capital required by the business as its funding position stabilises; and (iv) volatility in the foreign exchange markets does not substantially impact margins.

The Company proposes to provide the necessary working capital thought by the Directors to be necessary through a number of initiatives, developed in consultation with the Lenders, including:

- reduction in discretionary capital expenditure on existing stores, including the rescheduling of proposed store refurbishments;
- further business restructuring, including streamlining business processes;
- negotiation of improved terms of trade;
- sale and leaseback of all or part of the Company head office site; and
- sale of one or more of the Company's remaining non-core assets which include the two remaining fitness clubs in Ireland and brands that the Company no longer wishes to develop itself.

Work on these initiatives has already commenced and initial indications are encouraging. In due course, the Company intends to explore other sources of finance.

To the extent that such actions are not successful and the Company is unable to secure further support from the Continuing Lenders or other sources of finance the Company will no longer be able to trade as a going concern which would be likely to result in the appointment of receivers, liquidators or administrators.

## **8. Internal investigation**

On 13 January 2009, Christopher Ronnie, Chief Executive notified the Company pursuant to DTR 3.1.2R and 5.1.2R that Guro Leisure Limited (formerly known as Hallco 1480 Limited), a company in which he holds 50 per cent of the issued share capital, had disposed of the legal and beneficial ownership of 68,992,948 ordinary shares of 5 pence each in the share capital of the Company (the "Shares") (representing approximately 27.5% of the current total voting rights attaching to the ordinary shares in issue). Mr Ronnie acquired an interest in the Company's ordinary shares in June 2007 following the purchase by Hallco 1480 Limited of the Shares. Mr Ronnie informed the Company that the disposal has been made pursuant to the terms of a Global Master Repurchase Agreement and Facility Letter dated 8 June 2007 entered into with Kaupthing Singer & Friedlander Limited (the "Loan Documents"). Mr Ronnie also informed the Company that he was not aware of the date or place of the relevant transaction or of the price per share in respect of the transaction, but that he understood that the legal and beneficial ownership of the Shares and accordingly the voting rights attaching to the same had transferred pursuant to the Loan Documents.

On 20 January 2009, the Company announced that it had suspended Mr Ronnie from his duties under the terms of his service agreement, pending the outcome of an internal investigation being conducted by its legal advisers into certain matters. Following a disciplinary hearing on 23 March 2009, the Board confirms that the Company has terminated Mr Ronnie's employment with, and directorship of, the Company with immediate effect by reason of gross misconduct. The Board confirms that no settlement agreement has been entered into with Mr Ronnie and that the Company continues to reserve its contractual and other rights against him.

## **9. Management of the Continuing Group**

Having assisted with the disposal of the Fitness Business, David Madeley, Finance Director has notified the Company that he intends to resign as a director with effect from 31 May 2009. Over coming months, the Company will identify a suitable successor to Mr Madeley as Finance Director.

On 3 January 2009, the Company announced that it had strengthened its executive management team with the appointments of Sir David Jones as Executive Chairman and Peter Williams as an executive director. Following the dismissal of Mr Ronnie and the announcement of Mr Madeley's intention to resign, Sir David Jones will continue as Executive Chairman with particular responsibility for revitalising the Continuing Group's retail operations and implementing the new retail strategy. Peter Williams will continue to have responsibility for the strategic development of the business, including the implementation of the CVA Proposal. Pending appointment of Mr Madeley's successor, Mr Williams will also oversee the finance function.

In addition, Richard Manning, who has been acting General Counsel for the Company for the last three months on a temporary basis, will join the board as Legal Director and Company Secretary with responsibility for legal and company secretarial, HR and property related matters. Mr Manning has over 15 years experience as an in-house lawyer, most recently as Company Secretary and General Counsel at GCap Media plc. He is not currently a director of any other publicly listed company. Within the last five years, Mr Manning was a director of GCap Media plc and GWR Group plc. He has advised that there are no other details to be disclosed in accordance with Listing Rule 9.6.13.

