



## William Hill PLC

*(incorporated with limited liability in England and Wales with registered number 4212563)*

**£300,000,000 7.125 per cent. Guaranteed Notes due 2016**

**unconditionally and irrevocably guaranteed by**

## William Hill Organization Limited

*(incorporated with limited liability in England and Wales with registered number 00278208)*

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**Issue price: 99.324 per cent.**

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The £300,000,000 7.125 per cent. Guaranteed Notes due 2016 (the “Notes”) will be issued by William Hill PLC (the “Issuer” or “William Hill”) and will be unconditionally and irrevocably guaranteed (the “Notes Guarantee”) on a joint and several basis by William Hill Organization Limited (“WHO” or the “Guarantor”) and any other subsidiary of the Issuer which becomes a guarantor of the Notes after the Issue Date (as defined on page 13), as described under “Conditions of the Notes – Notes Guarantee”. References herein to the “Guarantor” shall, so far as the context permits, also include any subsidiary of the Issuer which becomes a guarantor of the Notes after the Issue Date, together, the “Guarantors”, but shall not include any subsidiary of the Issuer which ceases to be a guarantor of the Notes after the Issue Date, all as described under “Conditions of the Notes – Notes Guarantee”. References herein to the “Group” are to the Issuer and its subsidiaries.

The Issuer may, at its option, redeem all, or some only, of the Notes at any time after the Issue Date at the relevant redemption amount described under “Conditions of the Notes – Redemption and Purchase”. The Issuer may also, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest in the event of certain tax changes as described under “Conditions of the Notes – Redemption and Purchase”. Upon the occurrence of certain change of control events relating to the Issuer, each Noteholder shall have the option to require the Issuer to redeem or (at the option of the Issuer) purchase the Notes of such holder at a cash purchase price equal to 101 per cent. of the principal amount thereof plus accrued interest, as described under “Conditions of the Notes – Redemption and Purchase”. The Notes mature on 11 November 2016.

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the “UK Listing Authority”) for the Notes to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc (the “London Stock Exchange”) for the Notes to be admitted to trading on the London Stock Exchange’s regulated market. The London Stock Exchange’s regulated market is a regulated market for the purposes of Directive 2004/39/EC (the “Markets in Financial Instruments Directive”).

The Notes are expected to be rated on issue Ba1 by Moody’s Investors Service, Inc. and BB+ by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies Inc. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes will initially be represented by a temporary global note (the “Temporary Global Note”), without interest coupons, which will be deposited on or about 12 November 2009 (the “Closing Date”) with a common depository for Euroclear Bank SA/NV (“Euroclear”) and Clearstream Banking, société anonyme (“Clearstream, Luxembourg”). Interests in the Temporary Global Note will be exchangeable interests in a permanent global note (the “Permanent Global Note” and, together with the Temporary Global Note, the “Global Notes”), without interest coupons, on or after 23 December 2009 (the “Exchange Date”), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances – see “Summary of Provisions relating to the Notes while represented by the Global Notes”.

**An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading “Risk Factors” on page 17.**

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### Joint Lead Managers

**Barclays Capital**

**The Royal Bank of Scotland**

**Lloyds TSB Corporate  
Markets**

**The date of this Prospectus is 10 November 2009**

This Prospectus comprises a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the “**Prospectus Directive**”).

The Issuer and WHO accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and WHO (each having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

The Issuer and WHO, having made all reasonable enquiries, confirm that this Prospectus contains all material information with respect to the Issuer and WHO and the Notes (including all information which, according to the particular nature of the Issuer, WHO and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and WHO and of the rights attaching to the Notes), that the information contained or incorporated in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading. The Issuer and WHO accept responsibility accordingly.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Prospectus should be read and construed on the basis that such documents are incorporated and form part of the Prospectus.

Neither the Joint Lead Managers (as described under “*Subscription and Sale*”, below) nor the Trustee have independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or WHO in connection with the offering of the Notes. No Joint Lead Manager or the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or WHO in connection with the offering of the Notes or their distribution.

No person is or has been authorised by the Issuer, WHO, the Joint Lead Managers or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, WHO, any of the Joint Lead Managers or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, WHO, any of the Joint Lead Managers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the offering of the Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or WHO. Neither this Prospectus nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer or WHO, any of the Joint Lead Managers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or WHO is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor(s) during the life of the Notes or to advise any investor in the Notes of any information coming to their attention. The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this document, see “*Subscription and Sale*” below.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of Notes may be restricted by law in certain jurisdictions. The

Issuer, WHO, the Joint Lead Managers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, WHO, the Joint Lead Managers or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States and the European Economic Area (including the United Kingdom), see “*Subscription and Sale*”.

This Prospectus has been prepared on the basis that any offer of Notes in any Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”) will be made pursuant to an exemption under the Prospectus Directive, as implemented in that Relevant Member State, from the requirement to publish a prospectus for offers of Notes. Accordingly any person making or intending to make an offer in that Relevant Member State of Notes which are the subject of the offering contemplated in this Prospectus, may only do so in circumstances in which no obligation arises for the Issuer or any of the Joint Lead Managers to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive, in each case, in relation to such offer. Neither the Issuer nor the Joint Lead Managers have authorised, nor do they authorise, the making of any offer of Notes in circumstances in which an obligation arises for the Issuer or the Joint Lead Managers to publish or supplement a prospectus for such offer.

**IN CONNECTION WITH THE ISSUE OF THE NOTES, BARCLAYS BANK PLC AS STABILISING MANAGER (THE “STABILISING MANAGER”) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.**

All references in this document to **Sterling** and **£** refer to the currency of the United Kingdom.

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## INFORMATION REGARDING FORWARD-LOOKING STATEMENTS

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This document includes forward-looking statements. The words “believe”, “anticipate”, “expect”, “intend”, “plan”, “predict”, “continue”, “assume”, “positioned”, “may”, “will”, “should”, “shall”, “risk” and other similar expressions that are predictions of or indicate future events and future trends identify forward looking statements. These forward-looking statements include all matters that are not historical facts. In particular, the statements under the headings “*Overview*”, “*Risk Factors*” and “*Description of William Hill PLC*” and regarding the Group’s strategy, dividend policy and other future events or prospects are forward-looking statements. You should not place undue reliance on forward-looking statements because they involve known and unknown risks, uncertainties and other factors that are in many cases beyond the Issuer’s and/or WHO’s control. By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Recipients of this document are cautioned that forward-looking statements are not guarantees of future performance and that the Group’s actual results of operations, financial condition and liquidity, and the development of the industry in which the Group operates may differ materially from those made in or suggested by the forward-looking statements contained in this document. The cautionary statements set out above should be considered in connection with any subsequent written or oral forward-looking statements that the Issuer and/or WHO, or persons acting on their behalf, may issue. Factors that may cause the Group’s actual results to differ materially from those expressed or implied by the forward-looking statements in this document include but are not limited to the risks described under “*Risk Factors*”.

These forward-looking statements reflect the Issuer’s and/or WHO’s judgement at the date of this document and are not intended to give any assurances as to future results. Save for those forward-looking statements required by the Listing Rules, Disclosure Rules and Transparency Rules and/or the Prospectus Rules, in each case of the UK Listing Authority, the Issuer and WHO undertake no obligation to update these forward-looking statements, and will not publicly release any revisions they may make to these forward-looking statements that may result from events or circumstances arising after the date of this document. The Issuer and WHO will comply with their obligations to publish updated information as required by law or by any regulatory authority but assume no further obligation to publish additional information.

## PRESENTATION OF FINANCIAL INFORMATION

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The Issuer prepares its consolidated financial statements on the basis of a 52- or 53-week financial period, generally ending on the Tuesday closest to the 31 December in each year. The audited consolidated financial statements of the Issuer for the 2007 and 2008 financial years, respectively, are incorporated by reference into this document. The Issuer prepares its consolidated financial statements in accordance with International Financial Reporting Standards (“**IFRS**”).

The audited financial statements of WHO for the 2007 and 2008 financial years, respectively, are incorporated by reference into this document. WHO prepares its financial statements in accordance with generally accepted accounting principles in the United Kingdom (“**UK GAAP**”).

Financial information in respect of the Issuer has been restated for the 2007 financial year in certain instances in this document and in the comparative information for the 2007 financial year in the audited consolidated financial statements of the Issuer for the 2008 financial year. The Issuer’s profit before tax and profit for the period for the 2007 financial year has not been impacted by this restatement.

### **Non-IFRS measures**

This document contains certain measures that are not recognised under IFRS, including gross win.

Gross win is presented to enhance the understanding of the Group’s financial condition and results of operations. The Issuer uses gross win as a key performance indicator of the Group’s business and believes that the presentation of gross win enhances an investor’s understanding of the Group’s results of operations. In accordance with the requirements of IFRS, the Group’s earnings are expressed in its financial statements as revenue. Gross win, as used in this document, is calculated as the total amount that the Group retains from customers after paying out any winnings but before deducting VAT payable on income from gaming machines, whereas the Group’s revenue is disclosed net of VAT and fair value adjustments for free bets, promotions and bonuses. Gross win should not be considered in isolation or as an alternative to revenue or other data presented in the Group’s financial statements as indicators of financial performance. Moreover, gross win, as used in this document, is not necessarily comparable to other similarly titled indicators of other companies owing to potential differences in the method of calculation. Percentages in tables have been rounded and accordingly may not add up to 100 per cent. Certain financial data has been rounded. As a result of this rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data.

## DOCUMENTS INCORPORATED BY REFERENCE

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The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the Financial Services Authority shall be incorporated in, and form part of, this Prospectus:

<i>Reference document</i>	<i>Information incorporated by reference</i>	<i>Page number in the reference documents</i>
William Hill PLC Annual Report and Accounts for the 52 weeks ended 30 December 2008	Independent Auditors' Report	54-55
	Group Balance Sheet	57
	Group Income Statement	56
	Group Statement of Recognised Income and Expense	56
	Group Cash Flow Statement	58
	Notes to the Consolidated Financial Statements	68-105
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William Hill PLC Annual Report and Accounts for the 53 weeks ended 1 January 2008	Independent Auditors' Report	38-39
	Group Balance Sheet	41
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William Hill PLC Interim Results for the 26 weeks ended 30 June 2009	Group Balance Sheet	12
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William Hill Organization Limited Report and Financial Statements for the 52 weeks ended 30 December 2008	Independent Auditors' Report	7
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	Profit and Loss Account	8
	Statement of Total Recognised Gains and Losses	9
	Notes to the Accounts (including accounting policies)	11-35
William Hill Organization Limited Report and Financial Statements for the 53 weeks ended 1 January 2008	Independent Auditors' Report	7
	Balance Sheet	10
	Profit and Loss Account	8
	Statement of Total Recognised Gains and Losses	9
	Notes to the Accounts (including accounting policies)	11-36
William Hill PLC Interim Management Statement for the 39 weeks ended 29 September 2009	All	–

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

## OVERVIEW

**This Overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole, including the documents incorporated by reference.**

Words and expressions defined in “*Conditions of the Notes*” shall have the same meanings in this Overview.

### **The Group**

William Hill PLC and its subsidiaries (“**William Hill**” or the “**Group**”) is one of the UK’s leading betting and gaming groups. It is one of the UK’s largest bookmakers and also operates in Ireland, with a total of approximately 2,300 licensed betting offices (“**LBOs**”) that provide betting opportunities on a wide range of sporting and non-sporting events and, in the UK only, offer gaming machines. In addition, the acquisition of certain assets from Genuity Services Limited and Playtech Software Limited (together “**Playtech**”) in December 2008 and their subsequent combination with William Hill Interactive (William Hill’s Internet-based betting and gaming business) created William Hill Online, which is one of the leading European online betting and gaming businesses by profitability, providing sports betting, casino games, poker, bingo, numbers betting and skill games. William Hill also offers telephone betting from the UK.

### **Competitive Strengths**

William Hill has a number of significant competitive advantages and strengths that will be important factors in maintaining and further developing its business, including the following:

#### **Long-established, trusted and widely recognised brand**

William Hill’s long-established, trusted and widely recognised brand and reputation represent a significant competitive advantage in the development of its betting and gaming activities. In the gambling industry, UK customers have traditionally taken comfort from the fact that they are dealing with a long-established and widely recognised operator. The William Hill brand has also been key in supporting the growth of the Group’s online channel and the Group expects this to continue into the future.

#### **Market leader in UK retail betting with a high-quality estate of LBOs**

With a network of approximately 2,300 LBOs in the UK and Ireland (representing approximately 25 per cent. of the UK LBO market), William Hill is one of the largest betting and gaming companies in the UK. The Group’s estate is of a high quality, reflecting sustained investment, and is well-sited. The scale of William Hill’s LBO estate gives William Hill a competitive advantage in terms of brand recognition and also allows cost-efficient expansion of the Group’s LBO estate.

William Hill has an ongoing development and modernisation programme designed to improve and expand facilities for the Group’s LBO customers. The increase in average floor space per LBO achieved through this development and modernisation programme has facilitated the installation of gaming machines. Rationalising or re-siting selected LBOs and closing or disposing of underperforming LBOs has further enhanced the overall quality of the estate. William Hill continuously seeks to improve its customers’ experience through the training of its staff and through the continued investment in its LBO estate and its online and telephone betting infrastructure. The Group believes these factors have contributed to William Hill achieving long-term revenue growth from its retail operations.

#### **Market-leading and growing online channel**

Since 1998, William Hill’s online channel has experienced significant growth and in the 2008 financial year generated £136.7 million of gross win (growth of 9.7 per cent. from £124.5 million in the 2007 financial year) and £54.6 million of pre-exceptional operating profit (growth of 7.3 per cent. from £50.9 million in the 2007 financial year). Customer growth has also been strong, particularly in the UK.

The establishment of William Hill Online gives the Group a market-leading position in the European online gaming and sports betting market by profitability, with a larger, geographically diverse customer base (as at 30

June 2009, the Group had more than 800,000 unique active players), improved marketing and customer management capabilities and an extensive affiliate network designed to direct customers to the Group's websites.

The Group believes William Hill Online to be the most profitable online business of the major UK bookmakers in 2008.

### **Track record of profit growth, tight management of costs and strong cash generation**

William Hill's focus is on delivering sustainable earnings growth and value for shareholders. Since the IPO in 2002, gross win has increased from £527.7 million to £1,022.5 million in the 2008 financial year, a compound annual growth rate of 11.7 per cent. During the same period, its profit on ordinary activities (before net finance costs and exceptional items) has increased from £141.4 million to £278.6 million, equivalent to a compound growth rate of 12.0 per cent. per annum.

As shown in William Hill's annual financial statements (incorporated by reference into this Prospectus), the Group is highly and consistently cash generative, generating £209.9 million in net cash from operating activities in the 2008 financial year.

### **Track record of innovation and profitable adaptation to regulatory, fiscal and technological change**

Key opportunities for growth in the gambling industry have arisen from regulatory, fiscal and technological change. The Group has a track record of adapting promptly and effectively to such changes. Examples include the introduction by the Group of more low-margin products into its LBOs, most notably and successfully in the form of roulette on gaming machines and bets on head-to-head competitions such as football matches, when the betting duty regime changed from a turnover-based tax system to a gross profit tax system in 2001. In addition, the Group has adapted to the growth of the internet by distributing its betting and gaming products to an enlarged customer audience through its online channel, significantly expanding this by the creation on 30 December 2008 of William Hill Online.

### **Effective risk management system**

Having an effective risk management system is essential to operating a profitable betting operation. The Group and its relevant employees have extensive experience in risk management and bookmaking procedures, such as analysing up-to-date information, imposing bet acceptance limits, hedging and expert odds compilation. William Hill is exploring and seeking to develop new methods of effectively managing risk.

In 2008, William Hill took approximately 331 million bets in its LBOs, 29 million bets on its online Sportsbook offering and eight million bets by telephone. These bets were spread over horse races, greyhound races, football matches and a wide variety of other sporting events. By offering a substantial number of betting opportunities to customers, William Hill is able to spread its risk over a large number of events.

### **Strong management team with significant experience in the gambling industry**

William Hill has a well-established senior management team that combines the skills of individuals with broad general and retail management experience with those of individuals with significant experience in the gambling industry. The Group plays an active role in a variety of governing bodies throughout the gambling industry.

The Group's management team is led by Ralph Topping, William Hill Chief Executive, who has over 36 years' experience in the gambling industry having joined William Hill in 1973, and who led the creation of the online Sportsbook in 1998.

### **Business Strategy**

William Hill is pursuing a strategy aimed at delivering sustainable earnings growth and value for shareholders. The key elements of the strategy are to:

#### **Enhance earnings from the core retail channel**

William Hill is one of the UK's largest bookmakers and also operates in Ireland with approximately 2,300 LBOs in the UK and Ireland that provide betting opportunities on a wide range of sporting and non-sporting events and, in the UK only, offer gaming machines. In this consolidated market, the Group believes that there are relatively

high barriers to entry in the form of brand recognition, strong supplier relationships and regulatory requirements. The retail channel accounted for 81.9 per cent. of the Group's total gross win in the 2008 financial year.

William Hill aims to maximise the significant cash generation from this business by growing gross win while carefully managing costs.

William Hill continues to grow its retail business by developing its LBO estate, offering a broad product range and capitalising on opportunities created by fiscal and regulatory changes.

- Through its ongoing LBO estate development and modernisation programme, William Hill continues to expand its estate in the UK and Ireland and to upgrade the location, facilities and size of its LBOs in order to drive incremental growth. William Hill operates a rigorous process for prioritising capital expenditure for both maintenance of the estate and value-creating investments in order to achieve its target returns on capital.
- In its LBOs, William Hill offers an extensive range of betting opportunities, including UK horse racing, greyhound racing, football, overseas horse racing and numbers betting. Since 2001, when a change in the tax regime made lower-margin products more commercially attractive, William Hill has been able to offer a greater range of products on its gaming machines in its LBOs, which now generate around 40 per cent. of the gross win from the high street retail channel.
- William Hill has successfully grown its retail channel by capitalising on fiscal and regulatory changes and will continue to exploit such opportunities as they arise. To date these include responding to the change from a turnover-based tax system to a gross profit tax system, expanding both the number and range of the products offered by gaming machines and, most recently, extending LBO opening hours in the winter months.

Given the relatively high fixed costs necessary to operate this business effectively, changes in gross win can have a significant effect on gross profit. William Hill therefore places considerable emphasis on cost control. For example, William Hill has recently adopted a more efficient LBO staffing model, undertaken a detailed analysis of the effectiveness of extended winter evening opening and increased investment in procurement capabilities to drive further cost savings from the business.

### **Exploit the growth opportunity in online gambling**

Initially, William Hill benefited from a first-mover advantage in the online market and built a market-leading position in the UK. During the two years up to the end of 2008, this lead was eroded and the Group lost market share as a result of aggressive competition.

On 20 October 2008, William Hill announced the establishment of William Hill Online through the acquisition of certain assets, businesses and contracts from Playtech and their subsequent combination with William Hill Interactive, in return for which Playtech received a 29 per cent. equity interest in William Hill Online, leaving William Hill owning 71 per cent. The Group believes that, following this transaction, William Hill Online has several strengths that can support significant growth, including a large, geographically diverse customer base, improved marketing and customer management and an extensive affiliate network.

In addition William Hill Online is expected to benefit from Playtech's improved poker and casino software, in relation to which it has entered into a software agreement for a minimum of five years. The Group expects this software to provide greater liquidity for poker and to support activities to increase customer retention, customer reactivation and player lifetime values.

The Group's strategy in relation to William Hill Online is to:

- integrate William Hill Interactive and the acquired assets, businesses and contracts within six to nine months of completion of the acquisition – which has now been completed;
- seek to retain customers for a longer period by applying specialised online marketing and customer management skills and by cross-selling the full-range of sports betting and gaming products;
- exploit the improved online Sportsbook launched in December 2008 and superior poker and casino offerings using Playtech software; and
- acquire new customers in the UK and Europe and, over time, expand its customer base in other key countries.

