

**THIS DOCUMENT AND THE ACCOMPANYING FORM OF PROXY ARE IMPORTANT AND REQUIRE YOUR IMMEDIATE ATTENTION. If you are in any doubt as to the action you should take, you are recommended to consult your stockbroker, bank manager, solicitor, accountant or other professional adviser authorised under the Financial Services and Markets Act 2000 immediately if you are resident in the UK or, if you reside elsewhere, another appropriately authorised independent financial adviser.**

If you sell or have sold or otherwise transferred Shares, please send this document together with the accompanying 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 transmission to the purchaser or transferee.

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# **SPORTS DIRECT INTERNATIONAL PLC**

*(Incorporated in England and Wales with registered number 06035106)*

## **Proposed implementation of the 2015 Bonus Share Scheme**

### **Notice of General Meeting to be held at 10 am on Wednesday, 2 July 2014**

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This document should be read as a whole. Your attention is drawn to the letter from the Chairman of Sports Direct International plc which is set out on pages 3 to 4 of this document and which contains a recommendation from the board of directors of Sports Direct International plc that you vote in favour of the resolution to be proposed at the General Meeting referred to below.

A notice of the General Meeting of Sports Direct International plc, to be held at Unit A, Brook Park East, Shirebrook, NG20 8RY at 10 am on Wednesday, 2 July 2014 is set out at the end of this document.

A Form of Proxy for use in connection with the resolution to be proposed at the General Meeting is enclosed with this document. Whether or not you intend to be at the General Meeting in person, you are requested to complete the Form of Proxy in accordance with the instructions printed on it, and return it as soon as possible, but in any event so as to be received by Computershare Investor Services PLC, by hand or by post, at The Pavilions, Bridgwater Road, Bristol BS99 6ZY by not later than 10 am on Monday, 30 June 2014.

Alternatively, you may wish to register your proxy vote electronically by visiting the website [www.eproxyappointment.com](http://www.eproxyappointment.com) and completing and submitting the relevant forms by no later than 10 am on Monday, 30 June 2014.

If you hold shares in CREST, you may appoint a proxy by completing and transmitting a CREST Proxy Instruction, so that it is received by no later than 10 am on Monday, 30 June 2014.

The appointment of a proxy will not prevent you from attending the General Meeting and voting in person if you so wish.



## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

|                                                                                                                                                                      |                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------|
| Latest time and date for appointment of proxies (whether by receipt of a valid Form of Proxy, electronic appointment, or appointment via the CREST system) . . . . . | 10 am on 30 June 2014                         |
| General Meeting . . . . .                                                                                                                                            | 10 am on 2 July 2014                          |
| Grant of Proposed Option . . . . .                                                                                                                                   | As soon as possible after the General Meeting |

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1. If any of the above times and/or dates change, the revised times and/or dates will be notified to Shareholders by announcement through the Regulatory Information Service of the London Stock Exchange.
  2. All times shown in this document are London times.

## Letter from the Chairman of Sports Direct International plc

*Directors:*

Dr Keith Hellawell (*Non-Executive Chairman*)  
Michael Ashley (*Executive Deputy Chairman*)  
David Forsey (*Chief Executive*)  
Simon Bentley (*Senior Independent Non-Executive Director*)  
David Singleton (*Non-Executive Director*)  
Charles McCreevy (*Non-Executive Director*)  
Claire Jenkins (*Non-Executive Director*)

*Registered Office*

Unit A  
Brook Park East  
Shirebrook  
NG20 8RY

9 June, 2014

Dear Shareholder,

### General Meeting

This document contains a notice convening a General Meeting of Sports Direct International plc (*Sports Direct* or the *Company*) to be held at 10 am on Wednesday, 2 July 2014 (the *General Meeting*). The purpose of the General Meeting is to consider a resolution to approve, by ordinary resolution, a new share based remuneration arrangement — the 2015 Bonus Share Scheme.

Full details of the 2015 Bonus Share Scheme are set out in the appendix to this letter. However, I would like to draw your attention to the following.

### Introduction

In December 2011, the Board stated its intention to seek shareholder approval for a share incentive scheme in which Mike Ashley, the Company's Executive Deputy Chairman, would be eligible to participate. This reflected the fact that Mike Ashley had received no remuneration for his substantial contribution to the Company since its initial public offering in February 2007 and that he was not a participant in the 2011 Executive Bonus Share Scheme (under which awards have been made to other executive directors).