The Company also intends to strengthen the non-executive team on the Board.

## **10. Strategy and focus of the Continuing Group**

The Board, under the leadership of Sir David Jones, is implementing a strategy to revitalise the Group's core retail business and reposition it in the marketplace.

Under the marketing banner "Serious about Sport", the Continuing Group intends to offer a comprehensive selection of sporting equipment, together with footwear and sports casual wear, designed by Adidas, Nike and other brands. This comprehensive sports range will appeal to a wide customer base conveniently positioned between a more fashion focused sports casual wear offering and a mass market offering, competing principally on price.

In addition, the Company will focus on its multi-channel strategy taking advantage of the growth in alternate methods of shopping and retail brand loyalty.

The Company has already started to reduce the level of costs and further savings are expected to be achieved as the Company continues to streamline its business processes.

Discussions have already taken place with key suppliers who are keen to support the strategy and business of the Continuing Group. The Board is confident that once the New Facilities are in place, the relationship with the Company's suppliers will return to normal.

## **11. Current trading and prospects**

On the basis that the Company is able to secure the Company's future through the successful implementation of the CVA Proposal, the Board is positive that the continuing JJB retail group will succeed. As described above, the Board continues to explore strategies to revitalise the core retail business to ensure it will continue to trade through these difficult economic times.

The Company reaffirms its statement in the trading update on 14 January 2009 that it expects the Company will record a loss before tax and exceptional items of between £5 million to £10 million, before any one-off costs associated with the banking facilities, for the 52 weeks ending 25 January 2009. Within this result the LifeStyle division (now in administration) is expected to incur losses of around £15 million for the full year.

During the 10 week period from 12 January 2009 to 23 March 2009, total group sales (excluding the Original Shoe Company and Qube), on a like-for-like basis, were 18.5% lower than the same period last year. This consisted of a 6.7% increase in revenue for the Fitness Clubs business and a 22.5% decrease in retail sales.

In addition to the general weakness in consumer demand, the Company believes that this decrease in retail sales is as a direct result of the severe disruption in the supply of merchandise as a result of the well publicised financial uncertainty that has surrounded the Company's future for the last six months.

The core retail gross margin achieved during the same period was 350 basis points lower than last year as the Company continued its program to eliminate surplus stock. The stock holding position at 23 March 2009 in the retail business is 47% lower than last year.

## **12. Further information**

The Company currently expects to publish its annual reports and accounts for the 52 week period ending 25 January 2009 in the week commencing 18 May 2009 and has decided that it will not publish preliminary results prior to that time.

The Company currently expects to publish a shareholder circular and the CVA Proposal document in the week commencing 30 March 2009, with shareholder and creditor meetings expected to be held in the week commencing 20 April 2009.

Lazard is acting as financial adviser and sponsor to JJB, KPMG is acting as debt adviser to JJB and will act as nominee for the CVA Proposal, Halliwells LLP is acting as legal adviser to JJB in relation to the Disposal and Herbert Smith LLP is acting as legal adviser to JJB in relation to the Disposal, proposed financing arrangements and the CVA Proposal.

For further information, please contact:

JJB Sports PLC                      01942 221 400  
Sir David Jones  
Peter Williams

Lazard                                      020 7187 2000  
Melanie Gee  
Gregory Bret

Panmure Gordon                      020 7459 3600  
Richard Gray  
Andrew Potts

Maitland                                  020 7379 5151  
Emma Burdett  
Richard Farnsworth

This announcement has been issued by, and is the sole responsibility of, the Company.

Lazard & Co., Limited, which is authorised and regulated in the United Kingdom by the Financial Services Authority, is acting exclusively for the Company and for no one else in connection with the Disposal and the CVA Proposal and will not be responsible to any person other than the Company for providing the protections afforded to customers of Lazard & Co., Limited or for providing advice in relation to the matters described in this announcement.