### **Selectively pursue value-enhancing acquisitions**

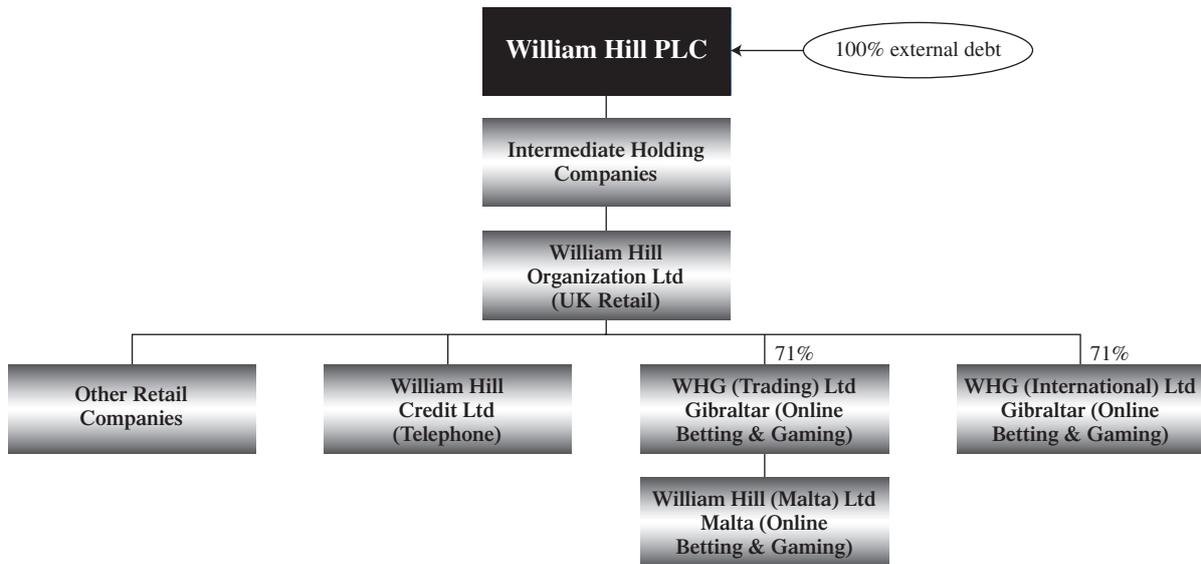
William Hill aims to increase its profit from selective acquisitions. It has a proven track record in this area, including the acquisition of Stanley Leisure plc's LBOs in 2005, which established William Hill as the leading UK betting company by number of LBOs, numerous smaller, bolt-on LBO acquisitions, and the Playtech transaction announced in October 2008, which established William Hill Online as one of the leading European online betting and gaming businesses by profitability. Although the scale of its existing UK retail channel is likely to preclude further substantial acquisitions in this area, the Group intends to consider smaller LBO acquisitions and transactions that complement its existing online business.

### **Recent Developments**

Trading and business developments for the first half of 2009 are set out in the Group's Interim Results Announcement which is incorporated by reference into this Prospectus. Trading and developments since the Interim Results Announcement are set out in the Group's Interim Management Statement released on 19 October 2009 which is also incorporated by reference into this Prospectus.

## CORPORATE STRUCTURE

The following is a simplified corporate structure which shows the principal operating subsidiaries of William Hill PLC:



## SUMMARY OF TERMS AND CONDITIONS

<b>Issuer:</b>	William Hill PLC
<b>Guarantor:</b>	William Hill Organization Limited  Other subsidiaries of the Issuer may become guarantors of the Notes after the Issue Date (as defined below), as described in “ <i>Conditions of the Notes – Notes Guarantee</i> ”. WHO or any other subsidiary of the Issuer which becomes a guarantor of the Notes after the Issue Date may also cease to be a guarantor, as described in “ <i>Conditions of the Notes – Notes Guarantee</i> ”.  References in this Overview to the “ <b>Guarantor</b> ” shall, so far as the context permits, also include any subsidiary of the Issuer which becomes a guarantor of the Notes after the Issue Date, together, the “ <b>Guarantors</b> ”, but shall not include any subsidiary of the Issuer which ceases to be a guarantor of the Notes.
<b>Risk Factors:</b>	Investing in the Notes involves risks. See “ <i>Risk Factors</i> ” for a discussion of certain risks you should carefully consider before investing in the Notes.
<b>Description of Notes:</b>	£300,000,000 7.125 per cent. Guaranteed Notes due 2016 (the “ <b>Notes</b> ”), to be issued by the Issuer on 12 November 2009 (the “ <b>Issue Date</b> ”).
<b>Trustee:</b>	The Law Debenture Trust Corporation p.l.c.
<b>Joint Lead Managers:</b>	Barclays Bank PLC The Royal Bank of Scotland plc Lloyds TSB Bank plc
<b>Interest:</b>	7.125 per cent. per annum payable semi-annually in arrear.
<b>Optional Redemption by Issuer for tax reasons:</b>	The Issuer may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest in the event of certain tax changes, as described under “ <i>Conditions of the Notes – Redemption and Purchase</i> ”.
<b>Optional Redemption by Issuer at any time:</b>	The Issuer may, at its option, redeem all, or some only, of the Notes at any time after the Issue Date at the relevant redemption amount described under “ <i>Conditions of the Notes – Redemption and Purchase</i> ”.
<b>Noteholders’ put option upon Put Event:</b>	Upon the occurrence of a Put Event (as defined in Condition 20), each Noteholder shall have the option to require the Issuer to redeem or (at the option of the Issuer) purchase the Notes of such holder at a cash purchase price equal to 101 per cent. of the principal amount thereof plus accrued interest, as described under “ <i>Conditions of the Notes – Redemption and Purchase</i> ”.
<b>Events of Default:</b>	Events of Default under the Notes include non-payment of principal or premium or purchase moneys due under Condition 7.3 for 7 days, non-payment of interest for 14 days, breach of other obligations under the Notes or the Trust Deed (which breach is not remedied within 30 days), cross-acceleration relating to indebtedness for borrowed money of the Issuer, a Guarantor or any Principal Subsidiary (as defined in Condition 20) subject to an aggregate threshold of £25,000,000 and certain events related to insolvency or winding up of the Issuer, a Guarantor or any Principal Subsidiary.

<b>Negative Pledge:</b>	The terms of the Notes contain a negative pledge provision pursuant to which none of the Issuer, any Guarantor and any other subsidiary of the Issuer may create, assume or permit to subsist any Security (as defined in Condition 20) over their present or future revenues or assets to secure any Debt (as defined in Condition 20) without securing the Notes equally and rateably therewith, subject to certain exceptions, as further described in “ <i>Conditions of the Notes – Negative Pledge</i> ”.
<b>Notes Guarantee:</b>	The Notes will be unconditionally and irrevocably guaranteed on a joint and several basis by the Guarantors. The obligations of each of the Guarantors under its guarantee will be direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of such Guarantor and will rank <i>pari passu</i> with all other outstanding unsecured and unsubordinated obligations of such Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.
<b>Status of the Notes:</b>	The Notes will constitute direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.
<b>Meetings of Noteholders:</b>	The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not vote on the relevant resolution and Noteholders who voted in a manner contrary to the majority.
<b>Modification, Waiver and Substitution:</b>	The Trustee may, without the consent of Noteholders, agree to (i) any modification of (subject to certain exceptions), or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) the substitution of the Holding Company (as defined in Condition 20) or of a subsidiary of the Issuer or of a successor in business as principal debtor under any Notes in place of the Issuer, in each case, in the circumstances and subject to the conditions described in Conditions 15.2 and 14, respectively, of the Conditions of the Notes.
<b>Withholding Tax and Additional Amounts:</b>	The Issuer or, as the case may be, the relevant Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by each Noteholder in respect of the Notes, after withholding for any taxes imposed by tax authorities in the United Kingdom upon payments in respect of the Notes made by or on behalf of the Issuer or a Guarantor, will equal the respective amounts which would have been received in the absence of any such withholding taxes, subject to customary exceptions, as described in Condition 8 of the Conditions of the Notes.
<b>Listing and admission to trading:</b>	Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange’s regulated market.
<b>Governing Law:</b>	The Notes will be governed by, and construed in accordance with, English law.
<b>Form:</b>	The Notes will be issued in bearer form in denominations of £50,000 and integral multiples of £1,000 in excess thereof up to and including £99,000.

**Credit Ratings:**

The Notes are expected to be assigned on issue a rating of Ba1 by Moody’s Investors Service, Inc. and BB+ by Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

**Selling Restrictions:**

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes may be sold in other jurisdictions (including the United Kingdom and other Member States of the European Economic Area) only in compliance with applicable laws and regulations. See “*Subscription and Sale*” below.

**Use of Proceeds:**

The net proceeds of the issue of the Notes will be applied by the Issuer to repay existing bank debt and for its general corporate purposes.

## SUMMARY HISTORICAL FINANCIAL DATA

The table below sets out selected financial information for the Group (i) for the 2007 and 2008 financial years, which has been extracted without material adjustment from, and should be read together with, the Group's audited consolidated financial statements for the 2007 and 2008 financial years and (ii) for the 26 week period ended 1 July 2008 and 30 June 2009 respectively, which has been extracted without material adjustment from, and should be read together with, the Group's unaudited consolidated interim financial statements for the 26 week period ended 1 July 2008 and 30 June 2009 respectively.

	<i>26 weeks ended 30 June 2009 £m (unaudited)</i>	<i>26 weeks ended 1 July 2008 £m (unaudited)</i>	<i>52 weeks ended 30 December 2008 £m (unaudited)</i>	<i>53 weeks ended 1 January 2008 £m</i>
<b>Selected Income Statement Data</b>				
Amounts wagered .....	7,744.7	7,778.1	15,553.9	14,797.1 <sup>(1)</sup>
Revenue.....	515.5	488.8(1)	963.7	933.6 <sup>(1)</sup>
Operating profit before exceptional items (including associates).....	131.8	145.1	278.6	286.7
Operating profit after exceptional items (including associates).....	124.2	142.6	267.8	265.8
Profit before tax .....	91.5	111.1	293.3	209.2
Profit for the period .....	67.8	79.7	234.0	157.4
Attributable to:				
Equity holders of the parent .....	58.7	–	–	–
Minority interest .....	9.1	–	–	–
<b>Selected Balance Sheet Data</b>				
Non-current assets.....	1,727.5	1,603.4	1,727.3	1,595.2
Current assets.....	132.7	126.5	108.6	107.5
Current liabilities .....	(211.8)	(143.2)	(212.6)	(148.5)
Non-current liabilities .....	(890.9)	(1,336.1)	(1,265.7)	(1,321.1)
Net assets .....	757.5	250.6	357.6	233.1
Attributable to:				
Equity holders of the parent .....	749.6	250.6	348.1	233.1
Minority interest .....	7.9	–	9.5	–
Total equity .....	757.5	250.6	357.6	233.1
<b>Cash Flow Data</b>				
Net cash from operating activities .....	87.2	93.6	209.9	149.6
Net cash used in investing activities .....	(20.4)	(14.3)	(37.1)	(66.4)
Net cash used in financing activities .....	(62.2)	(79.4)	(165.7)	(112.5)

(1) Financial information has been restated.

## RISK FACTORS

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*Each of the Issuer and WHO believes that the following factors may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and neither the Issuer nor WHO is in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with the Notes are described below.*

*The Issuer and WHO believe that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer or WHO to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer and WHO based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.*

### **Risks Relating to the Gambling Industry**

#### **The Group is vulnerable to increases in taxation and levies**

The Group is subject to taxation and/or levies in all of the countries in which it operates.

#### **UK taxation**

The Group is subject to significant taxation and levies in the UK, including the following:

- corporation tax, with a headline tax rate of 28 per cent. (reduced from 30 per cent. effective from 1 April 2008);
- VAT of 17.5 per cent. payable on income from gaming machines (temporarily reduced to 15 per cent. effective from 1 December 2008 until 31 December 2009);
- gross profit tax of 15 per cent. applicable to gross win in the UK;
- the horse racing levy, a statutory levy on bets taken on horse racing of 10 per cent. of the gross profit on such horse racing activities; and
- Amusement Machine Licence Duty, a flat tax of £2,215 per gaming machine per annum (implemented 1 August 2006).

The taxation and levies imposed upon the Group have changed considerably over time and there can be no assurance that the levels of taxation and levies to which the Group is subject in the UK will not be increased, particularly in the current economic environment. In addition, there can be no assurance that new taxes or levies will not be introduced to which the Group will be subject. Any increases in the levels of taxation or levies to which the Group is subject in the UK, or the implementation of any new taxes or levies to which the Group will be subject, could have a material adverse effect on the Group's business, financial condition and results of operations.

#### **Non-UK Taxation**

The majority of the Group's online gaming operations are located offshore of the UK in Gibraltar and Malta. The Group's operations in these jurisdictions are currently subject to lower rates of taxation than its UK operations. Nonetheless, there can be no assurance that the levels of taxation to which the Group is subject in any other jurisdiction, including Malta and Gibraltar, will not be increased or changed, which could have a material adverse effect on the Group's business, financial condition and results of operations.

The Group's customers are located in a number of different jurisdictions. Revenues earned from customers located in a particular jurisdiction may give rise to the imposition of direct or turnover taxes in that jurisdiction. If such taxes are levied, either on the basis of existing law or the current practice of any tax authority or by reason of any change in law or practice, then this may have a material adverse effect on the amount of tax payable by the Group. In addition, if any Group company is found to be, or to have been, tax resident in any jurisdiction other than those in which the Group is currently deemed to be tax resident or to have a permanent establishment in any such other jurisdiction (whether on the basis of existing law or the current practice of any tax authority or by reason of a

change in law or practice) this may have a material adverse effect on the amount of tax payable by the Group which could in turn have a material adverse effect on the Group's business, financial condition and results of operations.

**There can be no assurance that existing or potential laws and regulations in jurisdictions from which the Group accepts bets or wagers will not have a material adverse effect on its business, financial condition and results of operations**

The Group is subject to various laws and regulations in a number of jurisdictions. Most countries regulate or, in some cases prohibit, gambling activities. Historically, the regulation of the gambling industry has been arranged at a national level and, currently, there is no international gambling regulatory regime. Although the Group seeks to comply with and monitors the relevant laws and regulations, including the relevant licensing requirements, of the jurisdictions in which its operations are established, the Group is exposed to the risk that jurisdictions from which it accepts bets or wagers or from which its advertisements may be accessed via the internet may have conflicting laws and regulations (or interpretations of such laws and regulations) with regard to the legality or appropriate regulatory compliance of the Group's activities. The Group's exposure to this risk has increased with the establishment of William Hill Online as the scale of the Group's online operations has increased.

The Group accepts transactions from customers for certain products from certain European jurisdictions. There are many instances of European betting and gaming operators being (i) prosecuted by a relevant authority or (ii) sued by a monopoly right holder or other significant market participant for offering their products and services in a particular European state in which they are not licensed or otherwise regulated. Member states of the European Union (each a "**Member State**") are required to abide by principles of freedom of establishment and free movement of services under EU law. Management believes that the Group's activities in Member States where it is not licensed or otherwise regulated are permitted by such principles. However, the extent to which national courts in European jurisdictions will implement principles of EU law is uncertain as Member States are afforded a degree of discretion in such implementation. As a result, the Group may face criminal or civil claims in these jurisdictions as a consequence of their actions regardless of whether such actions are in accordance with EU law. In addition, the relevant regulatory authority, monopoly right holder or other significant market participant could take action against the Group's service providers in such countries. If any such actions were brought against the Group or the Group's service providers, whether successful or not, the Group may incur considerable legal and other costs, management's time and resources may be diverted, and any resulting dispute may damage the Group's reputation and brand image and have a material adverse effect on the Group's business, financial condition and results of operations. To the extent that the domestic laws or any prosecutions, suits or other determinations of a national court of a Member State do not respect EU law, such actions may fall within the jurisdiction of the European Court of Justice ("**ECJ**") to which reference may be made. On such a reference, the ECJ may, broadly or narrowly, scrutinise such domestic laws, prosecutions, suits or other determinations and determine the legality of such operator's activities pursuant to EU law. The ECJ may determine that the restrictive actions of the relevant Member States are proportionate and objectively protect a matter of public policy within the competence of such Member State, such as social responsibility matters or fighting fraud and criminality, in which case such restrictions may be justified. If the ECJ finds that such an authority, monopoly right holder or other significant market participant's actions result from laws which are discriminatory, disproportionate or not objectively justifiable, such restrictions on the operator's activities may be found to be in contravention of EU law. However, there can be no assurance that the ECJ will accept jurisdiction or will not uphold the actions against an operator, or that any favourable ruling will be fully implemented by the relevant Member State, which could impair the Group's ability to undertake betting and gaming operations in European jurisdictions, thereby negatively impacting the Group's business, financial condition and results of operations.

William Hill has systems and controls in place which seek to ensure that the Group does not offer betting and gaming products via the internet into jurisdictions from which it has determined that it does not wish to accept bets or wagers, whether because it has determined it is unlawful to do so; or it is unclear as to whether it is unlawful and has decided not to take any risk in relation to this uncertainty; or otherwise decided that it does not wish to accept any business for any other reason. The systems and controls include monitoring and analysing information provided by potential customers' registered addresses and of customers' payment methods. For the avoidance of doubt, the Group does not currently accept bets or wagers from customers that it determines are located in the US. A risk exists, however, that a court or other governmental authority in any jurisdiction could take the position that the Group's systems and controls are inadequate, either currently or as the result of technological developments affecting the internet, or that the Group's current or past business practices in relation to such jurisdiction violated applicable law. For example, the Group does not monitor the location of its customers' internet service providers as a means of excluding customers located in the United States from using

the Group's websites. As a result, a customer may be able to place a wager with the Group while located in the US, which could result in a violation of applicable US law. Any such determination could expose the Group to the risk of civil or criminal sanction, as well as reputational damage, which in turn could negatively impact the Group's business, financial condition and results of operations.

**There can be no assurance that the existence and/or enforcement of laws and regulations relating to the offer of gambling products and services or the advertisement of such products and services via the internet, will not have a material adverse effect on the Group's business, financial condition and results of operations**

Although the regulatory regime for land-based gambling operations is well established in many countries, the gambling laws in such countries will not necessarily have been amended to take account of the internet and the ability to offer gambling products and services online. Consequently, there is uncertainty as to the legality of online gambling in a number of countries. William Hill has systems and controls in place which seek to ensure that the Group does not offer gambling products via the internet into jurisdictions where it has determined this would be illegal, but there can be no assurance that these procedures will be effective. In several countries local regulators are willing to license and regulate local and often state-owned operators, but prohibit foreign operators. The application or enforcement of gambling laws or regulations may adversely affect the Group's business and financial position and even if such actions were successfully resisted, the Group may still incur considerable costs in defending such actions. Any resulting dispute may also damage the Group's reputation and brand. The occurrence of any of these events may have a material adverse effect on the Group's business, financial condition and results of operations.

The Group analyses jurisdictional risk and, based on the relevant jurisdiction, undertakes procedures in order to mitigate such risk, but the Group has not considered the gambling laws and regulations in every jurisdiction from which it accepts bets or wagers and from which its advertisements can be accessed via the internet. Accordingly, the Group may be subject to the application of existing or potential laws and regulations, and/or fees or levies in jurisdictions from which the Group accepts bets or wagers or in which its advertisements can be accessed via the internet. Any such laws, regulations, fees or levies may have a material adverse effect on the Group's business, financial condition and results of operations.

**The business of the Group is regulated by certain authorities in each of the jurisdictions in which it operates**

The Group is regulated by certain authorities and currently holds gambling licences in the UK, Gibraltar, Malta, Ireland, the Isle of Man, Jersey, Alderney and Kahnawake (a territory situated in Quebec, Canada administered by the Mohawks of Kahnawake indigenous people).

In Great Britain, where the majority of the Group's retail and telephone operations are located, the Group is regulated by the Gambling Commission under the provisions of the Gambling Act. In accordance with the British regulatory regime, the Group holds three categories of licences: operating licences, personal management licences and premises licences. Each of the Group's relevant subsidiaries, applicable personnel and LBOs currently holds all requisite Gambling Act licences and other approvals in Great Britain. Under the British regime, licences are given for an indefinite period, subject to the payment of annual fees, and are normally only terminated in the event of a breach of the terms of the licence by the holder. There can be no assurance, however, that the Gambling Commission will not terminate licences already granted, or otherwise change its licensing requirements.

The provision of William Hill's online products is regulated either by the Gibraltar Regulatory Authority or the Malta Lotteries and Gaming Authority. Any change in the terms of all or any of the licences granted to the Group by the Gibraltar Regulatory Authority, the termination of these licences or the revocation or withdrawal of the Malta Lotteries and Gaming Authority's letter of intent to grant a licence could have a material adverse effect on the Group's business, financial condition and results of operations.

Nor can there be any assurance that any other jurisdiction in which the Group is currently licensed will not change its licensing requirements. If the regulatory scheme of any jurisdiction in which the Group operates were to change its licensing requirements, the Group may be required to expend significant capital or other resources in order to comply with the new requirements and/or may not be able to meet the new requirements, either or a combination of which could have a material adverse effect on the Group's business, financial condition and results of operations.

### **The success of the Group's business is dependent upon its relationships with government authorities and the principal bodies of sport and event industries**

The Group's relationships with the UK government authorities and the Gambling Commission and with the principal regulatory and administrative bodies of the horse racing industry in the UK and other sport and event industries are significant factors contributing to the success of the Group's business. The Group's relationships with its other principal regulators in Gibraltar and Malta are also important to the success of the Group's business.

The Group engages with its regulators with regard to the betting and gaming regulatory framework and other issues of shared concern, such as problem gambling, and with the principal bodies of sport and event industries with regard to sports rights payments (including levies such as the statutory horse racing levy), animal welfare and other issues. However, if the Group fails to maintain such relationships, or if such relationships were adversely affected for any reason, including any action or omission on the part of the Group or negative publicity concerning the Group or the gambling industry, this could have a material adverse effect on the Group's business, financial condition and results of operations.