In March 2014, the Board re-iterated this intention and a circular was posted to shareholders convening a general meeting on 4 April 2014 for the purposes of seeking approval for the implementation of a Supplemental Executive Bonus Share Scheme. In spite of securing support from some of its largest shareholders, Sports Direct announced on 2 April 2014: (i) its decision to withdraw the resolution to be voted on by shareholders on 4 April 2014; and (ii) its intention to seek shareholder approval for a 2015 Bonus Share Scheme (which would include a longer timeframe and more stretching performance targets).

The Remuneration Committee and the Board remain convinced that Mike Ashley should be eligible to participate in incentivisation arrangements that reflect his contribution to the Company and that are fully aligned with the interests of shareholders. Since September 2012, the Company's market capitalisation has increased from less than £2 billion to almost £5 billion. The Board believes that Mike Ashley is central to this value creation and that shareholders continue to benefit from his on-going commitment and involvement with the business.

The Remuneration Committee remains of the opinion that any share incentive scheme should be consistent with the following key principles that underpin the Company's overall culture and remuneration philosophy:

- **Performance based:** the Company's remuneration of its eligible employees and senior management is highly performance-based, with the performance element paid in shares, which encourages the growth and long-term success of the Company. Accordingly, basic salaries for the Company's executive directors have been set at a level well below the lower quartile for a business of the size and complexity of the Company and have remained the same since 2002.

- **Long-term focus:** to drive sustained business performance, instead of granting smaller awards on an annual basis, larger upfront awards are granted which only vest if significant and consistent growth is delivered year on year. In order for awards to vest, all of the performance targets throughout the term of the scheme must be achieved. The Company's 2009 Employee Bonus Share Scheme, which follows this principle, is recognised as being one of the most far reaching and successful employee reward schemes in the UK.

The Remuneration Committee strongly believes that this simple and transparent incentive framework is aligned with the Company's strategy for growth. It has driven historic out-performance of the targets set by the

Remuneration Committee, supports the Company's long-term success and has clearly led to increased shareholder value.

### **2015 Bonus Share Scheme**

The Board has responded to the feedback received from shareholders to develop the 2015 Bonus Share Scheme which will not only continue to motivate the Company's employees but also recognises and rewards the substantial contribution made by Mike Ashley over many years. It also reinforces the Company's "one team" culture. Furthermore, the Company's out-performance of historic targets has resulted in more stretching EBITDA targets being set under the 2015 Bonus Share Scheme. Based on the performance targets described below, the 2015 Bonus Share Scheme has the potential to generate substantial shareholder value — far in excess of the cost of the scheme.

All eligible employees (including the executive directors) who meet the qualifying conditions and performance criteria as determined and agreed by the Remuneration Committee and the Board will be able to participate. The terms of the 2015 Bonus Share Scheme provide for the grant of nil-cost options over up to a maximum of 25 million ordinary shares in the Company (amounting to approximately 4.2% of the issued share capital of the Company). The vesting of any options will be conditional upon the achievement by the Company of all the following EBITDA targets: (i) FY2016 of £480 million; (ii) FY2017 of £570 million; (iii) FY2018 of £650 million; and (iv) FY2019 of £750 million. If these performance targets are all met, 25% of any award would vest following the announcement of the Company's audited results for FY2019 in July 2019 and 75% of the award would vest following the announcement of the Company's audited results for FY2021 in July 2021.

A summary of the principal terms of the 2015 Bonus Share Scheme is set out in the appendix to this letter.

Separately, the Company has recently entered into a new four year multi-currency revolving credit facility, which includes a leverage covenant such that net debt to EBITDA shall not exceed 2.5 times during the term of the facility.

### **Action to be taken**

Shareholders are encouraged to vote at the General Meeting, whether in person or by proxy. Instructions as to how to appoint a proxy can be found in the notes to the Notice of General Meeting at the back of this document. Appointment of a proxy will not prevent shareholders from attending the General Meeting, which will be held at Unit A, Brook Park East, Shirebrook, NG20 8RY at 10 am on Wednesday, 2 July 2014, if they so wish.

Consistent with best practice, the vote on the resolution will be held on a poll.