END"

## DEFINITIONS

The following definitions apply throughout this Shareholder Circular, unless the context requires otherwise:

<b>Barclays</b>	Barclays Bank plc, a company incorporated in England & Wales with registered number 01026167 with its registered office at 1 Churchill Place, Canary Wharf, London, E1 5HP
<b>Barclays Facility</b>	the short term £25 million term loan provided by Barclays on the terms set out in the Barclays Facility Agreement
<b>Barclays Facility Agreement</b>	the agreement entered into between the Company and Barclays dated 3 April 2009 relating to the provision of the Barclays Facility
<b>Blane</b>	Blane Leisure Limited, a company incorporated in Scotland with registered number SC109050 with its registered office at 56/58 Argyle Street, Glasgow, Lanarkshire, G2 8AF
<b>Blane CVA</b>	the CVA of Blane
<b>Blane Directors</b>	the directors of Blane at the date of this Shareholder Circular
<b>Board</b>	the board of directors of the Company from time to time
<b>BoS</b>	Bank of Scotland plc, a company incorporated in Scotland with registered number SC327000 with its registered office at The Mound, Edinburgh EH1 1YZ, and a subsidiary of Lloyds
<b>BoS Facility</b>	the medium term £25 million working capital facility provided by BoS on the terms set out in the BoS Facility Agreement
<b>BoS Facility Agreement</b>	the agreement entered into between the Company and BoS dated 3 April 2009 relating to the provision of the BoS Facility
<b>Company or JJB</b>	JJB Sports plc, a company incorporated in England & Wales with registered number 01024895 with its registered office at Martland Park, Challenge Way, Wigan, Lancashire WN5 0LD
<b>Continuing Lenders</b>	Barclays and BoS
<b>CVA</b>	a voluntary arrangement proposed to a company and to its creditors for a composition in satisfaction of the company's debts or a scheme of arrangement in relation to its affairs under Part I of the Insolvency Act 1986
<b>CVA Creditors</b>	the unsecured creditors of the Company and Blane
<b>CVA Creditors' Meetings</b>	the CVA Creditors' meetings convened by the Nominees to be held in connection with the CVA Proposal at 11:00 a.m. on 27 April 2009 at the Royal Horticultural Halls and Conference Centre, 80 Vincent Square, London SW1P 2PE
<b>CVA Form of Proxy</b>	the green proxy form for use by Shareholders in connection with the CVA Shareholder Meeting

<b>CVA Proposal</b>	the CVA proposal made by the Directors and the Blane Directors comprising the JJB CVA and the Blane CVA
<b>CVA Proposal Document</b>	the document dated 6 April 2009 sent to CVA Creditors, Shareholders and the Company as sole shareholder of Blane containing details of the CVA Proposal
<b>CVA Shareholders' Meeting</b>	the meeting of Shareholders convened by the Notice of CVA Shareholders' Meeting to be held in connection with the JJB CVA at 11:00 a.m. on 29 April 2009 at the Royal Horticultural Halls and Conference Centre, 80 Vincent Square, London SW1P 2PE
<b>CVAs</b>	the JJB CVA and the Blane CVA
<b>Directors</b>	the directors of the Company at the date of this Shareholder Circular
<b>Disposal</b>	the disposal of the Fitness Clubs Business, further details of which are set out in the announcement of 25 March 2009, the full text of which is set out in Part III of this document
<b>Enlarged Share Capital</b>	the issued ordinary share capital of the Company as enlarged by the issue of Warrant Shares
<b>Fitness Clubs Business</b>	the Company's fitness clubs business, including the attached retail stores the subject of the Disposal
<b>Fitness Clubs Premises</b>	the gym and retail premises used in the Fitness Clubs Business
<b>Fitness Clubs Premises Landlords</b>	the landlords of the Fitness Clubs Premises
<b>Form of Proxy</b>	the blue proxy form for use by Shareholders in connection with the General Meeting
<b>General Meeting</b>	the general meeting of the Company convened by the Notice of General Meeting to be held at 2:00 p.m. on 29 April 2009 at the Royal Horticultural Halls and Conference Centre, 80 Vincent Square, London SW1P 2PE
<b>Implementation Date</b>	in respect of each of the JJB CVA and the Blane CVA, the date on which the last of the conditions precedent for the relevant CVA is satisfied or waived
<b>JJB CVA</b>	the CVA of JJB
<b>Lloyds</b>	Lloyds Banking Group plc, a company with registered number SC95000 with its registered office at Henry Duncan House, 120 George Street, Edinburgh EH2 4LH
<b>Ordinary Shares</b>	the ordinary shares of 5 pence each in the capital of the Company
<b>New Facilities</b>	the Barclays Facility and the BoS Facility
<b>Nominees</b>	Richard Dixon Fleming and Brian Green of KPMG LLP (in the case of the JJB CVA) and Richard Dixon Fleming, Brian Green and Blair Carnegie Nimmo of KPMG LLP (in the case of the Blane CVA), appointed to act as joint nominees under