### **The Group may experience significant losses with respect to individual events or betting outcomes**

The Group's fixed-odds betting products involve betting where winnings are paid on the basis of the stake placed and the odds quoted, rather than derived from a pool of stake money received from all customers. While bets in excess of certain defined limits must be referred to the Group's central betting control department, there is potentially no upper limit on the losses that could be incurred by the Group in relation to each betting outcome, although there are individual limits of winnings for any individual client on a day. A bookmaker's odds are determined so as to provide an average return to the bookmaker over a large number of events. There is an inherently high level of variation in gross win percentage event-by-event and day-by-day. In the long term, the Group's gross win percentage has historically remained fairly constant. In the short term there is less certainty of generating a positive gross win and the Group has from time to time experienced significant losses with respect to individual events or betting outcomes. Although the Group has systems and controls in place which seek to reduce the risk of daily losses occurring on a gross win basis (including bet acceptance limits and hedging arrangements in relation to betting on horse racing), there can be no assurance that these systems and controls will be effective in reducing the Group's exposure to this risk. The effect of future fluctuations and single-event losses could have a material adverse effect on the Group's cash flows and therefore a material adverse effect on its business, financial condition and results of operations.

### **The Group may be subject to increases in payments related to sports**

The Group is subject to certain financing arrangements intended to support industries from which it profits, such as the horse racing levy in Great Britain, which is intended to support the horse racing industry in Great Britain, and the voluntary greyhound racing levy in Great Britain, which is intended to support the greyhound industry in Great Britain. The Group is likely to continue to be subject to similar financing arrangements in the future. Any material increase in the current levies paid by the Group as part of such financing arrangements, or any requirement to pay additional levies or fees, could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition to being subject to such subsidies and taxes, the Group enters into contracts with regard to the distribution of television pictures, audio and other data that are broadcast into the Group's LBOs, such as its contracts with Satellite Information Services Holdings Limited ("SIS") and Turf TV for the provision of live coverage of races from particular courses or other events for which they hold and sell the pictures, audio and data rights for onsale into LBOs. The Group is also likely to continue to enter into similar contracts in the future.

The Group cannot predict with any certainty what future levies, subsidies, taxes, fees, payments or contracts may be required for the success of its business in the future, and no assurance can be given that such payments, or a failure to reach agreement on the level of such payments or, if such payments are not paid or agreed, a reduction in the television pictures, audio and other data available to the Group and possible consequent reduction in bets or wagers placed with the Group, will not have a material adverse effect on the Group's business, financial condition and results of operations.

### **The business of the Group is subject to sports schedules**

The Group's business, financial condition and results of operations are affected by the schedule of sports events on which the Group accepts bets. The horse racing schedule in the UK, from which a high proportion of the

Group's revenue and gross win are derived, is weighted towards the spring and summer months when certain high profile races which attract significant betting activity, such as the Grand National and the Derby occur. As a result, the Group has historically recorded higher revenue in the spring and summer months although this has, in recent years, been partially balanced by the growth of betting activity on football.

The Group's results of operations are also affected by the schedules of other significant sporting events which may occur at regular but infrequent intervals, such as the FIFA Football World Cup and UEFA European Football Championship. Cancellation or curtailment of significant sporting events, for example due to adverse weather conditions or for any other reason (such as the cancellation of the Cheltenham National Hunt Festival and the postponement of fixtures in the Six Nations rugby tournament in 2001, in each case as a result of the outbreak of foot and mouth disease in the UK) or the failure of certain sporting teams to qualify for sporting events (such as the failure of the England football team to qualify for the UEFA European Football Championship in 2008), would adversely impact the Group's business, financial condition and results of operations for the period.

### **The market for online gambling products and services is in a state of technological change**

The market for online gambling products and services is characterised by technological developments, frequent new product and service introductions and evolving industry standards. The emerging character of these products and services and their evolution requires the Group to use leading technologies effectively, continue to develop the Group's technological expertise, enhance its current products and services and continue to improve the performance, features and reliability of its technology and advanced information systems. In addition, the widespread adoption of new internet technologies or standards could require substantial expenditure to replace, upgrade, modify or adapt the Group's technology and systems, which could negatively impact the Group's business, financial condition and results of operations.

There can be no assurance that the technology and systems currently used by, and being developed by, the Group will be successful, or that they will not be rendered obsolete by new technologies and more advanced systems introduced in the industry or adopted by the Group's competitors. In addition, new internet or other technology-based products, services or enhancements offered by the Group may contain design flaws or other defects and/or require costly modifications or may result in a loss of confidence in the Group's products and services by its customers or loss of revenue, either or a combination of which could have a material adverse effect on the Group's business, financial condition and results of operations.

### **Demand for the Group's products and services may be adversely affected by economic conditions beyond the Group's control**

Demand for the Group's products and services, like those of other participants in any industry, is influenced by general economic trends. There can be no assurance that the Group's business, financial condition and results of operations will not be adversely affected by general economic trends. The online gambling market, in particular, may be sensitive to economic conditions. The online gambling market is relatively new, as compared to the gambling industry as a whole, and there is insufficient history for the Group to predict the impact that changes in economic conditions will have on the business, financial condition and results of operations of the Group over an extended period of time. The difficult global economic conditions of the past 24 months are unprecedented in the Group's operating history, and if such conditions continue or worsen, there can be no assurance that they will not have a material adverse effect on the Group's business, financial condition and results of operations. In addition, though it is likely that a downturn in the economy of a particular jurisdiction in which the Group operates may adversely effect the Group's business, financial condition and results of operations, the extent of such impact is uncertain.

### **The Group's business may be adversely affected by competition from other gambling operations**

The Group faces competition primarily from other land-based bookmakers, online betting exchanges and other online gambling operators. The Group's competitors are based both inside and outside the UK. In particular, the online gambling market is characterised by intense and substantial competition and by low barriers to entry for new participants. The Group accepted its first bet via the internet in 1998 and built a market-leading position in the UK, but the Group's position was eroded as it lost market share to increasingly aggressive competition. This competition is expected to continue to intensify as new operators enter the market and existing operators improve and expand their product offerings. In addition, the Group faces competition from market participants operating in, and benefiting from, low tax jurisdictions. There can be no assurance that competition from other bookmakers, online betting exchanges and other online operators, as well as from suppliers of other betting and gaming

products, in any segment of the betting and gaming industry, including the online betting and gaming market, will not have a material adverse effect on the Group's business, financial condition and results of operations.

### **The Group may be adversely affected by negative publicity surrounding the gambling industry**

The gambling industry is at times exposed to negative publicity. This is particularly the case in the UK in relation to problem gambling, gambling by minors and to the use of gaming machines in LBOs, and outside the UK in relation to gambling online. Publicity regarding problem gambling and other concerns with the gambling industry, even if not directly connected to the Group and its products, could adversely impact the Group's business, financial condition and results of operations. There can be further no assurance that, if the perception develops that the gambling industry is failing to address such concerns adequately, the industry may be subject to increased regulation or taxation. Any increase in regulation or taxation of the Group could adversely impact the Group's business, financial condition and results of operations.

## **Risks Relating to the Group**

### **The Group may be unable to integrate the acquired Playtech assets effectively and all or any of the anticipated benefits of the establishment of William Hill Online may fail to be realised**

The creation of William Hill Online through the acquisition by the Group of certain assets, businesses and contracts from Playtech and subsequent combination with William Hill Interactive was completed on 30 December 2008, with integration of William Hill Online's operations expected to be substantially completed shortly. William Hill Online's success will, to a significant extent, be dependent on the Group's ability to integrate the Playtech assets effectively without disruption to the Group's existing business. The integration of the Playtech assets and the continued establishment of William Hill Online will require the attention of the Group's management and may require the diversion of other resources. Whilst the project is on time, there can be no assurance that the Group will be able to manage the Playtech assets profitably, or to integrate the Playtech assets successfully, without substantial costs, delays or other problems.

In addition, there can be no assurance that William Hill Online will achieve all of the anticipated benefits in relation to the acquisition of the Playtech assets and combination with William Hill Interactive or that William Hill Online will achieve levels of profitability that will justify the investment the Group has made and continues to make in its establishment. The Group's ability to pursue the growth opportunity in the online betting and gaming market and expand its business in the future may be materially adversely affected if it is unable to integrate the Playtech assets successfully.

### **The Group's leverage and ability to service its debt may adversely affect its business, financial condition and results of operations**

The Group's debt service obligations under the Existing Bank Facilities and the New Bank Facilities could have negative consequences for the Group, including the following:

- restricting the Group's ability to pay dividends;
- limiting the Group's ability to obtain additional financing in the future;
- increasing the Group's vulnerability to increases in interest rates;
- requiring a substantial portion of the Group's cash flow for the payment of interest on its debt and reducing the Group's ability to use its cash flow to fund working capital, capital expenditures and general corporate requirements;
- hindering the Group's ability to adjust rapidly, and increasing the Group's vulnerability, to general adverse economic and industry conditions;
- limiting the Group's flexibility in planning for, or responding to, changes in its business and industry; and
- placing the Group at a competitive disadvantage to other, less leveraged competitors.

While a reduction in the Group's capital expenditure for a short period is unlikely to have a significant negative effect, any reduction in capital expenditure which continued over a prolonged period would be likely to adversely affect the Group's business, financial condition and results of operations.

There can be no assurance that in the event of unforeseen changes over the longer term, the Group's cash flow will be sufficient for repayment of the Group's indebtedness. There can be no assurance that the current difficult conditions in the credit markets will not exist when the Group seeks to refinance the New Bank Facilities in the future.

In addition, the Group's Refinanced Bank Facilities impose financial and other restrictive covenants that limit the ability of the Group to, among other actions, borrow additional funds, dispose of assets and/or pay dividends. The failure of the Group to comply with such restrictions would result in an event of default which, if not resolved or waived, may result in the financing arrangement and, as a result of cross-default provisions, other financing arrangements, being withdrawn and any outstanding indebtedness being repayable immediately, which would have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group is highly dependent on technology and advanced information systems, which may fail or be subject to disruption**

The Group's operations, including William Hill Online and the Group's telephone betting operations, are highly dependent on technology and advanced information systems, and there is a risk that such technology or systems could fail. In addition to such failure, there can be no assurance that such technology or systems will not be subject to damage or interruption caused by human error, unauthorised access, computer viruses, denial of service attacks, increase in volume in usage of online services, sabotage, natural hazards or disasters or other similarly disruptive events, including other security breaches. There can be no assurance that the Group's current systems will and are able to support a significant increase in online traffic or increased customer numbers. The Group has in place business continuity procedures and security measures in the event of network failure or disruption, but such procedures and measures may not anticipate, prevent or mitigate any material adverse effect of such failure or disruption, on the Group's business, financial condition and results of operations. In addition, the Group is in the process of implementing the disaster recovery processes and systems in relation to the assets recently acquired from Playtech. There can be no assurance that any systems in place in relation to these assets are appropriate and the failure of such systems could have a material adverse effect on the Group's business, financial condition and results of operations.

In particular, the performance of the Group's online services is critical to achieving, maintaining and expanding market acceptance of William Hill Online. Any network failure or disruption that causes interruption or an increase in response time of the Group's online services could result in decreased usage of William Hill Online and, if sustained or repeated, could reduce the attractiveness of William Hill Online to its customers, which would adversely impact the Group's business, financial condition and results of operations.

Furthermore, the Group may at any time be required to expend significant capital or other resources to protect against network failure and disruption, including the replacement or upgrading of its existing business continuity systems, procedures and security measures. If replacements, expansions, upgrades and other maintenance are not completed efficiently or there are operational failures, the quality of product and service experienced by the customer will decline. If, as a result, customers were to reduce or stop their use of the Group's products and services, this could have a material adverse effect on the Group's business, financial condition and results of operations.

**The Group is subject to regulation regarding the use of personal customer data**

The Group processes sensitive personal customer data (including name, address, age, bank details and betting and gaming history) as part of its business and therefore must comply with strict data protection and privacy laws in all jurisdictions in which the Group operates. Such laws restrict the Group's ability to collect and use personal information relating to players and potential players including the marketing use of that information. William Hill relies on third party contractors and employees to maintain its databases and seeks to ensure that procedures are in place to comply with the relevant data protection regulations. Notwithstanding such efforts, the Group is exposed to the risk that these data could be wrongfully appropriated, lost or disclosed, or processed in breach of data protection regulation, by or on behalf of the Group. If the Group or any of the third party service providers on which it relies fails to transmit customer information and payment details online in a secure manner, or if any such loss of personal customer data were otherwise to occur, the Group could face liability under data protection laws. This could also result in the loss of the goodwill of its customers and deter new customers which would have a material adverse effect on the Group's business, financial condition and results of operations.

### **The Group is dependent on a number of third parties for the operation of its business**

William Hill has relationships with a number of key third party suppliers who provide products and services to the Group. For example, in the Group's online channel Playtech provides gaming software for poker and casino exclusively for a minimum of five years, which means that if Playtech is unable to provide the services to the standard expected by William Hill, William Hill may be unable to seek an alternative supplier. In addition, the Group's bets accepted on sporting and other events (the "Sportsbook") operates on a technology platform supplied by Orbis and the Group relies on third parties to make William Hill Online's websites and services accessible to customers via the internet. In the retail channel, SIS and Turf TV provide television pictures and data to the Group's LBOs and gaming machines are supplied by two competing suppliers. William Hill exercises little control over many of these third party suppliers and is reliant on them to perform their services in accordance with the terms of their contracts, which increases its vulnerability to problems with the products and services they provide. William Hill may not be successful in recovering any losses which result from the failure of third party suppliers to comply with their contractual obligations to William Hill and third party suppliers may seek to recover losses from the Group under indemnities or in respect of breaches of obligations or warranties under their agreements with William Hill. Such events and any significant disruption in the supply of products and services to William Hill or failure to handle current or higher volumes of use by these third party suppliers or any other adverse event affecting William Hill's relationship with them (such as, for example, the proceedings instituted against Turf TV by William Hill, together with a number of other bookmakers alleging that Turf TV acquired its television coverage rights in an uncompetitive manner) could have a material adverse effect on the Group's reputation, business, financial condition and results of operations.

### **The Group relies on the experience and talent of key personnel and on its ability to recruit and retain qualified employees for the success of its business**

The successful management and operations of the Group are reliant upon the contributions of its senior management team and other key personnel, including the staff of its central betting control department, who review referred bets for approval, its odds compilers and online international risk managers, who control the odds compilation liabilities of the Group, and senior management of its online operations. In addition, the Group's future success depends in part on its ability to continue to recruit, motivate and retain highly experienced and qualified employees. There is intense competition in the betting and gaming industry for skilled personnel, in particular for qualified bet pricing and risk management personnel. Although the Group takes steps to protect itself in relation to the loss of key personnel (such as the inclusion of restrictive covenants and/or "gardening leave" provisions in the employment contracts of such personnel), the loss of service of any of the Group's senior management team or other key personnel, or an inability of the Group to attract new personnel, could have a material adverse effect on the Group's business, financial condition and results of operations.

### **Any failure to determine accurately the odds at which William Hill will accept bets in relation to any particular event and/or any failure of the Group's risk management processes could have a material adverse effect on the Group's business, financial condition and results of operations**

The Group employs a team of odds compilers (who determine the odds at which William Hill will accept bets in relation to any particular event) and risk managers who seek to control liabilities in relation to the Group's online channel. Although the Directors consider this team to have the appropriate knowledge and expertise, there can be no assurance that errors of judgement or other mistakes will not be made in relation to the compilation of odds or that the systems the Group has in place to limit risk will be consistently successful. Any significant misjudgements or mistakes made by the Group in relation to odds compilation and/or the failure of the Group's risk management systems could result in the Group incurring significant losses on a gross win basis which could have a material adverse effect on the Group's business, financial condition and results of operations.

### **The Group is dependent on card payments for the success of its business**

The Group currently accepts credit and debit card payments from online and telephone customers and debit cards in LBOs. Certain US-based card schemes and card-issuing institutions currently restrict the use of their credit cards for online gambling transactions. Should all or an additional number of the major card schemes or card issuing companies stop accepting payment transactions for gambling operations, the Group's business, financial condition and results of operations could be materially adversely affected.

The Group's business is dependent on banks, credit card companies, payment processors and other financial institutions, networks and suppliers to enable funds to be paid in and withdrawn by its customers. Any disruption

in those systems or relationships could have a material adverse effect on the Group's business, financial condition and results of operations.

In addition, the Group is exposed to the risk of chargebacks. Chargebacks occur when customers, card issuers or payment processors seek to void credit card or other card payment transactions. Customers occasionally seek to reverse their real money losses through chargebacks. While the Group emphasises control procedures to protect against chargebacks, there can be no assurance that the Group's exposure to chargebacks will not adversely affect its business, financial condition and results of operations.

### **The Group's intellectual property could be subject to infringement by third parties or claims of infringement of third parties' rights**

The Group regards its copyright, trademarks, domain names, trade secrets, customer databases and similar intellectual property as critical to its success. The Group relies on a combination of copyright and trademark laws, trade secret protection, confidentiality and non-disclosure agreements and other contractual provisions in order to protect its intellectual property.

There can be no assurance that these efforts will be adequate, or that third parties will not infringe upon or misappropriate the Group's proprietary rights. In addition, although the Group has trademark and copyright protection, enforcement is limited in certain jurisdictions, and the global nature of the internet makes it impossible to control the ultimate destination of websites.

The Group may be the subject of claims of infringement of the rights of others or party to claims to determine the scope and validity of the intellectual property rights of others. Litigation based on such claims is common amongst companies in the internet, technology and online gaming industries. Such claims, whether or not valid could require the Group to spend significant sums in litigation, pay damages, re-brand or re-engineer services, acquire licences to third party intellectual property and distract management attention from the business, which may have a material and adverse effect on its business, financial condition and results of operations.

### **The success of the Group is dependent on maintaining and enhancing its brand**

The success of the Group is dependent in part on the strength of its William Hill brand. Management believes that William Hill's long-established, trusted and widely recognised brand and reputation represent a significant competitive advantage in the development of its betting and gaming activities. Management further believes that, as the gambling industry becomes increasingly competitive, the success of the Group will be dependent on maintaining and enhancing its brand strength. If the Group is unable to maintain and enhance the strength of the William Hill brand, then its ability to retain and expand its customer base and its attractiveness to existing and potential partners may be impaired and operating results will be adversely affected. In addition, maintaining and enhancing the William Hill brand may require the Group to make substantial investments, including the continued development of its LBO estate and online channel, which investments may not be successful. If the Group fails to maintain and enhance the William Hill brand successfully, or if the Group incurs excessive expenses or makes unsuccessful investments in this effort, its business, financial condition and results of operations may be adversely affected. Management anticipates that, as the gambling industry becomes increasingly competitive, maintaining and enhancing William Hill's brand may become increasingly difficult and expensive. Moreover, maintaining and enhancing its brand will rely in part on William Hill's ability to provide up-to-date technology and to provide high quality products and services both online and in LBOS, which William Hill may not do successfully.

### **The Group's relatively high fixed costs base as a proportion of its total costs means that falls in revenue could have a significantly adverse effect on the Group's profitability**

The Group has a relatively high fixed cost base as a proportion of its total costs, consisting primarily of staff and rent costs associated with its extensive LBO estate. A decrease in the Group's revenue is likely therefore to have a disproportionately material adverse impact on the Group's profitability if the Group is unable, in the short to medium term, to manage its costs substantially to mitigate the effect of any significant falls in revenue on profit. The Group's profitability is therefore likely to be more significantly negatively affected by decreases in revenue than would be the case for a company with a more flexible cost base. Any decrease in profitability could have a material adverse effect on the Group's business, financial condition and results of operations.

### **The Group's pension plan has a defined benefit section which is currently in deficit**

The Group may be required to increase its contributions to cover an increase in the cost of funding future pension benefits or to cover funding shortfalls under the Group's pension plan. Under Accounting Standard IAS 19, the pension plan had an aggregate deficit of £25.9 million at the end of the 2008 financial year. William Hill has committed to progressive deficit recovery payments to the scheme. The calculated amount of the Group's defined pension liabilities is dependent upon certain key assumptions and may vary significantly from year to year. Future changes to the assumptions underlying the calculation of the Group pension obligations (for example, as to rates of investment return or pensioner mortality), or adverse experience relative to those assumptions, may mean that the Group is required to increase contributions to its defined benefit scheme. Further, following the regular funding discussions that William Hill conducts with the trustees of its defined benefit scheme, the ongoing contribution rate may increase. Any requirement to increase its contributions could have a material adverse effect on the Group's business, financial condition and results of operations.

### **The Group may fail to detect the fraudulent activities of its customers**

Certain of the Group's customers may seek to increase their winnings through fraudulent activities. In particular, the Group is exposed to online gaming fraud, including collusion between online customers and the use of sophisticated computer programmes that play poker automatically. The Group has implemented detection and prevention controls in order to minimise customers' opportunities for fraudulent play, but must continually monitor and develop the effectiveness of such controls in response to the innovation of fraudulent activities. The Group regularly closes accounts and blocks access to offenders. If the Group fails to detect the fraudulent activities of such offenders, including collusion and automated play, affected customers may experience increased losses and the Group could directly suffer loss or lose the confidence of its customer base in addition to suffering losses itself, which could have a material adverse effect on the Group's business, financial position and results of operations.

### **The Group is subject to risks resulting from currency fluctuations and hedging activities**

The Group prepares its financial statements in pounds sterling and generates a proportion of its revenues in other currencies. To the extent that its revenues are received in currencies other than pounds sterling, and currency exchange rates become unfavourable, the Group may lose some of the economic value of its revenues in pound sterling terms. As the Group expands its international operations, it may receive more of its revenue in currencies other than pounds sterling. Hedging strategies, such as forward contracts, options and foreign exchange swaps related to transaction exposures, that may be implemented to mitigate this risk may not eliminate the Group's exposure to foreign exchange rate fluctuations.