### **Recommendation**

The directors (other than the executive directors, who have not participated in the decision by the Board to approve the proposals) believe that the implementation of the 2015 Bonus Share Scheme is in the best interests of the Company and its shareholders as a whole and recommend shareholders to vote in favour of the resolution. Given their eligibility to participate, the executive directors, including Mike Ashley, have informed the board that they will not vote on the resolution. The non-executive directors have confirmed their intention to vote in favour of the resolution in respect of their own beneficial holdings.

Yours sincerely

Dr Keith Hellawell  
Chairman

## APPENDIX

### SUMMARY OF THE 2015 BONUS SHARE SCHEME

The 2015 Bonus Share Scheme is designed with flexibility to permit the grant of awards to all eligible employees (including the executive directors).

The principal terms of the 2015 Bonus Share Scheme are described below.

#### *Eligibility*

Eligible employees are those who meet the qualifying conditions and performance criteria as determined and agreed by the Remuneration Committee and the Board.

#### *Form of awards*

An award under the 2015 Bonus Share Scheme will take the form of an option to acquire ordinary shares of 10p each of Sports Direct International plc (the “*Shares*”) at no cost to the participant (an “*option*”).

#### *Maximum number of options*

Options may be granted under the 2015 Bonus Share Scheme over up to a maximum of 25 million ordinary shares in the Company.

#### *Performance Targets*

The vesting of an option will be subject to the following Adjusted Underlying EBITDA targets:

| <u>Financial Year</u> | <u>Adjusted Underlying EBITDA</u> |
|-----------------------|-----------------------------------|
| 2016 .....            | £480 million                      |
| 2017 .....            | £570 million                      |
| 2018 .....            | £650 million                      |
| 2019 .....            | £750 million                      |

For these purposes, “Adjusted Underlying EBITDA” means Underlying EBITDA as reported in the Company’s published accounts for the relevant financial year after such adjustments as the Committee considers appropriate to ensure consistent calculation year to year and to ensure a fair comparison with previous years.

A performance target may be varied if one or more events occur which cause the Committee to consider that a varied performance target would be more appropriate. Any varied performance target would not be materially more or less difficult to satisfy.

#### *Vesting*

If the performance targets are all met, 25% of any award would vest following the announcement of the Company’s audited results for FY2019 in July 2019 and 75% of the award would vest following the announcement of the Company’s audited results for FY2021 in July 2021.

#### *Individual Limits*

Consistent with the Executive Bonus Share Scheme approved by shareholders in 2010, the 2015 Bonus Share Scheme does not include a limit on the number or value of Shares over which an award may be granted to any participant.

#### *Grant of Options*

Options may be granted under the 2015 Bonus Share Scheme within the six week period following the announcement of the Company’s full year results for any financial year, any day on which a restriction on the grant of awards or options is lifted, or on any day on which the Committee determines that exceptional circumstances exist.

### ***Terms of Awards***

Options may be granted over newly issued Shares, treasury Shares, Shares held in the Company's Employee Benefit Trust, or Shares purchased in the market. Options are not transferable (other than on death). No payment will be required for the grant of an option. Options will not form part of pensionable earnings.

### ***Exercise***

Options will normally be exercisable until the tenth anniversary of the grant date.

The exercise of an option is subject to obtaining any necessary approvals or consents under the Company's share dealing policy and any other applicable laws or regulations (including pursuant to the UKLA's Model Code).

At any time before or after the point at which an option has been exercised but the underlying Shares have yet to be issued or transferred to the participant, the Committee may decide to pay a participant a cash amount equal to the value of the shares he would otherwise have received.

Any Shares that are to be issued or transferred to a participant in respect of an exercised option will be issued or transferred within 30 days of the date of exercise.

### ***Cessation of Employment***

As part of the qualifying conditions noted above, an option will normally only vest if the participant remains employed by the group or continues to hold office with the group until the relevant vesting date. If a participant ceases to be employed or is under notice by or to hold office with a group company before the performance target relating to an option has been declared satisfied, the option will lapse.