	Part I of the Insolvency Act 1986
<b>Notice of CVA Shareholders' Meeting</b>	the notice of the CVA Shareholders' Meeting set out in the CVA Proposal Document
<b>Notice of General Meeting</b>	the notice of the General Meeting set out at the end of this Shareholder Circular
<b>Resolution</b>	the resolution to be considered by the Shareholders at the General Meeting as set out in the Notice of General Meeting
<b>Shareholder Circular</b>	this document
<b>Shareholders</b>	the holders of any Ordinary Shares from time to time
<b>Warrant Shares</b>	the Ordinary Shares into which the Warrants are exercisable on conversion
<b>Warrantholder</b>	BoS (or an affiliate of BoS)
<b>Warrants</b>	the unlisted warrants to subscribe for Ordinary Shares to be issued by the Company to BoS (or an affiliate of BoS)

# NOTICE OF GENERAL MEETING OF JJB SPORTS PLC

## NOTICE OF GENERAL MEETING

of

### JJB SPORTS PLC

*(Incorporated and registered in England & Wales under the Companies Acts 1985 to 1989 with registered number 01024895)*

**NOTICE IS HEREBY GIVEN** that a General Meeting of the Company will be held at 2:00 p.m. on 29 April 2009 at the Royal Horticultural Halls and Conference Centre, 80 Vincent Square, London SW1P 2PE to consider and, if thought fit, to pass the following resolution as a special resolution.

### SPECIAL RESOLUTION

THAT in addition to the existing powers conferred under Resolution 12 passed at the Annual General Meeting of 24 July 2008, the directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 to allot equity securities (within the meaning of section 94 of that Act) for cash, pursuant to the authority conferred by Resolution 11 passed at the Annual General Meeting of the Company on 24 July 2008, as if section 89(1) of that Act did not apply to any such allotment provided that this power shall be limited to the issue of warrants (otherwise than pursuant to sub-paragraph 12.1 of Resolution 12 passed at the Annual General Meeting of 24 July 2008) in respect of 11,287,434 ordinary shares of 5p each in the capital of the Company arising upon the exercise of such warrants, and shall expire upon the expiry of the general authority conferred by Resolution 12 passed at the Annual General Meeting of the Company on 24 July 2008, save that the Company shall be entitled to make offers or agreements before the expiry of such power which would or might require equity securities to be allotted after such expiry and the directors shall be entitled to allot equity securities pursuant to any such offer or agreement as if the power conferred hereby had not expired.