### **Factors which are material for the purpose of assessing the market risks associated with the Notes**

#### **The Notes may not be a suitable investment for all investors**

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

### ***Issuer's call option***

The Notes contain an optional redemption feature, which is likely to limit their market value. The market value of the Notes generally will not rise substantially above the price at which they can be redeemed.

The Issuer may be expected to redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

### **Risks related to the Notes generally**

Set out below is a brief description of certain risks relating to the Notes generally:

#### ***Modification, waivers and substitution***

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not vote on the relevant resolution and Noteholders who voted in a manner contrary to the majority.

The conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Conditions 15.2 and 14.

#### ***EU Savings Directive***

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above. Such future changes, or indeed any others, may well apply to Notes already in issue.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

#### ***Change of law***

The conditions of the Notes are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

#### ***Denominations involve integral multiples: definitive Notes***

The Notes have denominations consisting of a minimum of £50,000 plus one or more higher integral multiples of £1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of £50,000. In such

a case a holder who, as a result of trading such amounts, holds an amount which is less than £50,000 in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to £50,000.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of £50,000 may be illiquid and difficult to trade.

### **Risks related to the market generally**

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

#### *The secondary market generally*

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

#### *Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes and the Guarantor(s) will make any payments under the Notes Guarantee in Sterling. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than Sterling. These include the risk that exchange rates may significantly change (including changes due to devaluation of Sterling or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to Sterling would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

#### *Interest rate risks*

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

#### *Credit ratings may not reflect all risks*

Moody's Investors Service, Inc. and Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies, Inc. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

### **Legal investment considerations may restrict certain investments**

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

## **USE OF PROCEEDS**

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The net proceeds of the issue of the Notes, amounting to approximately £294,972,000, will be applied by the Issuer to repay existing bank debt and for its general corporate purposes.

## CAPITALISATION TABLE

The following tables set out the unaudited capitalisation and indebtedness of the Group as at 30 June 2009:

	<i>As at 30 June 2009 (unaudited) £ millions</i>
<b>Total current debt</b>	
Guaranteed .....	–
Secured <sup>(1)</sup> .....	(0.3)
Unguaranteed/unsecured .....	–
<b>Total</b> .....	(0.3)
<i>£ millions</i>	
<b>Total non-current debt (excluding current portion of long-term debt)</b>	
Guaranteed .....	(675.0)
Secured <sup>(1)</sup> .....	(0.4)
Unguaranteed/unsecured .....	–
<b>Total</b> .....	(675.4)
<b>Shareholders' equity</b>	
Share capital .....	70.2
Share premium account .....	317.7
Retained earnings .....	434.6
Other reserves .....	(72.9)
	749.6
Equity attributable to equity holders of the parent minority interest .....	7.9
<b>Total</b> .....	757.5

(1) Relates to obligations under finance leases

The following table sets out the unaudited net financial indebtedness of the Group as at 30 June 2009:

	<i>£ millions</i>
Cash <sup>(1)</sup> .....	81.1
Cash equivalents (short-term deposits and restricted cash)- Trading securities .....	–
<b>Liquidity</b> .....	81.1
Current bank debt .....	–
Current portion of non-current debt .....	–
Other current financial debt .....	(0.3)
<b>Current financial debt</b> .....	(0.3)
<b>Net current financial indebtedness</b> .....	80.8
Non-current bank loans .....	(675.0)
Bonds issued .....	–
Other non-current financial debt .....	(0.4)
<b>Non-current financial indebtedness</b> .....	(675.4)
<b>Net financial indebtedness</b> .....	(594.6)

(1) Includes £31.8m held on behalf of customers

## DESCRIPTION OF WILLIAM HILL PLC

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### Overview

William Hill PLC (“**William Hill**” or the “**Issuer**”) is one of the UK’s leading betting and gaming companies. It is one of the UK’s largest bookmakers and also operates in Ireland, with a total of approximately 2,300 licensed betting offices (“**LBOs**”) that provide betting opportunities on a wide range of sporting and non-sporting events and, in the UK only, offer gaming machines. In addition, following the acquisition of certain assets from Genuity Services Limited and Playtech Software Limited (together “**Playtech**”) in December 2008 and their subsequent combination with William Hill Interactive (William Hill’s betting and gaming business offered via the Internet) to create William Hill Online, the Group is one of the leading European online betting and gaming businesses by profitability, providing sports betting, casino games, poker, bingo, numbers betting and skill games. William Hill also offers telephone betting from the UK.

William Hill was incorporated and registered in England and Wales on 8 May 2001 with registered number 4212563 under the Companies Act 1985 as a private limited company with the name Troniclong Limited. On 10 May 2002, William Hill changed its name to William Hill Limited. On 28 May 2002, William Hill re-registered as a public limited company and changed its name to William Hill PLC.

The registered office and the principal place of business in the UK of William Hill is at Greenside House, 50 Station Road, Wood Green, London, N22 7TP (telephone number +44 20 8918 3600).

As set out in clause 4 of its memorandum of association, the principal object of William Hill is to carry on the business of bookmakers.

### History

William Hill was founded in London in 1934 as a telephone bookmaking business and established its first LBOs in 1966. In 1971, it became part of the Sears Holdings Group. In 1988, it was acquired by Grand Metropolitan and merged with its bookmaking subsidiary, Mecca Bookmakers, under the William Hill brand. The integration of these two businesses was continued by the Brent Walker Group, which purchased William Hill from Grand Metropolitan in 1989. It was then acquired by Nomura International in 1997, which in turn sold it to Cinven and CVC Partners. On 20 June 2002, William Hill was floated on the London Stock Exchange. In 2005, it acquired Stanley Leisure plc’s LBOs in the UK and Ireland for £504 million, which resulted in William Hill becoming the UK’s largest bookmaker by number of LBOs. In December 2008, William Hill created William Hill Online through the acquisition of certain assets from Playtech and their subsequent combination with William Hill Interactive.

### The Group

William Hill has the following significant subsidiary undertakings all of which are private limited companies.

<i>Name</i>	<i>Country of Incorporation</i>	<i>Proportion of ownership interest</i>	<i>Principal activity</i>
William Hill Organization Limited	Great Britain	100%	Retail betting and gaming machines
William Hill Credit Limited	Great Britain	100%	Telephone betting
Willstan Racing (Ireland) Limited	Republic of Ireland	100%	Retail betting
Willstan Limited	Northern Ireland	100%	Retail betting and gaming machines
WHG Trading Limited	Gibraltar	71%	Online betting and gaming
WHG (International) Limited	Gibraltar	71%	Online betting and gaming
William Hill (Malta) Limited	Malta	71%	Online casino
Eurotech Services Limited	Bulgaria	71%	Customer services
Cellpoint Investments Limited	Cyprus	71%	Holding company
Ad-gency Limited	Israel	71%	Marketing services

## **Strategy**

William Hill is pursuing a strategy aimed at delivering sustainable earnings growth and value for shareholders. The key elements of the strategy are to:

### **Enhance earnings from the core retail channel**

William Hill is one of the UK's largest bookmakers and also operates in Ireland with approximately 2,300 LBOs in the UK and Ireland that provide betting opportunities on a wide range of sporting and non-sporting events and, in the UK only, offer gaming machines. In this consolidated market, the Issuer believes that there are relatively high barriers to entry in the form of brand recognition, strong supplier relationships and regulatory requirements. The retail channel accounted for 81.9 per cent. of the Group's total gross win in the 2008 financial year.

William Hill aims to maximise the significant cash generation from this business by growing gross win while carefully managing costs.

William Hill continues to grow its retail business by developing its LBO estate, offering a broad product range and capitalising on opportunities created by fiscal and regulatory changes:

- Through its ongoing LBO estate development and modernisation programme, William Hill continues to expand its estate in the UK and Ireland and to upgrade the location, facilities and size of its LBOs in order to drive incremental growth. William Hill operates a rigorous process for prioritising capital expenditure for both maintenance of the estate and value-creating investments in order to achieve its target returns on capital.
- In its LBOs, William Hill offers an extensive range of betting opportunities, including UK horse racing, greyhound racing, football, overseas horse racing and numbers betting. Since 2001, when a change in the tax regime made lower-margin products more commercially attractive, William Hill has been able to offer a greater range of products on its gaming machines in its LBOs, which now generate around 40 per cent. of the gross win from the high street retail channel.
- William Hill has successfully grown its retail channel by capitalising on fiscal and regulatory changes and will continue to exploit such opportunities as they arise. To date these include responding to the change from a turnover-based tax system to a gross profit tax system, expanding both the number and range of the products offered by gaming machines and, most recently, extending LBO opening hours in the winter months.

Given the relatively high fixed costs necessary to operate this business effectively, changes in gross win can have a significant effect on profits. William Hill therefore places considerable emphasis on cost control. For example, William Hill has recently adopted a more efficient LBO staffing model, undertaken a detailed analysis of the effectiveness of extended winter evening opening and increased investment in procurement capabilities to drive further cost savings from the business.

### **Exploit the growth opportunity in online gambling**

Initially, William Hill benefited from a first-mover advantage in the online market and built a market-leading position in the UK. During the two years up to the end of 2008, this lead was eroded and the Group lost market share as a result of aggressive competition.

On 20 October 2008, William Hill announced the establishment of William Hill Online through the acquisition of certain assets, businesses and contracts from Playtech and their subsequent combination with William Hill Interactive, in return for which Playtech received a 29 per cent. equity interest in William Hill Online, leaving William Hill owning 71 per cent. The Issuer believes that, following this transaction, William Hill Online has several strengths that can support significant growth, including a large, geographically diverse customer base, improved marketing and customer management and an extensive affiliate network.

In addition William Hill Online is expected to benefit from Playtech's improved poker and casino software, in relation to which it has entered into a software agreement for a minimum of five years. The Issuer expects this software to provide greater liquidity for poker and to support activities to increase customer retention, customer reactivation and player lifetime values.

The Group's strategy in relation to William Hill Online is to:

- integrate William Hill Interactive and the acquired assets, businesses and contracts within six to nine months of completion of the acquisition – which has now been completed;
- seek to retain customers for a longer period by applying specialised online marketing and customer management skills and by cross-selling the full-range of sports betting and gaming products;
- exploit the improved online Sportsbook launched in December 2008 and superior poker and casino offerings using Playtech software; and
- acquire new customers in the UK and Europe and, over time, expand its customer base in other key countries.

### **Selectively pursue value-enhancing acquisitions**

William Hill aims to increase its profit from selective acquisitions. It has a proven track record in this area, including the acquisition of Stanley Leisure plc's LBOs in 2005, which established William Hill as the leading UK betting company by number of LBOs, numerous smaller, bolt-on LBO acquisitions, and the Playtech transaction announced in October 2008, which established William Hill Online as one of the leading European online betting and gaming businesses by profitability. Although the scale of its existing UK retail channel is likely to preclude further substantial acquisitions in this area, the Group intends to consider smaller LBO acquisitions and transactions that complement its existing online business.

### **Business Overview**

William Hill delivers its products to customers through three principal channels:

- retail, comprising a network of approximately 2,300 outlets throughout the UK and Ireland, making William Hill one of the largest operators of LBOs in the UK;
- William Hill Online, which offers internet-based sports betting, casino games, poker, bingo, numbers betting and skill games; and
- telephone betting, where William Hill believes that it is a UK market leader in terms of customer numbers.

#### **Retail**

Operating in a long-established and well-defined market, the retail channel has historically generated a relatively stable stream of earnings, contributing 81.9 per cent. of the Group's gross win in 2008.

The Issuer believes that it is one of the most successful operators in terms of profitability per LBO and it aims to maintain and build on this position by maximising opportunities for growth while ensuring careful cost management.

Customers in LBOs have access to real-time sports information, a multi-screen television and audio system that provides live race or match coverage and commentary, prices, runners, riders and results through satellite links.

Through its LBOs, William Hill offers an extensive range of betting opportunities, including sports such as football, snooker and cricket as well as the more traditional horse racing and greyhound racing. Sports betting is supplemented by a range of numbers betting opportunities, including gaming machines and virtual horse and greyhound racing.

The Group's LBOs in the UK are each licensed to have up to four category B2 and B3 gaming machines (a machine with a maximum stake ranging up to £100 and a maximum prize of £500), and William Hill has continued to increase the average number of gaming machines in its LBO estate. As at 30 December 2008, William Hill had 8,620 machines, producing an average net contribution per machine per week of £529. Machines are provided on a revenue share basis by two suppliers. The Issuer believes that this supply arrangement is competitively beneficial, particularly as it encourages product innovation.

In the 2008 financial year, the retail division generated £790.7 million of revenue (82.0 per cent. of Group revenue), £837.9 million of gross win (81.9 per cent. of Group gross win) and £240.1 million of pre-exceptional operating profit (86.2 per cent. of Group operating profit before exceptional items).

## **Online**

William Hill accepted its first bet via the internet in 1998 and has achieved strong growth in the UK. William Hill's online betting and gaming business now comprises websites providing sports betting, casino games, poker, bingo, numbers betting and skill games.

On 20 October 2008, William Hill announced the establishment of William Hill Online through the acquisition of certain assets, businesses and contracts from Playtech and their subsequent combination with William Hill Interactive, in return for which Playtech received a 29 per cent. equity interest in William Hill Online, leaving William Hill owning 71 per cent. The acquired assets included approximately 30 gaming websites, a customer services operation and an online marketing organisation. William Hill has an option to acquire Playtech's interest in William Hill Online on an independent fair-value basis, exercisable at either four years or six years after completion of the original acquisition. William Hill controls and operates William Hill Online, which is a consolidated subsidiary of William Hill, with Playtech's share of profits accounted for as a minority interest.

In addition, William Hill Online is expected to benefit from Playtech's improved poker and casino software, in relation to which it has entered into a software agreement for a minimum of five years. The Issuer expects this software to provide greater liquidity for poker and to support activities to increase customer recruitment, retention and reactivation.

The transaction combined two highly complementary businesses. William Hill Interactive brought a strong brand, sports betting expertise and an established UK customer base and profit stream. The assets, businesses and contracts acquired from Playtech brought online marketing and customer retention expertise, an extensive affiliate network and an established European customer base and profit stream from online gaming. As a result of the transaction, approximately 160 marketing services employees based in Israel and approximately 110 customer support services employees based in Bulgaria have joined William Hill Online. Historically, in comparison with William Hill Interactive, the Playtech customer support and marketing services teams have achieved a lower acquisition cost per customer, higher customer lifetime values and a higher cross-selling performance. The affiliate network acquired from Playtech, which is designed to direct customers to William Hill Online's websites, has a total of more than 70,000 affiliates, compared with William Hill Interactive's affiliate network numbering approximately 5,000.

Prior to launching William Hill Online, William Hill Interactive had approximately 510,000 customers who were active in the 2008 financial year, the majority of whom were based in the UK. The assets acquired from Playtech had approximately 65,000 customers who were active in the month of October 2008, when the transaction was announced. By combining the William Hill Interactive business with the operations acquired from Playtech, William Hill significantly broadened its European online customer base. The combined customer base has continued to grow and as at 30 June 2009 there were 800,859 unique active players.

As a result of this transaction, William Hill Online became one of the leading European online betting and gaming businesses by profitability. Since the beginning of 2009 the Group has been focused on the integration of William Hill Online and has made good progress against its integration plan including successfully:

- building a new management team and headquarters operation in Gibraltar;
- transferring employees from the UK and from Israel and other locations worldwide;
- improving its gaming offering by launching new poker and casino websites using Playtech's software;
- increasing the number of markets and improving the quality of its bet-in-play offering in the Sportsbook; and
- expanding its marketing reach by connecting its market-leading affiliates network to all products.

In the 2008 financial year, online betting and gaming generated £125.1 million of revenue (13.0 per cent. of Group revenue), £136.7 million of gross win (13.4 per cent. of Group gross win) and £54.6 million of operating profit before exceptional items (19.6 per cent. of Group pre-exceptional operating profit).

## **Telephone**

William Hill has one of the largest telephone-based betting businesses in the UK by customer numbers, with approximately 132,000 active customers as at 30 December 2008. Although some migration to the internet has

occurred, telephone betting still appeals to a core group of customers who prefer to speak to an individual when placing their bet.

In the 2008 financial year, telephone betting generated £39.8 million of revenue (4.1 per cent. of Group revenue), £39.8 million of gross win (3.9 per cent. of Group gross win) and £5.9 million of pre-exceptional operating profit (2.1 per cent. of Group operating profit before exceptional items).

## **Key Strengths**

William Hill has a number of significant competitive advantages and strengths that will be important factors in maintaining and further developing its business, including the following:

### **Long-established, trusted and widely recognised brand**

William Hill's long-established, trusted and widely recognised brand and reputation represent a significant competitive advantage in the development of its betting and gaming activities. In the gambling industry, UK customers have traditionally taken comfort from the fact that they are dealing with a long-established and widely recognised operator. The William Hill brand has also been key in supporting the growth of the Group's online channel and the Group expects this to continue into the future.

### **Market leader in UK retail betting with a high-quality estate of LBOs**

With a network of approximately 2,300 LBOs in the UK and Ireland (representing approximately 25 per cent. of the UK LBO market), William Hill is one of the largest betting and gaming companies in the UK. The Group's estate is of a high quality, reflecting sustained investment, and is well-sited. The scale of William Hill's LBO estate gives William Hill a competitive advantage in terms of brand recognition and also allows cost-efficient expansion of the Group's LBO estate.

William Hill has an ongoing development and modernisation programme designed to improve and expand facilities for the Group's LBO customers. The increase in average floor space per LBO achieved through this development and modernisation programme has facilitated the installation of gaming machines. Rationalising or re-siting selected LBOs and closing or disposing of underperforming LBOs has further enhanced the overall quality of the estate. William Hill continuously seeks to improve its customers' experience through the training of its staff and through the continued investment in its LBO estate and its online and telephone betting infrastructure. The Issuer believes these factors have contributed to William Hill achieving long-term revenue growth from its retail operations.

### **Market-leading and growing online channel**

Since 1998, William Hill's online channel has experienced significant growth and in the 2008 financial year generated £136.7 million of gross win (growth of 9.7 per cent. from £124.5 million in the 2007 financial year) and £54.6 million of pre-exceptional operating profit (growth of 7.3 per cent. from £50.9 million in the 2007 financial year). Customer growth has also been strong, particularly in the UK.

The establishment of William Hill Online gives the Group a market-leading position in the European online gaming and sports betting market by profitability, with a larger, geographically diverse customer base, improved marketing and customer management and an extensive affiliate network designed to direct customers to the Group's websites.

The Issuer believes William Hill Online to be the most profitable online business of the major UK bookmakers in 2008.

### **Track record of profit growth, tight management of costs and strong cash generation**

William Hill's focus is on delivering sustainable earnings growth and value for shareholders. Since the IPO in 2002, gross win has increased from £527.7 million to £1,022.5 million in the 2008 financial year, a compound annual growth rate of 11.7 per cent. During the same period, its profit on ordinary activities (before net finance costs and exceptional items) has increased from £141.4 million to £278.6 million, equivalent to a compound growth rate of 12.0 per cent. per annum.

As shown in William Hill's annual financial statements (incorporated by reference into this Prospectus), the Group is highly and consistently cash generative, generating £209.9 million in net cash from operating activities in the 2008 financial year. Cash flow generation is strong across all of the Group's main channels.

### **Track record of innovation and profitable adaptation to regulatory, fiscal and technological change**

Key opportunities for growth in the gambling industry have arisen from regulatory, fiscal and technological change. The Group has a track record of adapting promptly and effectively to such changes. Examples include the introduction by the Group of more low-margin products into its LBOs, most notably and successfully in the form of roulette on gaming machines and bets on head-to-head competitions such as football matches, when the betting duty regime changed from a turnover-based tax system to a gross profit tax system in 2001. In addition, the Group has adapted to the growth of the internet by distributing its betting and gaming products to an enlarged customer audience through its online channel, significantly expanding this by the creation on 30 December 2008 of William Hill Online.

### **Effective risk management system**

Having an effective risk management system is essential to operating a profitable betting operation. The Group and its relevant employees have extensive experience in risk management and bookmaking procedures, such as analysing up-to-date information, imposing bet acceptance limits, hedging and expert odds compilation. William Hill is exploring and seeking to develop new methods of effectively managing risk. See "*Risk Management*" below.

In 2008, William Hill took approximately 331 million bets in its LBOs, 29 million bets on its online Sportsbook offering and eight million bets by telephone. These bets were spread over horse races, greyhound races, football matches and a wide variety of other sporting events. By offering a substantial number of betting opportunities to customers, William Hill is able to spread its risk over a large number of events. See "*Competition*" below.

### **Strong management team with significant experience in the gambling industry**

William Hill has a well-established senior management team that combines the skills of individuals with broad general and retail management experience with those of individuals with significant experience in the gambling industry. The Group plays an active role in a variety of governing bodies throughout the gambling industry.

The Group's management team is led by Ralph Topping, William Hill Chief Executive, who has over 36 years' experience in the gambling industry having joined William Hill in 1973, and who led the creation of the online Sportsbook in 1998.

### **Business Mix**

The Group's business consists of offering betting and gaming products to retail and online customers and betting products to telephone customers. These products can be categorised under two main headings, namely betting and gaming.