If a participant ceases to be employed by, is under notice from, or ceases to hold office with, a group company after the performance target relating to an option has been declared satisfied but before the relevant vesting date the option will lapse unless the reason for cessation of employment is either:

- (a) death of the participant in which case the full number of Shares under the relevant option will vest and the option will become exercisable for twelve months; or
- (b) for any other reason that is determined by the Committee. In this case, an unvested option will vest to the extent (if any) permitted by the Committee in its absolute discretion, taking into account the period of time which has elapsed between the grant of that option and the date of leaving. To the extent it vests in these circumstances, an option may be exercised for a period of six months.

If a participant ceases to be an employee or officeholder by reason of summary dismissal, any option held by him will lapse whether or not it has vested. For any other reason that is determined by the Committee, any vested option held by him will remain exercisable for six months.

### ***Corporate Events***

In the event of a change of control of the Company before the expiry of the latest relevant financial period for measuring satisfaction of the performance targets to which an option is subject, that option will lapse.

If a change of control occurs after expiry of the latest relevant financial period for measuring satisfaction of the performance targets to which an option is subject but before the vesting date relating to that option, that option will vest to the extent (if any) determined by the Committee that any performance target has been satisfied at the date of change of control and, unless the Remuneration Committee determines otherwise, taking into account the period of time which has elapsed between the grant date and the relevant event.

### ***Adjustments***

In the event of a variation of the Company's share capital or a demerger or special dividend which may, in the Committee's opinion, affect the current or future value of Shares, the number of Shares subject to an option and/or any performance target attached to options, may be adjusted.

### ***Amendment and Termination***

The Committee may amend the 2015 Bonus Share Scheme at any time, provided that prior approval of the Company in general meeting will be required for amendments to the advantage of participants relating to eligibility, limits, the basis for determining a participant's further entitlement to, and the terms of, the Shares comprised in an option and the impact of any variation of capital.

However, any minor amendment to benefit administration, take into account legislative changes, or to obtain or maintain favourable tax treatment, exchange control or regulatory treatment may be made by the Committee without Shareholder approval.

No amendment to the 2015 Bonus Share Scheme may be made to the material disadvantage of participants unless consent is sought from the affected participants and given by a simple majority of them.

### ***Governing Law***

The 2015 Bonus Share Scheme will be governed by the laws of England and Wales and the parties submit to the exclusive jurisdiction of the courts of England and Wales.

**NOTICE OF GENERAL MEETING**

**SPORTS DIRECT INTERNATIONAL PLC**

(the *Company*)

(Registered in England and Wales with company number 06035106)

**Notice of General Meeting**

**NOTICE IS HEREBY GIVEN** that a General Meeting of the Company will be held at Unit A, Brook Park East, Shirebrook, NG20 8RY at 10 am on Wednesday, 2 July 2014, to consider and, if thought fit, pass the following resolution, which will be proposed as an ordinary resolution:

That the rules of the Sports Direct International plc 2015 Bonus Share Scheme in the form produced to the General Meeting and initialled by the Chairman of the General Meeting for the purposes of identification (the “2015 Bonus Share Scheme”), the principal terms of which are summarised in the appendix to the circular to shareholders dated 9 June 2014, be and are hereby approved and the Directors be authorised to implement the 2015 Bonus Share Scheme and do all acts and things which they may, in their absolute discretion, consider necessary or expedient to give effect to the 2015 Bonus Share Scheme.