BY ORDER OF THE BOARD

Registered address:

Martland Park  
Challenge Way  
Wigan  
Lancashire  
WN5 0LD

Richard Manning, Company Secretary

Registered in England No. 01024895

6 April 2009

Notes:

1. A member entitled to attend and vote at the meeting may appoint another person(s) to exercise all or any of his rights to attend, speak and vote at the meeting. A member can appoint more than one proxy in relation to the meeting, provided that each proxy is appointed to exercise the rights attaching to different shares held by him.
2. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Your proxy could be the Chairman, another director of the Company or another person who has agreed to attend to represent you. Your proxy will vote as you instruct and must attend the meeting for your vote to be counted. Details of how to appoint the Chairman or another person as your proxy using the proxy form are set out in the notes to the form of proxy. Appointing a proxy does not preclude you from attending the meeting and voting in person. If you attend the meeting in person, your proxy appointment will automatically be terminated.
3. A copy of this notice has been sent for information only to persons who have been nominated by a member to enjoy information rights under section 146 of the Companies Act 2006 (a "Nominated Person"). The rights to appoint a proxy can not be exercised by a Nominated Person: they can only be exercised by the member. However, a Nominated Person may have a right under an agreement between him and the member by whom he was nominated to be appointed as a proxy for the meeting or to have someone else so appointed. If a Nominated Person does not have such a right or does not wish to exercise it, he may have a right under such an agreement to give instructions to the member as to the exercise of voting rights.
4. A form of proxy is included with this Notice. In order to be valid, the Form of Proxy must be deposited (together with any authority under which it is executed or a copy of the authority certified notari ally) at the office of the Company's registrars. Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU, or, in the case of CREST members, by utilising the CREST electronic proxy service in accordance with the procedures set out below, by not later than 2:00 p.m. on 27 April 2009.
5. To change your proxy instructions you may return a new proxy appointment using the methods set out above. Where you have appointed a proxy using the hard copy proxy form and would like to change the instructions using another hard copy proxy form, please contact Capita Registrars, Bourne House, 34 Beckenham Road, Beckenham, Kent, BR3 4TU. The deadline for receipt of proxy appointments (see above) also applies in relation to amended instructions. Any attempt to terminate or amend a proxy appointment received after the relevant deadline will be disregarded. Where two or more valid but differing forms of proxy are delivered in respect of the same share for use at the meeting and in respect of the same matter, the one which is last validly delivered (regardless of its date or of the date of its execution) shall be treated as replacing and revoking the other or others as regards that share. If the Company is unable to determine which instrument was last validly delivered, none of them shall be treated as valid in respect of that share.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only persons entered on the register of members of the Company at 6:00 p.m. on 27 April 2009 (or, if the meeting is adjourned, at 6:00 p.m. on the date which is two days prior to the adjourned meeting) shall be entitled to attend and vote at the meeting or adjourned meeting. Changes to entries on the register after this time shall be disregarded in determining the rights of persons to attend or vote (and the number of votes they may cast) at the meeting or adjourned meeting.
6. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment made by means of CREST to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent ID number RA10 by the latest time(s) for receipt of proxy appointments specified in the notice of meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
7. CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

8. Voting on all resolutions will be conducted by way of a poll rather than a show of hands. This is not compulsory but there is some pressure on listed companies to use poll voting as the norm rather than starting with a vote by show of hands. This is a more transparent method of voting as member votes are to be counted according to the number of shares held. As soon as practicable following the General Meeting, the results of the voting at the General Meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the resolutions will be announced via a Regulatory Information Service and also placed on the Company's website <http://www.jjbsportscorporate.co.uk/index.php>.
9. Arrangements will be put in place at the meeting in order to facilitate voting by representatives of members which are corporations on a poll (if required) in accordance with the procedures set out in the Institute of Chartered Secretaries and Administrators' January 2008 guidance note on "Proxies and Corporate Representatives at General Meetings".
10. As at 3 April 2009 (being the latest business day prior to the publication of this Notice of General Meeting), the Company's issued share capital consists of 250,831,860 ordinary shares, carrying one vote each. The Company holds no ordinary shares in treasury and is not permitted to exercise voting rights in respect of those shares. Therefore the total voting rights in the Company are 250,831,860.