#### **Betting**

Betting products are products where the Group offers odds on an event occurring, which give rise to either a liability to make a certain payment to a customer or the retention by the Group of the stake placed by such customer. The odds offered by the Group in such cases vary depending on the nature of the event. The Group makes money where the amounts staked by customers and retained are more than the Group's liability to make payments to customers.

In fixed-odds betting, the liability to make payment is in principle unlimited, but the Group is not obliged to accept any bets, or may accept bets on certain conditions only (for example, to limit maximum exposure), in order to manage its overall liabilities. In pool betting products there is no liability to make payment greater than the total percentage of the amount of money staked by customers that the operator has promised to offer in prizes.

#### **Sports betting**

Sports betting is provided through all of the Group's business channels. The most popular sport on which the Group offers odds is horse racing, followed by greyhound racing and football. The Group also offers odds on many

other sports including rugby, cricket, tennis, golf, motor racing, darts, snooker, American football, baseball, basketball and ice hockey.

William Hill accepts a range of different types of bets from simple bets on the outcome of a single event to more complex bets, such as accumulator bets on the outcome of a number of different races or sporting events.

### ***Betting on other events***

The Group also accepts bets on non-sporting events through all of the Group's business channels, such as the outcome of political elections, television competitions, popular music chart results and high profile novelty bets.

The Group also takes bets on events the outcome of which is based on chance. For example, numbers betting is a type of fixed-odds bet in which customers place bets on the odds of one or more numbers being drawn from a pool of numbers. It is presented in a variety of formats such as the Irish Lottery and is also the basis of computer generated virtual horse or greyhound racing.

### **Gaming**

The Group also offers a number of gaming products such as slots, casino games, bingo, poker and other skill games.

Gaming products are games the outcome of which is dependent on chance, such as roulette, pontoon, blackjack and other table games, or slot machine games. Skill games are games where, though partly based on chance, it is argued that the odds can be changed over the long run based on the application of skill. This applies in games between customers such as poker.

Gaming products are offered on gaming machines. Gaming and skill games, together with bingo, are offered online.

With gaming products, the customer bets against the house and the Group makes its profit based on probabilities in the long run of different events occurring and uses "house" rules and procedures to apply risk limits. In skill games, William Hill acts as the host or facilitator for customers who play against one another rather than against William Hill. Accordingly, William Hill takes no principal gaming risk. In return for facilitating these games, William Hill charges its customers a type of commission, in poker known as a 'rake', except in tournaments where a one-off entry fee is charged. Customers for skill games can compete online against each other either on individual tables, or in tournaments.

### **IT Systems/Technology Infrastructure**

The Group operates a number of information and communication systems in order to support its business. Information technology at William Hill is managed in-house by a team of IT professionals and the department is structured in a manner which the Issuer believes is suited to meet the needs of the business. The live information systems are supported by 50 in-house staff backed up by external support from manufacturers and suppliers, often under support agreements tailored to the needs of William Hill. The principal systems operated by the Group are set out below.

#### **LBO text and audio systems**

The Group operates LBO text and audio systems which provide real-time information by satellite links to each LBO. The Group's latest odds, prices from the race tracks and results as they occur are constantly displayed on the multi-screen information display systems and broadcast over audio by the Group's own commentators. Due to the importance of these systems to the Group's business, they are backed up by a network infrastructure that allows any LBO to obtain text, audio or both in the event of a fault occurring in the Group's satellite receiving equipment. In the event of a satellite failure, the back-up system capacity is sufficient to support all the Group's LBOs.

#### **LBO video system**

The Group operates a video system, which transmits live television pictures and audio commentaries of and data relating to horse and greyhound races and certain numbers draws by satellite to each LBO. The service is currently provided by (i) Satellite Information Services Limited, a wholly-owned subsidiary of Satellite Information

Services Holdings Limited (“SIS”), an entity co-founded and currently owned jointly by the Group and other entities, including Ladbrokes and the Tote and (ii) Amalgamated Racing Limited, trading as Turf TV, a joint venture between Alphameric plc and Racing UK, itself a joint venture between 31 of the 59 UK horse racing tracks.

### **Sportsbook systems**

The front-end web servers serve the sites’ web pages to customers’ browsers, and back-end application servers carry out bet settling, client accounting and event management functions. The complete system configuration is replicated over two sites providing robust business continuity arrangements. In December 2008 the Group launched a new Sportsbook system supplied by Orbis Technology Limited (“Orbis”) and in August 2009 it relocated the Sportsbook to Gibraltar.

### **Telephone betting systems**

The Group operates a telephone betting system, which comprises call handling, bet capture and bet settling systems. Call handling allows calls to be routed and prioritised according to client profile. The systems have direct links to payment providers for the authorisation of debit card transactions and the payment of winnings.

### **Online casino and poker system**

William Hill Online’s casino and poker businesses are based offshore in Gibraltar and Malta and use software provided under licence from a variety of providers. Customers connect over the internet to each relevant supplier’s servers in the relevant jurisdiction.

### **Betting risk management system**

The Group’s betting risk management system provides real-time information on the Group’s estimated liabilities on an event-by-event basis. All bets taken over the telephone and online, together with the majority of bets from 100 representative LBOs and referrals and notifications from all LBOs, are entered into a consolidated field book that provides a real-time overview of Group-wide estimated liabilities.

### **Text information system**

The Group supplies text information by landline links to commercial broadcasters for promotional purposes. The information provided comprises the Group’s own odds on future events, live odds on horse and greyhound races as well as recent results and other sports betting information.

### **Payment processing systems**

The Group outsources payment processing functions in respect of its online and telephone channels to Commidea Ltd, DataCash Ltd and Safecharge Ltd. Debit card payments made by customers in the Group’s LBOs are processed by The Royal Bank of Scotland plc.

### **Customer support systems**

The Group uses third-party customer services software provided by RightNow Technologies, Inc. to record customer contacts in the Group’s retail, online and telephone channels. The Group’s customer support systems comprise customer services and customer relations telephone helplines based at the Group’s registered office and in Bulgaria and Gibraltar, together with an online help centre which allows customers to raise queries and/or register complaints via the internet.

### **Business continuity**

The Group’s material systems are fully duplicated. For systems used by both telephone and retail, a back-up data centre is located near Leeds, where the main data centre is located. Fibre optic links connecting large disc arrays are used to replicate the business data of the telephone betting in real time between the sites. The back-up data centre also acts as a benchtesting environment and proposed changes to systems are thoroughly tested to ensure no interruptions to service. Fully documented and tested disaster recovery plans are in place with business continuity strongly emphasised. All of the above arrangements are inspected and audited regularly. For online betting, back-up servers are located in Kahnawake. For online gaming, there is a mix of back-up at William Hill

sites or at software providers. Further back-up for the assets acquired from Playtech is being installed in Kahnawake.

## **Competition**

The Group faces competition primarily from other bookmakers, online betting exchanges and other online operators. The Issuer does not believe that the Group currently faces significant competition from casinos and bingo halls. However, competition in the online marketplace has and is expected to continue to intensify as new operators enter the market and existing operators improve and expand their product offerings. The competitive environment remains subject to change depending on regulatory and technological developments.

The Group's principal competitors in the UK retail market are Ladbrokes and Coral. Ladbrokes, Coral and the Tote are the Group's chief competitors in the UK telephone betting market. In addition, a number of international telephone operators compete with the Group from outside the UK.

The Group faces competition in its online operations from a large number of UK-based bookmakers (including Ladbrokes and Coral) and Betfair, as well as other operators based in the UK and overseas (including PartyGaming, Paddy Power, 888.com and bwin) that have entered, and continue to enter, the online market specifically targeting the UK and Europe. The Group also competes with companies that may have more brand recognition than William Hill in certain markets outside the UK. There are relatively low barriers for a new company to enter the online market, but the Issuer believes that it is difficult for new competitors to achieve significant market share without significant infrastructure, for instance sports betting expertise, marketing and customer relationship management.

## **Employees**

As at 30 December 2008, the Group's number of employees was 16,176 (2007 – 14,629, 2006 – 13,952) all of whom are engaged in the administration and provision of betting and gaming services. Pay reviews are held annually but all staff are currently on a pay freeze in 2009.

## **Regulation**

The Group is regulated by certain authorities and currently holds gambling licences in the UK, Gibraltar, Malta, Ireland, the Isle of Man, Jersey, Alderney and Kahnawake (a territory situated in Quebec, Canada administered by the Mohawks of Kahnawake indigenous people).

The gambling industry in Great Britain is regulated under the provisions of the Gambling Act 2005 (the "**Gambling Act**") which, amongst other things, authorises a commission to act as the central regulatory body for gambling (the "**Gambling Commission**"). The Gambling Commission has a duty to permit gambling where it is reasonably consistent with the pursuit of the three licensing objectives set out in the Gambling Act: preventing gambling from being a source of crime or disorder, being associated with crime or disorder or being used to support crime; ensuring that gambling is conducted in a fair and open way; and protecting minors and other vulnerable persons from being harmed or exploited by gambling. William Hill's LBO and telephone operations are regulated by the Gambling Commission.

In jurisdictions outside the UK, William Hill's retail business operates under local licences. William Hill Online is principally regulated in both Gibraltar and Malta, as described in "*William Hill Online*" below.

The Company has good relations with the relevant regulators in the jurisdictions in which it holds licences. However, no assurance can be given that the Group's operating and gaming licences will not be revoked or that any new, renewed or subsequent licences or approvals that may be required of the Group in the future will be granted.

## **LBO and Telephone Betting**

There are three licence types that have been issued to members of the Group and their directors and employees to enable them to operate in Great Britain. The first is an operating licence issued to the relevant trading company by the Gambling Commission. Four William Hill subsidiary companies hold operating licences. The second licence type is a personal management licence. The Gambling Commission specifies certain senior roles within the organisation that must be undertaken by a personal licence holder. William Hill currently has 40 personal management licence holders. The third licence type is a premises licence which is issued by the relevant local

authority. William Hill holds a separate premises licence for each of its LBOs. The Gambling Commission has issued licence conditions and codes of practice with which operators must comply.

The Group's LBO estate in the Republic of Ireland is regulated under the Irish district courts system. The LBO estate in Jersey is regulated by the Jersey Gambling Control Committee. The LBO estate in the Isle of Man is regulated by the Isle of Man Gambling Supervision Commission. The LBO estate in Northern Ireland is licensed by local magistrate's courts.

### ***Gaming machines***

Each LBO in Great Britain is licensed to hold up to four category B2 or B3 gaming machines. The operation of gaming machines is subject to both The Gaming Machine (Circumstance of Use) Regulations 2007 and the Gambling Commission's Machine Standards requirements, all of which William Hill complies with in each LBO where gaming machines are installed.

William Hill has policies and procedures in place which seek to ensure that the Group complies with the terms and conditions of its licences both in the UK and overseas.

In July 2009, the Gambling Commission published its report to the Minister for Sport on high-stake, high-prize gaming machines, which include the B2 and B3 gaming machines the Issuer operates in its shops. This was in response to the Minister's request that the Gambling Commission identify what further research is needed to understand the impact of these machines on problem gamblers. It concluded:

- Generally, the range of permitted stakes and prizes on British machines is relatively low by international standards;
- The levels of stakes and prizes on their own are not the only important considerations so reviews should continue to look at a wide range of structural machine characteristics, environmental factors and gamblers' personal motivations;
- Better data on gaming machine player participation and patterns of play would allow for more robust monitoring of the impact of future changes to stakes and prizes; and
- The existing regulatory framework already contains a number of measures to protect players.

The Gambling Commission has proposed a programme of further research focused on improving education, information and player control as well as exploring the impact of the factors described above. The research is expected to take as much as five years to complete.

### **William Hill Online**

William Hill Online's Sportsbook operations and gaming products offered using software from Playtech, as well as non-downloadable casino games offered under its 'Vegas' tab and online bingo and skill games, are regulated in Gibraltar by the Gibraltar Regulatory Authority, whilst certain other casino products which are offered using software supplied by Cryptologic are regulated in Malta by the Lotteries and Gaming Authority, the regulatory authority responsible for the governance of all forms of gambling in Malta.

The Group has relationships with an extensive affiliate network designed to direct customers to the Group's websites. The Group has contractual arrangements in place with such affiliates which, amongst other things, seek to ensure compliance with applicable regulatory requirements.

### ***European jurisdictions***

As all William Hill's remote operations are regulated in EU or EEA jurisdictions, the Group is able to advertise in the UK and to benefit from the principles that apply in the EU to the free movement of goods and services.

The Group accepts transactions from customers for certain products from certain European jurisdictions. There are instances of European betting and gaming operators being (i) prosecuted by a relevant authority or (ii) sued by a monopoly right holder or other significant market participant for offering their products and services in a particular European state in which they are not licensed or otherwise regulated. Member States of the European Union ("Member States") are required to abide by principles of freedom of establishment and free movement of services under EU law. The Issuer believes that the Group's activities in Member States where the Group is not licensed or otherwise regulated are permitted by such principles. However, the extent to which national courts in

European jurisdictions will implement principles of EU law is uncertain as Member States are afforded a degree of discretion in such implementation. As a result, the Group and the directors of William Hill (the “**Directors**”) may face criminal or civil claims in these jurisdictions as a consequence of their actions regardless of whether such actions are in accordance with EU law. In addition, the relevant regulatory authority, monopoly right holder or other significant market participant could take action against the Group’s service providers in such countries. To the extent that the domestic laws or any prosecutions, suits or other determinations of a national court of a Member State do not respect EU law, such actions may fall within the jurisdiction of the European Court of Justice (“**ECJ**”) to which reference may be made. On such a reference, the ECJ may, broadly or narrowly, scrutinise such domestic laws, prosecutions, suits or other determinations and determine the legality of such operator’s activities pursuant to EU law. The ECJ may determine that the actions of the relevant Member States are proportionate and objectively protect a matter of public policy within the competence of such Member State, such as social responsibility matters or fighting fraud or criminality, in which case such restrictions may be justified. If the ECJ finds that such an authority, monopoly right holder or other significant market participant’s actions result from laws which are discriminatory, disproportionate or not objectively justifiable, such restrictions on the operator’s activities may be found to be in contravention of EU law.

### **Remote gambling**

Although the regulatory regime for land-based gambling operations is well established in many countries, the gambling laws in such countries will not necessarily have been amended to take account of the internet and the ability to offer gambling products online. There is uncertainty as to the legality of online gambling in a number of countries and consequently in some jurisdictions online gambling may be illegal. In several countries local regulators are willing to license and regulate local and often state-owned operators, but prohibit foreign operators.

The Group analyses jurisdictional risk and, where considered necessary, the Issuer obtains independent legal advice concerning the state of gambling laws in particular jurisdictions. This advice is used to modify the basic approach on a case by case basis and, based on the relevant jurisdiction, the Group undertakes procedures in order to mitigate such risk. William Hill has systems and controls in place which seek to ensure that the Group does not offer gambling products via the internet into jurisdictions from which it has determined that it does not wish to accept transactions. The systems and controls include monitoring and analysing information provided by potential customers’ registered addresses and of customers’ payment methods. In particular, the Group does not accept any transactions from customers in the United States.

In the UK the Group currently complies with obligations placed on it in respect of casino products (the Group’s online games) following the introduction of the third EU Money Laundering Directive. The Group has seen draft recommendations of how its regulators in Gibraltar and Malta propose to implement the directive and expects to implement any required changes once the requirements are specified by the regulators.

### **Properties**

William Hill’s principal administrative offices are located in London and are occupied under a lease expiring in 2111. William Hill’s main operational facilities in Leeds are occupied under two leases expiring in 2011 and 2018. The Group’s online operations are run out of Gibraltar. Details of the principal properties of the Group are set out below:

<i>Address</i>	<i>Description</i>	<i>Size (square feet approximate)</i>	<i>Tenure</i>	<i>Expiry of term</i>	<i>Current rent per annum</i>	<i>Lessee</i>
Half of 2nd Floor, 3rd and 4th Floors, City Walk Leeds	Offices related to various operational and administrative functions of the Group’s business	29,100	Leasehold	12 June 2018	£225,625	William Hill Organization Limited
Ground Floor Reception, 1st, 2nd, 3rd, 4th and 5th Floors, St. John’s Centre Leeds	Offices related to various operational and administrative functions of the Group’s business	24,150	Leasehold	23 June 2016	£387,750	William Hill Organization Limited

<i>Address</i>	<i>Description</i>	<i>Size (square feet approximate)</i>	<i>Tenure</i>	<i>Expiry of term</i>	<i>Current rent per annum</i>	<i>Lessee</i>
Greenside House, 50 Station Road, Wood Green, London N22 7TP	Head Office	30,000	Long Leasehold	28 September 2111	Peppercorn	Camec Limited
Unit 4, Milshaw Park Estate, Leeds	Depot, Field services store, work shop and ancillary offices	5,500	Leasehold	16 January 2012	£30,750	William Hill Organization Limited
6th, 7th and 8th Floors, Milton House, Charter Row, Sheffield	Call and computer centre and offices	28,750	Leasehold	8 November 2016	£430,561	William Hill Credit Limited
Suite 1, Ground Floor, Woodhead House, Centre 27, Birstall, Leeds	Offices and computer centre	2,500	Leasehold	14 June 2016	£46,442	William Hill Organization Limited
Unit 6.1 Waterport Place, 2 Europort Avenue, Gibraltar	Offices related to various operational and administrative functions of the Group's online business	6,350	Leasehold	1 January 2021	£158,710	WHG (International) Limited
Unit 5.1b Waterport Place, 2 Europort Avenue, Gibraltar	Offices related to various operational and administrative functions of the Group's online business	4,200	Leasehold	6 April 2021	£96,302	WHG (International) Limited

There are currently no environmental, health and safety issues which will materially affect the Group's use of the assets described above or the Group's use of its LBO estate.

## **Risk Management**

Historically, the dominant portion of the Group's earnings has been derived from bookmaking activities. Gaming products have more predictable margins and are increasingly generating a greater proportion of revenues.

### **Betting products**

Bookmakers' odds are determined so as to provide an average return to the bookmaker over a large number of events. There is an inherently high level of variation in actual gross win generated race by race, match by match and day by day. Over an extended period however, the gross win percentage has remained fairly constant, but in the short term there is less certainty of profitability. In spite of this, significant daily losses at gross win level are infrequent.

The risk of incurring daily losses on a gross win basis is significantly reduced by the averaging effect of taking a very large number of individual bets over a considerable number of events and is also tightly controlled through a four-stage risk management process. The effectiveness of the risk management process relies on expert odds compilation, access to up-to-date information, tightly controlled bet acceptance limits and effective hedging.

### **Expert odds compilation**

The Group employs a team of approximately 60 odds compilers and risk managers. Initial odds are compiled from first principles, adjusted for any market information and then cross-checked against competitor prices. For sports events a minimum of two opinions are sought on each event, however, in practice more opinions are usually given. For horse racing events when the Group advertises its prices in the printed news media, a minimum of three opinions is sought. The Group also employs outside consultants to assist its odds compilation and news gathering on certain events (for example overseas horse racing, overseas football and US sports). Once odds are compiled and published, real-time risk management processes are applied to monitor and adjust the total level of risk on each event. Management considers the Group's team of compilers and risk managers to be of high quality, with the appropriate knowledge and expertise to operate successfully in the current market.

## **Up-to-date information**

Access to market information is needed both before odds are compiled and after odds are published. The Group relies on information compiled from its knowledge of the betting and gaming industry, including the sports concerned and its participants, both to the extent available in the media generally and from information at events. The Group also relies on information about its potential liabilities from overall betting patterns and total amount bet on particular outcomes drawn from its telephone and online channels and from a sample of its LBOs, as well as certain individual bets that are referred before acceptance or notified subsequently, because of the source or size.

The above information enables management to assess the probability of each possible outcome based on a wide range of up-to-date information, to assess potential exposure on each possible outcome and to determine whether bet acceptance should be limited on certain possible outcomes. Management may also change the odds on a particular event or consider whether to hedge to reduce risk.

## **Bet acceptance limits**

The Group is under no obligation to accept any bet. Where a bet is considered undesirable by management, it will be refused or accepted in part, with or without adjusted odds. For different types of bets the Group sets limits for LBOs on stake value and potential liability at which bets must be notified (that is, reported after acceptance) or referred. Referred bets are accepted only after management approval, based on latest information about the event, potential liability and the customer's historic betting pattern with the Group (if any). The telephone betting channel operates separately, but in a similar way. The online sports betting system contains an automatic procedure whereby liability limits are pre-set by management on individual events, for customers generally and, if appropriate, for specific customers. In practice, the proportion of bets refused is extremely small.

## **Hedging in the horse race betting markets**

The majority of horse racing bets are placed at starting prices which are not established by the Group but are derived from the on-track betting markets. The purpose of hedging is to reduce potential liabilities by affecting the starting price of a potential outcome. Hedging bets placed on-track may shorten the odds of a selection and hence reduce the Group's potential liabilities. William Hill also undertakes hedging by laying off bets it has accepted with or through other betting and gaming operators. The decision to hedge is dependent on the size of potential liabilities, the number of potential outcomes that might cause a loss and whether placing bets in the market would influence the odds at a commercially acceptable cost.

Most bookmakers offering horse race bets engage in hedging. The bookmakers may have similar risk profiles and accordingly, benefit from the hedging policies of other bookmakers in these markets.