By Order of the Board

Company Secretary

*Registered office:*

Unit A, Brook Park East  
Shirebrook, NG20 8RY

9 June 2014

## NOTES TO NOTICE OF GENERAL MEETING

1. A member entitled to attend and vote at the General Meeting is entitled to appoint another person(s) (who need not be a member of the Company) to exercise all of any of his rights to attend, speak and vote at the General 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 General Meeting in person to represent you. Your proxy could be the Chairman or another person who has agreed to attend to represent you, and must vote as you instruct. 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 proxy form. Appointing a proxy does not preclude you from attending the General Meeting and voting in person. If you attend the meeting in person, your proxy appointment will automatically be terminated.
3. A Form of Proxy is provided with this notice and instructions for use are shown on the form. In order to be valid, a completed appointment of proxy must be returned to the Company by one of the following methods:
  - 3.1. in hard copy form by post, by courier or by hand to Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY; or
  - 3.2. by completing it online at [www.eproxyappointment.com](http://www.eproxyappointment.com) by following the instructions on screen to submit it. You will need to identify yourself with your Shareholder Reference Number (SRN), PIN and Control Number, all of which are shown on the Proxy Form which accompanies this notice; or
  - 3.3. in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below,and in each case must be received by the Company no later than 10 am on Monday, 30 June 2014 (being 48 hours before the time fixed for the General Meeting).
4. Please indicate with an “X” in the boxes provided on the Form of Proxy how you wish your proxy to vote on the resolution. The “Vote Withheld” option on the form is provided to enable you to abstain. However a “Vote Withheld” is not a vote in law and will not be counted in calculation of the proportion of votes “For” and “Against” the resolution.
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 Form of Proxy and would like to change the instructions using another hard copy Form of Proxy, please contact Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY. The deadline for receipt of proxy appointments 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 separate appointments of proxy are received in respect of the same share in respect of the same meeting, the one which is last sent shall be treated as replacing and revoking the other or others.
6. If conflicting proxies are sent or received at the same time in respect of (or deemed to be in respect of) an entire holding, none of them shall be treated as valid.
7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company’s register of members in respect of the joint holdings (the first names being the most senior).
8. Where the aggregate number of shares in respect of which proxies are appointed exceeds a member’s entire holding and it is not possible to determine the order in which they were sent or received (or they were all sent or received at the same time), the number of votes attributed to each proxy will be reduced pro rata.
9. Where the application of paragraph 8 above gives rise to fractions or shares, such fractions will be rounded down.
10. 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 cannot 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 who has nominated him 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.
11. 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.

12. 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’s 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 3RA50) by the latest time(s) for receipt of proxy appointments specified in paragraph 3 above. 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. After this time any change of instructions in proxies appointed through CREST should be communicated to the appointee through other means.
13. 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.
14. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland 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.
15. Only those shareholders registered in the Register of Member of the Company at the close of business on Monday, 30 June 2014 (or, if the meeting is adjourned, on the date which is two days before the time of the adjourned meeting) shall be entitled to attend and vote at the General Meeting or adjourned meeting in respect of the number of shares registered in their respective names at that time. Changes to the Register of Member after that time will be disregarded in determining the rights of any person to attend or vote at the General Meeting or adjourned meeting.
16. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in relation to the same shares. In accordance with the provisions of the Companies Act 2006 (as amended by the Companies (Shareholders’ Rights) Regulations 2009), each such representative may exercise (on behalf of the corporation) the same powers as the corporation could exercise if it were an individual member of the Company, provided that they do not so in relation to the same shares. It is therefore no longer necessary to nominate a designated corporate representative.
17. Except as provided above, members who have general queries about the General Meeting should contact the Company at Unit A, Brook Park East, Shirebrook NG20 8RY or Computershare Investor Services PLC, The Pavilions, Bridgwater Road, Bristol BS99 6ZY (no other methods of communication will be accepted).
18. As at Friday, 6 June 2014 (being the latest practicable time before the publication of this Notice), the Company’s issued share capital consisted of 640,602,369 Shares. The Company holds 42,137,508 Shares in treasury and is not permitted to exercise voting rights in respect of those Shares. Therefore the total voting rights in the Company were 598,464,861.
19. Any member attending the meeting has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the General Meeting but no such answer need be given if:
  - 19.1. to do so would interfere unduly with the preparation for the General Meeting or involve the disclosure of confidential information;
  - 19.2. the answer had already been given on a website in the form of an answer to a question; or
  - 19.3. it is undesirable in the interests of the Company or the good order of the General Meeting that the question be answered.
20. A copy of this notice, and other information required by section 311A of the Companies Act 2006, can be found at [www.sportsdirectplc.com](http://www.sportsdirectplc.com).
21. The following documents are available for inspection at the registered office of the Company and at the offices of Freshfields Bruckhaus Deringer LLP at 65 Fleet Street, London EC4Y 1HS during normal business hours on each weekday (public holidays excluded) and for 15 minutes prior to and during the General Meeting:
  - 21.1. copies of the executive directors’ service contracts with the Company;
  - 21.2. copies of letters of appointment of non-executive directors;
  - 21.3. the proposed rules of the 2015 Bonus Share Scheme; and
  - 21.4. a copy of the Articles of Association of the Company.
22. Consistent with best practice, the vote on the resolution will be held on a poll.