## **Gaming products**

Unlike William Hill's bookmaking products, all of the products offered through the gaming machines and online casino have a theoretical likelihood of success for the customer which is transparent. Hedging is not required.

There is no trading risk on the Group's poker product as the Group's income comprises a percentage of the total pot in each game known as a 'rake', except in tournaments where a one-off entry fee is charged.

## **Regulatory Risk**

William Hill has systems and controls in place which seek to ensure that the Group does not offer betting and gaming products via the internet into jurisdictions from which it has determined that it does not wish to accept bets or wagers, whether because it has determined it is unlawful to do so; or it is unclear as to whether it is unlawful and has decided not to take any risk in relation to this uncertainty; or otherwise decided that it does not wish to accept any business for any other reason. The systems and controls include monitoring and analysing information provided by potential customers' registered addresses and of customers' payment methods. For the avoidance of doubt, the Group does not currently accept bets or wagers from customers that it determines are located in the United States. A risk exists, however, that a court or other governmental authority in any jurisdiction could take the position that the Group's systems and controls are inadequate, either currently or as the result of technological developments affecting the internet, or that the Group's current or past business practices in relation to such jurisdiction violated applicable law. Any such determination could expose the Group and its directors to the risk of civil or criminal sanction, as well as reputational damage.

## Material Contracts

The following contracts (not being contracts entered into in the ordinary course of business) have been entered into by members of the Group (a) in the two years immediately preceding the date of this document and are, or may be, material or (b) contain provisions under which any member of the group has any obligation or entitlement which is material to the Group as at the date of this document:

### (a) William Hill Online/Playtech Framework Agreement (the Framework Agreement)

On 19 October 2008, William Hill Organization Limited (“**WHO**”), William Hill (Gibraltar) 2008 Limited (“**JVCO1**”), William Hill (Gibraltar) Limited (“**JVCO2**”) (JVCO1 and JVCO2, together being the “**JVCOs**”) and Playtech entered into the Framework Agreement to govern and regulate the joint venture between William Hill and Playtech in connection with William Hill’s remote gambling business.

Pursuant to the Framework Agreement, the share capital of the JVCOs was allotted such that WHO owned 71 per cent. and Playtech owned 29 per cent. of the issued share capital of the JVCOs. In consideration for the allotment of these shareholdings, Playtech agreed to contribute certain assets and affiliates of Playtech and other marketing and gaming assets, contracts and brands providing vertically integrated services to the European online gaming marketplace and WHO contributed (or agreed subsequently following an integration strategy to contribute) assets relating to its remote gaming business and services in connection therewith.

As is customary in an arrangement of this nature and to provide governance rights to reflect the parties shareholdings in the JVCOs, the parties agreed certain operational provisions, including, among other things:

- WHO agreed to conduct its remote gambling business through the medium of the JVCOs and their subsidiaries (the “**JVCO Group**”);
- WHO may nominate up to three directors of each company within the JVCO Group and Playtech could nominate two directors to the boards of each such company;
- Playtech were afforded certain information rights to receive financial and commercial information on the trading and progress of the JVCO Group;
- WHO and Playtech undertook that the JVCO Group would not undertake certain material actions without the consent of both WHO and Playtech, including: not to create encumbrances over the assets of the JVCO Group or enter into any financial bonds or guarantees (other than pursuant to ordinary course trading); save for certain exceptions, enter into capital commitments in excess of £5 million per annum; enter into any acquisition or disposal or series of acquisitions or disposals in any one year exceeding £10 million; enter into any borrowings or finance obligations; change the constitutional documents of a JVCO Group company; issue or purchase shares in any JVCO Group company; declare a dividend in a JVCO Group company; alter the share rights of any of the shares of the JVCOs; or transfer the shares held in the JVCOs by Playtech or WHO.

WHO and Playtech also agreed that dividends of the JVCO Group would be declared and paid (subject to certain exceptions) on a regular quarterly basis and would be split such that each of WHO and Playtech would receive the profits of the JVCO Group in proportion to their shareholdings in the JVCOs.

The Framework Agreement grants an irrevocable conversion right to WHO to convert all the shares Playtech holds in the JVCOs into deferred shares, and an option to WHO such that it may (at its discretion) in either 2013 or 2015 acquire the trademarks and domain names licensed to the JVCOs by Playtech for fair market value. The fair market value is determined following a prescribed procedure involving the appointment of valuers by each of Playtech and WHO and an independent valuer appointed jointly by WHO and Playtech. Playtech may elect to receive a proportion of its consideration in William Hill shares in substitution for cash (subject to certain exceptions) provided that any such shares to be issued to Playtech shall not exceed 9.99 per cent. of William Hill’s issued share capital immediately following such issue, and provided further that the receipt of such shares does not result in Playtech owning more than 20 per cent. of the then issued share capital of William Hill. If WHO does not elect to exercise its option to acquire Playtech’s shares in the JVCOs in 2013 or 2015, Playtech has been granted an “unwind right” which permits Playtech to transfer its shareholdings to a third party provided that

before it does so WHO has a matching right in respect of such sale, which if exercised, compels Playtech to transfer its shares to WHO.

Playtech and WHO also provided to each other and the JVCOs title, trading and financial warranty and indemnity protection customary with an arm's length sale or transfer of shares and assets in connection with the shares and assets that each party contributed to the JVCOs. These warranties were subject to certain limitations including a two-year time limit (for warranties other than tax) and certain monetary caps and thresholds.

Playtech and WHO also agreed to provide non-compete protections broadly customary in a transaction of this type to the other to ensure that the interests of either party in the JVCO were not materially prejudiced by the actions of the other shareholder, including in particular certain restrictions on Playtech supplying, directly or indirectly, certain competing businesses prior to 31 December 2009.

Playtech Software Limited undertook to indemnify and guarantee the performance of Playtech under the provisions of the Framework Agreement.

**(b) Software Licence Agreement and Trade Mark and Domain Name Licence Agreement with Playtech Group**

Under an agreement dated 19 October 2008 between Playtech, JVCO1 and JVCO2, Playtech was appointed as the exclusive supplier to the licensees under the agreement (the "Licensees") of certain online casino, bingo and poker games on specified branded websites. The agreement terminates automatically without notice on 16 October 2016, but either party may also terminate in certain circumstances prior to this date.

In consideration of payment of the service fees under the agreement, Playtech agreed to provide or procure the provision of services to the Licensees including poker management services, bingo management services, live games services and integration services. WHO has guaranteed the performance of the obligations of the Licensees to Playtech.

The agreement provides Playtech with the right of first refusal to provide the Licensees with certain new casino, poker and bingo games for use on branded websites.

Playtech's liability is subject to certain caps and exclusions as a result of which William Hill may be unable to recover its losses in the event of a default by Playtech or in the event that William Hill has a claim under any warranties or indemnities provided by Playtech under this agreement.

Under a separate agreement dated 19 October 2008 Genuity Services Limited agreed to grant an exclusive perpetual worldwide licence to the Licensees to use certain trade marks and domain names in its business. Under the Framework Agreement, William Hill may acquire such trade marks and domain names in 2013 or 2015 for fair market value.

**(c) TurfTV Agreement**

On 11 January 2008, William Hill Organization Limited entered into an agreement with Amalgamated Racing Limited ("TurfTV") under which William Hill pays a fee to TurfTV in consideration for the supply of live horse racing coverage for display in William Hill LBOs in the UK, the Isle of Man, the Channel Islands and the Republic of Ireland. The agreement expires on 31 January 2013, but may be terminated by either party in certain circumstances.

Each party's liability is subject to certain caps and the agreement contains a broad exclusion clause in respect of TurfTV's liability. These provisions could result in William Hill being unable to recover losses that it suffered as a result of TurfTV's failure to meet its contractual obligations or in the event that William Hill has a claim under any warranties or indemnities provided by TurfTV under this agreement.

**(d) Agreements with Orbis**

In 2008, William Hill Credit Limited entered into certain agreements with Orbis for the development, support and licensing of a software system for William Hill Credit Limited's Sportsbook, call centre and gaming engine. As part of the agreements, Orbis agreed to deliver and install a standard software platform for online betting and playing, and to develop ancillary software, including a user interface, as required

for its integration into William Hill Credit Limited's other systems and databases. Orbis is also required to provide support services in relation to the software.

Under these agreements, William Hill Credit Limited is granted a world-wide, non-exclusive and perpetual licence to use the Orbis software, subject to early termination in defined circumstances.

Each party's liability is subject to certain caps and the agreements exclude Orbis' liability in respect of a number of potential events of default which could result in William Hill being unable to recover losses that it suffers as a result of Orbis' failure to meet its contractual obligations or in the event that William Hill has a claim under any warranties or indemnities provided by Orbis under these agreements.

## Share Capital and Major Shareholders

As at the date of this Prospectus, the Issuer had 701,646,200 Ordinary Shares of which 700,884,246 were in issue and 761,954 were treasury shares.

So far as William Hill is aware, as at the date of this Prospectus, the following persons (other than directors) had notifiable interests in three per cent. or more of the issued share capital of William Hill:

<i>Shareholder</i>	<i>Percentage of existing issued share capital held</i>
Massachusetts Financial Services Company .....	9.46
FMR LLC .....	5.18
FIL Limited .....	5.12
Blackrock Inc .....	4.83
Legal & General Group Plc .....	3.97
Lloyds TSB Group plc .....	3.50
Standard Life Investments Ltd .....	3.08

## Management, Directors and Board Committees

As at the date of this Prospectus, the Directors of the Issuer are as follows:

<i>Name</i>	<i>Position Held</i>	<i>Principal Outside Activities</i>
Charles Thomas Scott	Chairman	Director, Intechnology PLC Director, Flybe Group Ltd Director, Emcore Corporation
Ralph Topping	Chief Executive	Non-executive Chairman, Scottish Premier League
Simon Paul Lane	Group Finance Director	None
David Phillip Allvey	Senior Independent Non-executive Director	Chairman, Costain Group Plc Director, Arena Coventry Ltd Director, Resolution PLC Director, Intertek Group PLC Director, Thomas Cook Group PLC
David Albert Edmonds	Independent Non-executive Director	Chairman, Legal Services Board Director, Keele University Science and Business Park Ltd Chairman, Wincanton Plc Trustee, The Social Market Foundation Director, Hammerson Plc Chairman, NHS SBS Ltd.
Ashley Highfield	Independent Non-executive Director	Managing Director and Vice President, Consumer and Online UKAT

The business address of the Directors is Greenside House, 50 Station Road, Wood Green, London, UK.

None of the Directors has any potential conflicts of interests between their duties to William Hill and their private interests or other duties to third parties.

## **Further information regarding the Directors**

*Charles Scott, Chairman* was appointed a Non-executive Director of the Group in January 1999 and a part-time Non-executive Chairman on 1 January 2004. Mr. Scott is also Chairman of the Nomination Committee. Mr. Scott previously spent nine years with Saatchi & Saatchi in various roles including Chairman, Chief Executive and Finance Director. He is currently a Non-executive Director of InTechnology PLC, Emcore Corporation and Flybe Group Limited. He has worked for over 20 years with US corporations, including as Chief Financial Officer of IMS International. Mr. Scott is a Chartered Accountant.

*Ralph Topping, Chief Executive* was appointed a director in May 2007 and Chief Executive in February 2008. Mr. Topping has been with William Hill since 1973 and has held various roles within William Hill. Mr. Topping is responsible for the Group's overall strategic direction and the day-to-day management and profitability of the Group's operations.

*Simon Lane, Group Finance Director* was appointed in March 2006 as the Group Finance Director responsible for finance, strategic planning, investor relations, security and internal audit. Mr. Lane was the Finance Director for Center Parcs (UK) Group Plc, Group Finance Director for Albert Fisher Group Plc, Director of Corporate Finance of Safeway Plc and Financial Controller of Mars Confectionary. Mr. Lane is a Chartered Accountant.

*David Allvey, Senior Independent Non-executive Director* was appointed in May 2002. He is Chairman of the Audit and Risk Management Committee. Mr. Allvey was Group Finance Director of B.A.T. Industries Plc until 1998, Group Chief Operation Officer of Zurich Financial Services Plc from 1998 to 1999 and Group Finance Director of Barclays Bank Plc from 1999 to 2001. He is Chairman of Costain Group Plc and Arena Coventry Ltd, Non-executive Director of Intertek Group Plc and Thomas Cook Group Plc. He was a Non-executive Director of Resolution Group Plc, Chairman of the Fiscal Committee of the 100 Group of UK Finance Directors and is a former member of the UK Accounting Standards Board and the International Accounting Standards Insurance Group, having worked as a Chartered Accountant with Price Waterhouse in London.

*David Edmonds CBE, Independent Non-executive Director* was appointed on 1 January 2005. He is the Chairman of the Corporate Responsibility and Regulated Issues Committee. Mr. Edmonds was Director General of Telecommunications at Oftel from 1998 to 2003 and Managing Director, Group Central Services at National Westminster Group Plc from 1991 to 1997. He previously held positions as Chief Executive of The Housing Corporation, Managing Director of Group Central Services at National Westminster Bank Plc and as principal private secretary to the Secretary of State for the Environment. He is a former Board Member of Office of Communications and English Partnerships. Mr. Edmonds is currently a Non-executive Director of Hammerson plc, Chairman of Wincanton plc, Chairman of NHS SBS Ltd, Chairman of the Legal Services Board, a Trustee of the Social Market Foundation, and a Board Member of Keele University Science and Business Park Ltd.

*Ashley Highfield, Independent Non-executive Director* was appointed in November 2008. He is currently the Managing Director and Vice President of Consumer and Online UK at Microsoft. Previously, he was CEO of Project Kangaroo – the proposed three way joint venture between the BBC, ITV and Channel 4. Prior to this appointment in 2008, he worked at the BBC for eight years as Director, New Media & Technology and was a member of the executive board and management board. Between 1996 and 2000 he was Managing Director of Flextech Interactive Limited and an executive board member of Flextech plc. He is currently a Member of BAFTA, a Fellow of the Royal Society of Arts and a Director of the British Film Institute.

The Issuer is committed to high standards of corporate governance as set down in the Combined Code on Corporate Governance (as amended from time to time). Compliance with the Combined Code is reported on annually. The most recent report was published in the 2008 Annual Report in relation to the 2008 financial year, at which point, William Hill had complied with the provisions of the Combined Code with the exception that the roles of Chairman and Chief Executive were combined between the start of the year and 20 February 2008 during the process to appoint a new Chief Executive. Mr. Topping was appointed Chief Executive on 21 February 2008.

The Senior Independent Non-executive Director's main role is to satisfy the function outlined in the Combined Code of being available to shareholders if there are concerns which normal contact has failed to resolve, to lead the process for evaluating the Chairman's performance and to chair the Nomination Committee when it is considering succession to the role of chairman. No one individual has unfettered powers of decision-making. Mr. Scott satisfied the independence criteria detailed in provision A.3.1 of the Combined Code on his appointment as Chairman.

The Combined Code recommends that at least half the members of the board (excluding the chairman) of a public limited company incorporated in the UK should be independent in character and judgement and free from relationships or circumstances which are likely to affect, or could appear to affect, their judgement.

The Board has established Nomination, Remuneration, Audit and Risk Management and Corporate Responsibility and Regulated Issues Committees, with formally delegated duties and responsibilities, and written terms of reference. From time to time, separate committees may be set up by the Board to consider specific issues when the need arises.

The terms of reference of the committees, including their objectives and the authority delegated by them by the Board, are available upon request or via the Group's investor relations website and are reviewed at least annually by the relevant committee and the Board. All committees have access to independent expert advice. Appointments to Board committees are for three-year terms extendable by no more than two additional three-year terms.

The Nomination Committee assists the Board in discharging its responsibilities relating to the composition of the Board. The Nomination Committee is responsible for evaluating the balance of skills, knowledge and experience on the Board, the size, structure and composition of the Board, retirements and appointments of additional and replacement directors and will make appropriate recommendations to the Board on such matters. The majority of members of the committee are independent non-executive directors and the Committee is chaired by the Board Chairman. The chairman of the committee is Charles Scott. Other members comprise Mr. Allvey and Mr. Edmonds and Mr. Highfield. William Hill therefore considers that it complies with the Combined Code recommendations regarding the composition of the Nomination Committee.

The Remuneration Committee assists the Board in determining its responsibilities in relation to remuneration, including making recommendations to the Board on William Hill's policy and framework on executive remuneration and the remuneration of the Chairman, determining the individual remuneration and benefits package of each of the executive directors and recommending and monitoring the remuneration of senior management below Board level. The Combined Code provides that the Remuneration Committee should comprise at least three members, all of whom are independent non-executive directors. The membership of William Hill's Remuneration Committee comprises four members, all of whom are independent Non-executive Directors, namely Mr. Allvey, Mr. Edmonds, Mr. Scott and Mr. Highfield. The chairman of the Remuneration Committee is Mr. Edmonds. In determining the directors' remuneration, the Remuneration Committee appointed Towers Perrin to provide advice on structuring remuneration packages for the executive directors and senior management. Towers Perrin did not provide any other services to the Group. William Hill therefore considers that it complies with the Combined Code recommendations regarding the composition of the Remuneration Committee.

The Audit and Risk Management Committee assists the Board in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing William Hill's annual financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of William Hill's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half yearly reports remains with the Board. The membership of William Hill's Audit and Risk Management Committee comprises three members, all of whom are independent Non-executive Directors, namely Mr. Allvey, Mr. Edmonds and Mr. Highfield. Mr. Allvey is chairman of the Audit and Risk Management Committee. William Hill therefore considers that it complies with the Combined Code recommendation regarding the composition of the Audit and Risk Management Committee.

The Corporate Responsibility and Regulatory Issues Committee (the "**CR Committee**") assists the Board in ensuring compliance with existing laws, regulations and codes of conduct relating to responsible gambling, underage gambling and protection of the vulnerable, prevention of crime and disorder related to gambling, and product integrity issues, the ongoing training, development and motivation of employees to retain the widest possible range of talented staff, provision of a safe and healthy workplace in accordance with relevant legislation and providing a competition beating level of customer service. The CR Committee reports regularly to the Board. The CR Committee is assisted by the Regulatory Issues Working Group and the Health and Safety and Charities Committees. The chairman of the CR Committee is Mr. Edmonds. The membership of William Hill's CR Committee comprises Messrs Scott, Highfield and Topping along with the General Counsel and Company Secretary.

## **Recent Developments**

Trading and business developments for the first half of 2009 are set out in the Group's Interim Results Announcement which is incorporated by reference into this Prospectus. Trading and developments since the Interim Results Announcement are set out in the Group's Interim Management Statement released on 19 October 2009 which is also incorporated by reference into this Prospectus.

## DESCRIPTION OF WILLIAM HILL ORGANIZATION LIMITED

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### Overview

William Hill Organization Limited (“**WHO**” or the “**Guarantor**”) was established and incorporated as a private limited company in England on 26 July 1933, under the Companies Act 1929, with company registration number 00278208. The registered office of WHO is at Greenside House, 50 Station Road, Wood Green, London N22 7TP, United Kingdom, telephone number +44 20 8918 3600.

### Business Activities

WHO’s primary business activities are to deliver the Issuer’s products through its Retail channel, and to act as the holding company for William Hill’s online and telephone businesses. For a full description of these activities, please see “*William Hill PLC – Business Overview*” starting on page 33 of this Prospectus.

### Organisational Structure

WHO is a wholly-owned subsidiary of the Issuer. Please see “*William Hill PLC – the Group*” on page 31 of this Prospectus for a description of the Group.

### Administration and Management

The directors of WHO and their principal outside activities are as follows:

<i>Name</i>	<i>Position held</i>	<i>Principal outside activities</i>
A David Steele	Director	Director, Satellite Information Services (Holdings) Limited Director, Association of British Bookmakers Limited
Simon Paul Lane	Director	None
Thomas Murphy	Director	Alternate Director, Satellite Information Services (Holdings) Limited Alternate Director, Bookmakers Afternoon Greyhound Service Limited

The business address of the directors is Greenside House, 50 Station Road, Wood Green, London N22 7TP, United Kingdom. Save for the directorships of SIS held by Mr. Steele and Mr. Murphy, none of the Directors has any potential conflicts of interests between their duties to William Hill and their private interests or other duties to third parties. SIS is a supplier to the Group, but both WHO and SIS have procedures in place to ensure that no actual conflict of interest arises as a result of Mr. Steele’s and Mr. Murphy’s position.

### Material Contracts

For a full description of WHO’s Material Contracts, please see “*William Hill – Material Contracts*” starting on page 44 of this Prospectus.

## INDUSTRY OVERVIEW

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Historically in the UK, bets on horse and greyhound racing could only be placed at the race track, by post or by telephone. The off-course betting market was established in 1961 when the UK Government legalised off-course betting shops. The number of LBOs grew rapidly, reaching a peak in the 1970s when there were approximately 16,000. Since then, the sector has experienced consolidation and a reduction in the number of LBOs.

Traditionally, the core betting products in LBOs were UK horse racing, greyhound racing and multiple event accumulator bets. An increased level of customer spending on betting and gaming along with the attraction of new customers into the LBOs has been attributed in part to an increased variety of products, the introduction of what are now categorised as gaming machines, the growth of betting on other sporting events, particularly football, and changing social attitudes to gambling.

Online gambling has grown rapidly since it was established in the late 1990s and is widely expected to continue to be the principal driver of growth for the global gambling industry. The level of growth in the market has created competition as an increasing number of operators compete for market share. Growth of online gaming was originally led by customers resident in the United States using non-United States operators. However, in October 2006 the United States Government passed the Unlawful Internet Gambling Enforcement Act, which prohibits the transfer of funds from a financial institution to an internet gambling site. The introduction of this law resulted in many non-United States companies withdrawing from the online gambling market for United States residents. William Hill does not accept wagers from United States residents. The European online betting and gaming market is the principal focus of William Hill Online. Increased broadband penetration and changing social attitudes towards gambling are widely expected to drive growth in the European online gambling market.

### Industry Issues

#### Cost of content

##### *Horse racing levy*

The British betting industry supports the British horse racing industry via the horse racing levy, a subsidy now based on the gross win earned from British horse race betting. This levy arrangement has been established on a statutory basis since off-course betting was legalised in 1961. The horse racing levy is an annual scheme with representatives of all bookmakers (comprising the Bookmakers Committee) responsible to the Horserace Betting Levy Board for recommending the basis of each year's scheme. When the Horserace Betting Levy Board and the Bookmakers Committee cannot agree a basis the Secretary of State for Culture, Media and Sport (the "DCMS") determines the outcome. This last occurred in 2008 for the 2008/09 scheme, but agreement has been reached for the 2009/10 scheme whereby the horse racing levy will remain at 10 per cent. of gross win earned on bets placed on British horse racing.

##### *Greyhound levy*

The Group also pays the greyhound racing levy, a voluntary levy currently at 0.4 per cent. of the Group's off-course UK turnover relating to greyhound racing, for the purpose of supporting greyhound racing in the UK.

##### *Other sports*

The Group does not make material payments for the rights to bet on other sports. The DCMS has in the past raised the issue of bookmakers making contributions to support sport in the UK. To date there have been no concrete developments affecting the Group from this suggestion.

#### Distribution of television pictures, audio and data

Television pictures from the 59 UK horse racing tracks is broadcast into the Group's LBOs. Previously the right to broadcast pictures from all tracks was held directly or indirectly through Satellite Information Services Limited ("SIS") and all bookmakers receiving pictures, including William Hill, paid for this service. From the beginning of 2008, a joint venture trading as Turf TV between certain racecourses and Alphameric plc acquired the television coverage rights from 31 of the 59 tracks. In January 2008 the Group entered into a five-year contract with Turf TV for the provision of live pictures of races at those courses for which Turf TV holds the television picture, audio and data rights.

WHO, along with a number of other large UK retail bookmakers, instituted proceedings against Turf TV alleging that it acquired its television coverage rights in an uncompetitive manner as a result of the collective sale of exclusive picture rights in a closed auction, i.e. other parties were not allowed to bid for the rights. In turn WHO and certain other bookmakers have been counter-sued by Turf TV, which alleges that the former have acted in an uncompetitive manner and in collusion. At first instance, WHO and the other claimants lost their claim, and the appeal decision, which was announced in July 2009 also went against WHO and the other claimants. WHO and the other claimants have sought leave to appeal to the Supreme Court of the United Kingdom. In the event that the claimants are successful, the cost of television pictures is expected to be reduced.

### **Problem gambling**

The issue of problem gambling is an important one for the industry and the UK Government expects the gambling industry to act in a socially responsible way and to contribute to funding for support for those with gambling problems. The Group encourages a socially responsible attitude within the gambling industry and within the organisation and has been a contributor to what was known as the Responsibility in Gambling Trust, since changed to the Gambling Research Education and Treatment (GREAT) foundation, a charity set up by the industry to fund work on these issues. William Hill has always paid the contribution which it undertook to fund. In addition, William Hill has constituted a Corporate Responsibility and Regulated Issues Committee to assist the Board of Directors of the Issuer in its approach to, amongst other things, problem gambling issues. William Hill works closely with its regulators in the UK and overseas to ensure that high industry standards are adhered to by the Group. William Hill also maintains a regular dialogue with Gamcare, a centre for information, advice and practical help for anyone with gambling problems. Further, the Group recognises the role of both the DCMS and the Gambling Commission in seeking ways of minimising the impact of gambling on young and/or vulnerable people and will continue to work with them.

The Gambling Prevalence Study was published in 2007 by the Gambling Commission. It showed no increase in overall levels of problem gambling since the last study was undertaken in 1999. A further survey has been commissioned for 2010 and thereafter at three year intervals. In February 2008, the DCMS tasked the Gambling Commission with exploring the relationship between high stake, high prize gaming machines and problem gambling. The Gambling Commission published its report to the Minister for Sport in high-stakes, high-prize gaming machines in July 2009, see "*William Hill Plc- Regulation- LBO and Telephone Betting- Gaming machines*" above. These machines have been in LBOs for approximately seven years and have proved popular with customers. The Issuer believes that the vast majority of the Group's customers enjoy and play these gaming machines responsibly and that LBOs remain the most secure location for these gaming machines. The Group does not believe there is evidence that supports the proposition that any single product is responsible for an increase in problem gambling.

### **Taxation**

In addition to the usual business taxes, the gambling industry is also subject to specific taxes. In relation to gambling operators in the UK these are gross profit tax calculated at 15 per cent. of gross win and Amusement Machine Licence Duty ("**AML**D") levied at £2,215 per machine per annum. The Group's retail, telephone and online sports betting operations based in the UK are subject to these taxes. In July 2009 HM Treasury initiated a consultation on a gross profits tax system for gaming machines as a replacement for the current regime of value added tax and AMLD. The consultation will run until 23 October 2009 and HM Treasury has indicated that it will publish the results of the consultation shortly thereafter.

The majority of the Group's online gaming operations are located offshore and are subject to the lower taxes in the jurisdictions in which they are established, namely, Gibraltar and Malta.

## DESCRIPTION OF OTHER INDEBTEDNESS

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*The following is a summary of the principal terms of the other indebtedness of the Group. This summary is not a complete description of all of the terms of the agreements described below.*

### **Bank Facilities**

#### **Existing Bank Facilities**

- (i) £1.2 billion term and revolving facilities pursuant to a facilities agreement dated 2 March 2005 (as amended) between the Issuer and certain lenders pursuant to which the lenders made available a £600 million term facility and a £600 million revolving facility. The facilities were used to finance in part the acquisition of Stanley Leisure plc's LBOs. The facilities have been cancelled down to £700 million (by a reduction in the revolving facility commitments of £250m and repayment of £250m of the term loan from the proceeds of an equity rights issue completed in April 2009). Both facilities are repayable in March 2010. The agreement contains representations, information and financial covenants, undertakings and events of default that are customary for debt facilities involving a publicly listed company. The rate of interest on the facilities for each interest period is the aggregate of (i) the applicable margin, (ii) LIBOR and (iii) mandatory costs, if any. The maximum margin is 0.75 per cent. per annum and adjustments are made to the margin depending on the ratio of Consolidated Net Debt to Consolidated EBITDA (as defined in the agreement), however please note paragraph (ii) below. The obligations of the Issuer have been guaranteed by William Hill Organization Limited.
- (ii) As an incentive for the lenders to enter into the New Bank Facilities, the Issuer has agreed to pay to those lenders under the £1.2 billion Existing Bank Facility that are party to the £538.5 million forward start New Bank Facility a top up margin such that the maximum combined margin payable on the £1.2 billion Existing Bank Facility is 3.00 per cent. per annum (the amount continues to adjust depending on the ratio of Consolidated Net Debt to Consolidated EBITDA) however the maximum top up margin for (approximately) the next six months is fixed at 2.475 per cent. per annum in addition to the applicable margin under the £1.2 billion Existing Bank Facility.
- (iii) £250 million term facility pursuant to a facility agreement dated 31 July 2006 between the Issuer and certain lenders pursuant to which the lenders made available a £250 million term facility (which is currently fully drawn). The facility was used for the general corporate purposes of the Group. The facility is repayable in July 2011. The agreement contains representations, information and financial covenants, undertakings and events of default that are customary for debt facilities involving a publicly listed company. The rate of interest on the facility for each interest period is the aggregate of (i) the margin (being 0.90 per cent. per annum), (ii) LIBOR and (iii) mandatory costs, if any, however please note paragraph (iv) below. The obligations of the Issuer have been guaranteed by William Hill Organization Limited.
- (iv) As an incentive for the lenders to enter into the New Bank Facilities, the Issuer has agreed to pay to those lenders under the £250 million Existing Bank Facility that are party to the £538.5 million forward start New Bank Facility a top up margin such that the maximum combined margin payable on the £250 million Existing Bank Facility is 3.00 per cent. per annum (the amount now adjusts depending on the ratio of consolidated net debt to consolidated EBITDA) however the top up margin for (approximately) the next six months is fixed at 2.10 per cent. per annum in addition to the margin under the £250 million Existing Bank Facility.

#### **New Bank Facilities**

- (i) £538.5 million term and revolving forward start facilities pursuant to a facilities agreement dated 27 February 2009 between the Issuer and certain lenders pursuant to which the lenders made available a £359,000,000 million term facility and a £179,500,000 million revolving facility which are to be made available 45 days prior to the final maturity date of the £1.2 billion Existing Bank Facility. The facilities are to be used firstly to refinance the £1.2 billion Existing Bank Facility and thereafter for the Group's general corporate purposes. Both facilities are repayable in March 2012. The agreement contains representations, information and financial covenants, undertakings and events of default that are customary for debt facilities involving a publicly listed company entered into in 2009. The rate of interest on the facilities for each interest period is the aggregate of (i) the applicable margin, (ii) LIBOR and (iii)

mandatory costs, if any. The maximum margin is 3.00 per cent. per annum and adjustments are made to the margin depending on the ratio of Consolidated Net Debt to Consolidated EBITDA (as defined in the agreement). From the availability date, commitment fees at a rate per annum equal to 50 per cent. of the applicable margin are payable to the agent for the account of each lender. In addition, an arrangement fee of 1.5 per cent. was paid to the lending banks, structuring and other fees of £2.25 million were also paid to the lead arrangers together with professional advisory and other costs. The obligations of the Issuer have been guaranteed by William Hill Organization Limited.

- (ii) £50 million incremental term facility pursuant to a facility agreement dated 27 February 2009 between the Issuer and certain lenders pursuant to which the lenders made available a £50 million term facility which is to be made available 45 days prior to the final maturity date of the £1.2 billion Existing Bank Facility. The facility is to be used firstly to refinance the £1.2 billion Existing Bank Facility and thereafter for the Group's general corporate purposes. The facility is repayable in February 2011. The agreement contains representations, information and financial covenants, undertakings and events of default that are customary for debt facilities involving a publicly listed company entered into in 2009. The rate of interest on the facility for each interest period is the aggregate of (i) the applicable margin, (ii) LIBOR and (iii) mandatory costs, if any. The margin is 4.50 per cent. per annum to June 2010 and increases to 5.25 per cent. per annum from July 2010 to September 2010 and increases further to 6.00 per cent. per annum from October 2010 to February 2011. From the availability date, a commitment fee computed at a rate per annum equal to 150 basis points is applicable to undrawn amounts. In addition, a structuring fee of £500,000 and arrangement fees of 0.75 per cent. of the total commitment have been paid to the lenders, together with professional advisory and other costs. The obligations of the Issuer have been guaranteed by William Hill Organization Limited.
- (iii) Under the New Bank Facilities, the Issuer provides a number of significant covenants including:
  - (A) that it shall not declare a dividend if the Consolidated Net Debt to Consolidated EBITDA ratio is greater than 3.25:1 in subsequent financial years;
  - (B) the net proceeds of any capital markets issuance will reduce the commitments under the £50m incremental facility in the New Bank Facilities;
  - (C) any acquisition that would be a Class 1 Transaction (as defined in the Listing Rules) requires the majority lender's prior written consent; and
  - (D) if the Consolidated Net Debt to Consolidated EBITDA exceeds 3.25:1, further restrictions on acquisitions apply, namely the consideration payable for acquisitions in any financial year must not exceed £30m from external financial indebtedness and the acquisition must be EBITDA positive in the latest audited accounts of the target.

## TERMS AND CONDITIONS OF THE NOTES

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The following is the text of the Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):

The £300,000,000 7.125 per cent. Guaranteed Notes due 2016 (the “**Notes**”, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 17 and forming a single series with the Notes) of William Hill PLC (the “**Issuer**”) are constituted by a Trust Deed dated 12 November 2009 (the “**Trust Deed**”) made between the Issuer, William Hill Organization Limited (the “**Guarantor**” and the expression “Guarantor” shall include any Subsidiary of the Issuer which becomes a Guarantor pursuant to Condition 3.4, together, the “**Guarantors**”, but shall not include any Subsidiary of the Issuer which has ceased to be a Guarantor pursuant to Condition 3.3) as guarantor and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include its successor(s)) as trustee for the holders of the Notes (the “**Noteholders**”) and the holders of the interest coupons appertaining to the Notes (the “**Couponholders**” and the “**Coupons**” respectively).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 12 November 2009 (the “**Agency Agreement**”) made between the Issuer, the Guarantor, Citibank, N.A., London Branch as principal paying agent (the “**Principal Paying Agent**”, which expression shall include any successor principal paying agent), the other paying agent named therein (together with the Principal Paying Agent, the “**Paying Agents**”, which expression shall include any additional or successor paying agents) and the Trustee are available for inspection during normal business hours by the Noteholders and the Couponholders at the registered office for the time being of the Trustee, being at the date of issue of the Notes at Fifth Floor, 100 Wood Street, London EC2V 7EX and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

### 1. FORM, DENOMINATION AND TITLE

#### 1.1 Form and Denomination

The Notes are in bearer form, serially numbered, in the denominations of £50,000 and integral multiples of £1,000 in excess thereof up to and including £99,000, each with Coupons attached on issue. Notes of one denomination may not be exchanged for Notes of any other denomination.

#### 1.2 Title

Title to the Notes and to the Coupons will pass by delivery.

#### 1.3 Holder Absolute Owner

The Issuer, each Guarantor, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

### 2. STATUS OF THE NOTES

The Notes and the Coupons are direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as provided above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

### **3. NOTES GUARANTEE**

#### **3.1 Notes Guarantee**

The payment of the principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been jointly and severally unconditionally and irrevocably (subject to the provisions of Condition 3.3) guaranteed by each of the Guarantors (the “**Notes Guarantee**”) in the Trust Deed. As of the Issue Date, the only Guarantor is William Hill Organization Limited.

#### **3.2 Status of the Notes Guarantee**

The obligations of each Guarantor under the Notes Guarantee constitute direct, unconditional and (subject to the provisions of Condition 4) unsecured obligations of such Guarantor and (subject as provided above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of such Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors’ rights.

#### **3.3 Release of a Guarantor**

The Issuer may by written notice to the Trustee signed by two Directors of the Issuer request that a Guarantor cease to be a Guarantor if such Guarantor is no longer providing a Guarantee in respect of any Debt of the Issuer. Upon the Trustee’s receipt of such notice, such Guarantor shall automatically and irrevocably be released and relieved of any obligation under the Notes Guarantee. Such notice must also contain the following certifications:

- (i) no Event of Default is continuing or will result from the release of that Guarantor;
- (ii) no part of the Debt in respect of which that Guarantor is or was providing a Guarantee is at that time due and payable but unpaid; and
- (iii) such Guarantor is not (or will cease to be simultaneously with such release) providing a Guarantee in respect of any other Debt of the Issuer.

If a Guarantor provides a Guarantee in respect of any other Debt of the Issuer at any time subsequent to the date on which it is released from the Notes Guarantee as described above, such Guarantor will be required to provide a guarantee as described in Condition 3.4.

#### **3.4 Additional Guarantors**

If at any time after the Issue Date, any Subsidiary of the Issuer provides or at the time it becomes a Subsidiary is providing a Guarantee in respect of any Debt of the Issuer, the Issuer covenants that it shall procure that such Subsidiary shall at or prior to the date of the giving of such Guarantee or at the time it so becomes a Subsidiary and is providing such a Guarantee execute and deliver a supplemental trust deed to the Trustee, such supplemental trust deed to be in a form and with substance reasonably satisfactory to the Trustee, and accompanied by such opinion(s) as the Trustee shall require pursuant to which such Subsidiary shall guarantee the obligations of the Issuer in respect of the Notes, the Coupons and the Trust Deed on terms *mutatis mutandis* as the Notes Guarantee including, but not limited to, such guarantee being joint and several. Each other Guarantor has in the Trust Deed confirmed that it has consented to any such entity becoming a Guarantor as aforesaid without any need for it to execute any supplemental trust deed.

#### **3.5 Notice of change of Guarantors**

Notice of any release of a Guarantor or addition of a Guarantor pursuant to this Condition will be given to the Noteholders in accordance with Condition 13.

### **4. NEGATIVE PLEDGE**

So long as any of the Notes remains outstanding (as defined in the Trust Deed), each of the Issuer and each Guarantor shall not, and the Issuer shall procure that no other Subsidiary of it shall create, assume

or permit to subsist, as security for any Debt, any Security other than any Permitted Security upon the whole or any part of its present or future revenues or assets unless, in any such case, the Issuer and/or the relevant Guarantor and/or the other Subsidiary, as the case may be, shall simultaneously with, or prior to, the creation or assumption of such Security and, in any other case, promptly, take any and all action necessary to procure that all amounts payable in respect of the Notes by the Issuer and by the Guarantors in respect of the Notes Guarantee, are secured equally and rateably with the Debt secured by such Security to the satisfaction of the Trustee or that such other Security is provided or such other arrangement (whether or not including the giving of Security) is made as the Trustee shall, in its absolute discretion, deem not materially less beneficial to the interests of the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

## **5. INTEREST**

### **5.1 Interest Rate and Interest Payment Dates**

The Notes bear interest on their principal amount from and including the Issue Date at the rate of 7.125 per cent. per annum, payable semi-annually in arrear on 11 May and 11 November in each year (each an “**Interest Payment Date**”). The first payment (for the period from and including 12 November 2009 to but excluding 11 May 2010 and amounting to £35.43 per £1,000 principal amount of Notes) shall be made on 11 May 2010. Each payment thereafter (for each full half-year from and including 11 May 2010 to but excluding 11 November 2016 and amounting to £35.63 per £1,000 principal amount of Notes) shall be made on the relevant Interest Payment Date.

### **5.2 Interest Accrual**

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

### **5.3 Calculation of Broken Interest**

Except in the case of the period from and including 12 November 2009 to but excluding 11 May 2010 (in relation to which, Condition 5.1 applies), when interest is required to be calculated in respect of a period of less than a full half-year, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue (the “**Accrual Date**”) to but excluding the date on which it falls due divided by (b) the actual number of days from and including the Accrual Date to but excluding the next following Interest Payment Date multiplied by two.

## **6. PAYMENTS**

### **6.1 Payments in respect of Notes**

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

### **6.2 Method of Payment**

Payments will be made by credit or transfer to an account in pounds sterling maintained by the payee with or, at the option of the payee, by a cheque in pounds sterling drawn on, a bank in London.

### **6.3 Missing Unmatured Coupons**

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part

payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 9) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

#### **6.4 Payments subject to Applicable Laws**

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 8.

#### **6.5 Payment only on a Presentation Date**

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 5, be entitled to any further interest or other payment if a Presentation Date is after the due date.

#### **6.6 Initial Paying Agents**

The names of the initial Paying Agents and their initial specified offices are set out at the end of these Conditions. The Issuer and the Guarantors reserve the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which so long as the Notes are admitted to official listing on the London Stock Exchange shall be London or such other place as the UK Listing Authority may approve;
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; and
- (d) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer or any Guarantor is incorporated.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 13.

### **7. REDEMPTION AND PURCHASE**

#### **7.1 Redemption at Maturity**

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 11 November 2016.

#### **7.2 Redemption for Taxation Reasons**

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) on the next Interest Payment Date either (i) the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 or (ii) the Issuer is unable to make payment itself and all of the Guarantors in making payment themselves would be required to pay such additional amounts, in each case as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction, or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after (i) in the case of the Issuer or the Subsidiary of the Issuer which is the Guarantor as at the Issue Date, 10 November 2009 or (ii) in the case of any Subsidiary of the Issuer which becomes a Guarantor after the Issue Date, the first day after such Subsidiary becomes a Guarantor pursuant to Condition 3.4; and

- (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantors taking reasonable measures available to it or them, as the case may be,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantors would be required to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer or, as the case may be, the Guarantor(s) taking reasonable measures available to it or them, as the case may be, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

### 7.3 Redemption at the Option of the Holders upon a Put Event

If a Put Event occurs, unless notice of redemption of all of the Notes has previously been given pursuant to Condition 7.2 or 7.4, each Noteholder shall have the option to require the Issuer to redeem or (at the option of the Issuer) purchase the Notes of such holder at a cash purchase price equal to 101 per cent. of the principal amount thereof together with interest accrued to but excluding the date of redemption or purchase, as the case may be. Such option shall operate as set out below.

As soon as practicable after the occurrence of a Put Event and in any case not later than 30 days thereafter, the Issuer shall, and at any time upon the Trustee becoming aware that a Put Event has occurred the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give a notice (the "**Change of Control Notice**") to the Trustee (in the case of a notice from the Issuer) and the Noteholders in accordance with Condition 13 stating:

- (a) that a Put Event has occurred, that each Noteholder is entitled to require the Issuer to redeem or purchase the Notes of such holder pursuant to this Condition 7.3;
- (b) the circumstances and relevant facts regarding such Put Event;
- (c) the redemption or purchase price and the redemption or purchase date (which shall be the date falling seven days after the expiry of the Put Period (the "**Put Date**")); and
- (d) the procedures for exercising the option in this Condition 7.3.

To exercise the option to require the redemption or purchase of a Note under this Condition 7.3, the holder of the Note must deliver such Note at the specified office of a Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the "**Put Period**") of 45 days after the Change of Control Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of each Paying Agent (a "**Change of Control Put Notice**"). The Note should be delivered together with all Coupons appertaining thereto maturing after the Put Date, failing which the relevant Paying Agent will require payment of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed in the manner provided in Condition 6.3. The relevant Paying Agent will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Change of Control Put Notice to which payment is to be made on the Put Date by transfer to that bank account and, in every other case, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of a Paying Agent. A Change of Control Put Notice, once given shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition shall be treated as if they were Notes. The Issuer shall redeem or purchase the relevant Notes on the Put Date unless previously redeemed and cancelled or purchased.

The Trustee is under no obligation to ascertain whether a Put Event or any event which could lead to the occurrence of or could constitute a Put Event has occurred and, until it shall have actual knowledge or notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event or other such event has occurred.

A **Put Event** will occur if while any of the Notes remains outstanding:

- (i) a Change of Control occurs; and
- (ii) either (a) the Notes do not have an Investment Grade rating from at least two of the Rating Agencies at the time the Change of Control occurs or (b) the Notes do have an Investment Grade rating from at least two of the Rating Agencies (and if there are more than two such ratings, the Issuer shall be entitled to determine which two Rating Agencies shall be relevant for the purposes of this provision) at the time the Change of Control occurs but at any time during the Change of Control Period either such Rating Agency rates the Notes as non-Investment Grade and such rating is not within the Change of Control Period restored to an Investment Grade rating by such Rating Agency or replaced by an Investment Grade rating of another Rating Agency, or any such Rating Agency withdraws its rating of the Notes and the rating of such Rating Agency is not within the Change of Control Period replaced by an Investment Grade rating of another Rating Agency; and in each case such Rating Agency announces or publicly confirms or informs the Trustee in writing that such non-Investment Grade rating or withdrawal of rating was the result, in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control (whether or not the Change of Control shall have occurred at the time such rating is given or rating is withdrawn).

#### **7.4 Redemption at the Option of the Issuer**

The Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 13; and
- (b) notice to the Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in (a), (which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all of the Notes or, subject as provided in Condition 7.5 below, from time to time some only at any time at such amount as is equal to the greater of the following together with interest accrued to but excluding the date of redemption:
  - (i) the principal amount outstanding of the Notes; and
  - (ii) the price, expressed as a percentage (as reported in writing to the Issuer and the Trustee by a financial adviser approved by the Trustee), at which the Gross Redemption Yield on the Notes (if the Notes were to remain outstanding to their original maturity) on the Calculation Date is equal to (x) the Gross Redemption Yield at 3.00 p.m. (London time) on that date of the 4.00 per cent. Treasury Stock due September 2016 (or, where such financial adviser advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, such stock is not appropriate for such purpose, such other government stock as such financial adviser may recommend) plus (y) 0.50 per cent.

For such purposes, "**Calculation Date**" means the date which is the second business day in London prior to the date of redemption and "**Gross Redemption Yield**" means a yield calculated on the basis set out by the United Kingdom Debt Management Office in the paper "Formulae for Calculating Gilt Prices from Yields" page 5, Section One: Price/Yield Formulae "Conventional Gilts; Double-dated and Undated Gilts and Assumed (or Actual) Redemption on a Quasi-Coupon Date" (published 8 June 1998 and subsequently updated on 15 January 2002 and 16 March 2005). For the purposes of the above calculation, "**business day in London**" means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London.

## **7.5 Provisions relating to Partial Redemption**

In the case of a partial redemption of Notes, Notes to be redeemed will be selected, in such place as the Trustee may approve and in such manner as the Trustee may deem appropriate and fair, not more than 30 days before the date fixed for redemption. Notice of any such selection will be given not less than 15 days before the date fixed for redemption. Each notice will specify the date fixed for redemption and the aggregate principal amount of the Notes to be redeemed, the serial numbers of the Notes called for redemption, the serial numbers of Notes previously called for redemption and not presented for payment and the aggregate principal amount of the Notes which will be outstanding after the partial redemption.

## **7.6 Purchases**

The Issuer, any Guarantor or any of the Issuer's other Subsidiaries may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price. Such Notes may be held, reissued, resold or, at the option of the Issuer, surrendered to the Principal Paying Agent for cancellation.

## **7.7 Cancellations**

All Notes which are purchased pursuant to Condition 7.3 or redeemed will forthwith be cancelled, together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes. Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 7.6 above (together with all unmatured Coupons cancelled therewith) shall be forwarded to the Principal Paying Agent for cancellation. Notes which have been cancelled cannot be reissued or resold.

## **7.8 Notices Final**

Upon the expiry of any notice as is referred to in Condition 7.2, 7.3 or 7.4 above the Issuer shall be bound to redeem (or, as the case may be, purchase) the Notes to which the notice refers in accordance with the terms of such paragraph (in the case of Condition 7.3 or 7.4 above, save as otherwise provided therein).

# **8. TAXATION**

## **8.1 Payment without Withholding**

All payments in respect of the Notes by or on behalf of the Issuer or a Guarantor shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (“**Taxes**”) imposed or levied by or on behalf of any of the Relevant Jurisdictions, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the relevant Guarantor will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (b) presented for payment in the United Kingdom; or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (e) presented for payment more than 30 days after the Relevant Date except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on

the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date.

## **8.2 Additional Amounts**

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

## **9. PRESCRIPTION**

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Conditions 6.3 and 7.3.

## **10. EVENTS OF DEFAULT**

### **10.1 Events of Default**

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), (but, in the case of the happening of any of the events described in subparagraphs (b) to (d) (other than the winding up or dissolution of the Issuer or a Guarantor), and (e) to (g) inclusive below, only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders) give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events ("**Events of Default**"):

- (a) if default is made in the payment of any (i) principal or (ii) premium or purchase moneys due under Condition 7.3 in respect of any of the Notes for a period of 7 days or more or if default is made in the payment of any interest due in respect of any of the Notes for a period of 14 days or more; or
- (b) if the Issuer or a Guarantor fails to perform or observe any of its obligations under these Conditions or the Trust Deed (other than any obligation for either the payment of any (i) principal or (ii) premium or purchase moneys due under Condition 7.3 or (iii) interest or as provided in (j) below) and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if (i) any Indebtedness for Borrowed Money of the Issuer, a Guarantor or any Principal Subsidiary becomes due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer, a Guarantor or any Principal Subsidiary fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any originally applicable grace period; (iii) any security given by the Issuer, a Guarantor or any Principal Subsidiary for any Indebtedness for Borrowed Money becomes enforceable and steps are taken to enforce the same; or (iv) default is made by the Issuer, a Guarantor or any Principal Subsidiary in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other Person; provided that no event described in this subparagraph (c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above which have occurred and are continuing, amounts to at least £25,000,000 (or its equivalent in any other currency); or
- (d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, a Guarantor or any Principal Subsidiary, save for (i) the purposes of a reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of

the Noteholders or (ii) in the case of a Principal Subsidiary, a voluntary solvent winding up in connection with the transfer of all or substantially all of its business, undertaking and assets to the Issuer, a Guarantor or any other Subsidiary of the Issuer which thereby becomes a Principal Subsidiary; or

- (e) if any of the Issuer, a Guarantor or any Principal Subsidiary ceases or threatens to cease to carry on the whole or substantially the whole of its business, save for (i) the purposes of a reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, (ii) in the case of a Principal Subsidiary, in connection with the transfer of all or substantially all of its business, undertaking and assets to the Issuer, a Guarantor or any other Subsidiary of the Issuer which thereby becomes a Principal Subsidiary) or (iii) the purposes of a Permitted Disposal; or the Issuer, a Guarantor or any Principal Subsidiary stops or threatens to stop payment of, or is unable to, or admits inability to, pay, its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts (within the meaning of section 123(1)(e) or (2) of the Insolvency Act 1986) pursuant to or for the purposes of any applicable law, or is adjudicated or found bankrupt or insolvent; or
- (f) if (i) proceedings are initiated against the Issuer, a Guarantor or any Principal Subsidiary under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of a liquidator, administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, a Guarantor or any Principal Subsidiary or, as the case may be, in relation to the whole or any substantial part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any substantial part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any substantial part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator or an administrative receiver appointed following presentation of a petition for an administration order) unless initiated by the relevant company, is not discharged within 21 days, save in any such case for the purpose of a reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or, in the case of a Principal Subsidiary, in connection with the transfer of all or substantially all of its business, undertaking and assets to the Issuer, a Guarantor or any other Subsidiary of the Issuer which thereby becomes a Principal Subsidiary; or
- (g) if the Issuer, a Guarantor or any Principal Subsidiary (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium), save in any such case for the purpose of a reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders or, in the case of a Principal Subsidiary, in connection with the transfer of all or substantially all of its business, undertaking and assets to the Issuer, a Guarantor or any other Subsidiary of the Issuer which thereby becomes a Principal Subsidiary; or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (h) if the Notes Guarantee ceases to be, or is claimed by the Issuer or a Guarantor not to be, in full force and effect in relation to any Guarantor (except in accordance with Condition 3.3); or
- (i) if a Guarantor ceases to be a Subsidiary wholly-owned and controlled, directly or indirectly, by the Issuer; or
- (j) if the Issuer or a Guarantor fails to perform or observe any of its obligations under Condition 4 and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or

- (k) if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs (d) to (g).

## **10.2 Reports**

A report by two Directors of the Issuer addressed to the Trustee that in their opinion a Subsidiary of the Issuer is or is not or was or was not at any particular time or throughout any specified period a Principal Subsidiary may be relied upon by the Trustee without further enquiry or evidence and, if relied upon by the Trustee, shall, in the absence of manifest error, be conclusive and binding on all parties.

## **11. ENFORCEMENT**

### **11.1 Enforcement by the Trustee**

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or any one or more of the Guarantors as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or prefunded to its satisfaction.

### **11.2 Enforcement by the Noteholders**

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or any Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

## **12. REPLACEMENT OF NOTES AND COUPONS**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

## **13. NOTICES**

### **13.1 Notices to the Noteholders**

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general circulation in Europe as the Trustee may approve. It is expected that publication will normally be made in the Financial Times. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

### **13.2 Notices from the Noteholders**

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

## **14. SUBSTITUTION**

The Trustee may agree, subject to the conditions set out in the immediately following sentence, but without the consent of the Noteholders or the Couponholders, to the substitution of the Holding Company or of a Subsidiary of the Issuer or of a Successor in Business (as defined in the Trust Deed) in place of the Issuer as principal debtor under the Notes and the Coupons and under the Trust Deed. Such agreement may only be granted if, *inter alia*, the Trustee is satisfied that such substitution is not materially prejudicial to the interests of the Noteholders and the Couponholders.

## **15. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION**

### **15.1 Meetings of Noteholders**

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (as more fully described in the Trust Deed), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one third, of the principal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held by a majority consisting of not less than three-fourths of the persons voting at such meeting, (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding or (iii) consents given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holder(s) of not less than three-fourths in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

### **15.2 Modification, Waiver, Authorisation and Determination**

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven.

### **15.3 Trustee to have Regard to Interests of Noteholders as a Class**

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, any Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in

Condition 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

#### **15.4 Notification to the Noteholders**

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 13.

### **16. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND/OR A GUARANTOR**

#### **16.1 Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

#### **16.2 Trustee Contracting with the Issuer and/or a Guarantor**

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any Guarantor and/or any of the Issuer's other Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any Guarantor and/or any of the Issuer's other Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

### **17. FURTHER ISSUES**

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

### **18. GOVERNING LAW**

The Trust Deed (including the Notes Guarantee), the Notes and the Coupons and any non-contractual obligations arising out of or in connection with any of them are governed by, and will be construed in accordance with, English law.

### **19. RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

### **20. DEFINITIONS**

For the purposes of these Conditions:

**“Business Day”** means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place;

**“Capital Stock”** of any Person means any and all shares, interests, participations or other equivalents of or interests (including partnership interests) in (however designated) equity of such Person, including any Preferred Stock, and all rights to purchase, warrants, options or other equivalents with respect to any of the foregoing, but excluding any debt securities convertible into or exchangeable for such equity;

**“Change of Control”** means:

- (i) any Person or any Persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer or any holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006 as amended) in (a) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (b) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer); or
- (ii) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Issuer and its Subsidiaries taken as a whole to any Person;

**“Change of Control Period”** means the period:

- (i) commencing on the date that is one Business Day in London before the date of the relevant Change of Control; and
- (ii) ending 90 days after the date of the Change of Control or such longer period for which the Notes are under consideration by a Rating Agency for rating or rating review (such consideration having been announced publicly within the period ending 90 days after the date of the Change of Control and such period not to exceed 60 days after the public announcement of such consideration);

**“Consolidated EBIT”** means, in respect of any period, the EBIT of all members of the Group for such period, calculated on a consolidated basis without double counting; provided that if, in respect of any period, such calculation results in zero or a negative number, Consolidated EBIT for such period shall be deemed to be £1;

**“Debt”** means, with respect to any Person on any date of determination (without duplication):

- (i) the principal of and premium (if any such premium is then due and owing) in respect of:
  - (a) Debt of such Person for money borrowed; and
  - (b) Debt evidenced by bonds, notes, debentures, loan stock or other similar instruments for the payment of which such Person is responsible or liable;
- (ii) all finance or capital leases of such Person;
- (iii) all the principal of all moneys owing in connection with the sale or discounting of receivables (otherwise than on a non-recourse basis);
- (iv) the principal of any Debt arising from any deferred payment agreements arranged primarily as a method of raising finance or financing the acquisition of an asset;
- (v) the principal of any Debt arising in connection with any other transaction (including any forward sale or purchase agreement) which has the commercial effect of a borrowing;
- (vi) all obligations of such Person in respect of bid, performance, advanced payment, completion, surety or appeal bonds or Guarantees or counter-indemnities of any of the foregoing, VAT guarantees or similar instruments and all obligations of such Person for the reimbursement of any

obligor on any letter of credit, banker's acceptance or similar credit transaction (including Guarantees or indemnities related thereto);

- (vii) the amount of all obligations of such Person with respect to the redemption, repayment or other repurchase of any Disqualified Stock of such Person (but excluding, in each case, any accrued dividends); and
- (viii) all obligations of the type referred to in subparagraphs (i) through (vii) of other Persons and all dividends of other Persons for, the payment of which, in either case, such Person is responsible or liable, directly or indirectly, as obligor, guarantor or otherwise, including by means of any Guarantee,

provided that "Debt" shall not include any netting, set-off or other cash pooling arrangement entered into by any member of the Group in the ordinary course of its banking arrangements;

**"Disqualified Stock"**, with respect to any Person, means any Capital Stock which by its terms (or by the terms of any security into which it is convertible or for which it is exchangeable at the option of the holder) or upon the happening of any event:

- (i) matures or is mandatorily redeemable pursuant to a sinking fund obligation or otherwise prior to the stated maturity of the Notes;
- (ii) is convertible or exchangeable at the option of the holder for Debt or Disqualified Stock; or
- (iii) is mandatorily redeemable or must be purchased, upon the occurrence of certain events or otherwise, in whole or in part, in each case on or prior to the first anniversary of the stated maturity of the Notes,

and any Preferred Stock of a Subsidiary of the Issuer, *provided, however*, that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require the Issuer or a Subsidiary of it to purchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the first anniversary of the stated maturity of the Notes shall not constitute Disqualified Stock if:

- (i) the "change of control" provisions applicable to such Capital Stock are not more favourable to the holders of such Capital Stock than the terms applicable to the Notes and described under Condition 7.3 ("Redemption at the Option of the Holders upon a Change of Control"); and
- (ii) and any such requirement only becomes operative after compliance with such terms applicable to the Notes, including the redemption or purchase of any Notes tendered pursuant thereto.

If Capital Stock is issued to any plan for the benefit of directors, officers or employees of the Issuer or any of its Subsidiaries or by any such plan to such directors, officers or employees, such Capital Stock shall not constitute Disqualified Stock solely because it may be required to be repurchased by the Issuer or any Subsidiary of it in order to satisfy applicable statutory or regulatory obligations;

**"EBIT"** means, in respect of a member of the Group, in respect of any period, the profit or loss of that member of the Group for such period:

- (i) before any deduction of tax;
- (ii) before interest or other finance income or expense;
- (iii) before any write off, charge or amortization of any fair value adjustments on acquisitions;
- (iv) excluding extraordinary or exceptional items;
- (v) after deducting (to the extent otherwise included) the amount of profit (or adding back the loss) of that member of the Group which is attributable to any third party (not being a member of the Group) which is a shareholder in that member of the Group;
- (vi) after deducting (to the extent otherwise included) any gain over book value arising in favour of that member of the Group on the disposal of any asset (not being any disposals made in the

ordinary course of trading) during such period and any gain arising on any revaluation of any asset during such period;

- (vii) after adding back (to the extent otherwise included) any loss against book value incurred by that member of the Group on the disposal of any asset (not being any disposals made in the ordinary course of trading) during such period and any loss arising on any revaluation of any asset during such period;
- (viii) without taking into account any non-cash and non-trading items included in the statement of total recognised income and expense;

“**Group**” means the Issuer and its Subsidiaries;

“**Guarantee**” means any obligation of any Person directly or indirectly guaranteeing any Debt of any other Person and any obligation, direct or indirect, of such Person:

- (i) to purchase or pay (or advance or supply funds for the purchase or payment of) such Debt of such other Person (whether arising by virtue of partnership arrangements, or by agreement to keep-well, to purchase assets, goods, securities or services, to take-or-pay or to maintain financial statement conditions or otherwise); or
- (ii) entered into for purposes of assuring in any other manner the obligee of such Debt of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part).

The term “**Guarantee**” used as verb has a corresponding meaning;

“**Holding Company**” means the Issuer or otherwise the ultimate holding company for the time being of the Issuer or, if at any relevant time there shall be no such Holding Company, then Holding Company shall mean the Issuer itself;

“**Indebtedness for Borrowed Money**” means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (i) moneys borrowed, (ii) any notes, bonds, debentures, debenture stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash or (iii) any liability under or in respect of any acceptance or acceptance credit;

“**Investment Grade**” means, with respect to a rating given by a Rating Agency, an investment grade credit rating (Baa3 or BBB-, as the case may be, or equivalent, or better) from such Rating Agency;

“**Issue Date**” means 12 November 2009;

“**Permitted Disposal**” means a *bona fide* disposal for full value on an arm’s length basis of the whole or substantially the whole of the business, undertaking and assets of the Issuer, a Guarantor or a Principal Subsidiary;

“**Permitted Security**” means:

- (i) any Security existing at the Issue Date;
- (ii) any Security on assets acquired by a member of the Group after the Issue Date provided that (a) any such Security is in existence prior to, and has not been created at the instigation of the Issuer and/or any Guarantor, as the case may be, in contemplation of, such acquisition and (b) the amount secured by such Security does not exceed, at any time, the amount secured thereby as at the date of acquisition (the “**Maximum Amount**”);
- (iii) any Security on assets of a company which becomes a member of the Group after the Issue Date provided that (a) any such Security is in existence prior to, and has not been created at the instigation of the Issuer and/or any Guarantor, as the case may be, in contemplation of, such company becoming a member of the Group and (b) the amount secured by such Security does not exceed, at any time, the amount secured thereby as at the date such company becomes a member of the Group (the “**Maximum Amount**”);

- (iv) any Security created after the Issue Date as additional security for the amount secured by any Security falling within (i), (ii) or (iii) above the agreement for which contains an obligation to create such additional security;
- (v) any Security created for the purpose of securing a counter-indemnity or any other obligations provided by any member of the Group in connection with the issuance of any performance bonds, advance payment bonds or documentary letters of credit arising in the ordinary course of its business;
- (vi) any Security created as security for any Debt incurred solely for the purpose of any extension of maturity, renewal or refinancing of any indebtedness secured by Security permitted by (i) to (v) above;
- (vii) any Security over cash paid into an escrow account pursuant to any purchase price retention arrangement for a period of less than 12 months as part of any acquisition by a member of the Group but at any time only to the extent that the aggregate amount of cash subject to all such arrangements at such time does not exceed £10,000,000;
- (viii) any Security created under finance leases entered into or maintained by any member of the Group, but at any time only to the extent that the aggregate amount of any such indebtedness which has the benefit of such Security does not exceed at any time £10,000,000 in respect of any IT equipment and £10,000,000 in respect of any other assets; and
- (ix) any Security permitted under (ii) and (iii) above to the extent that the Debt secured thereby exceeds the relevant Maximum Amount and any other Security created over any asset of any member of the Group (other than any Security permitted under (i) to (ix) above) provided that the maximum aggregate amount of the Debt secured by such Security (being, in the case of those permitted under (ii) and (iii) above, the excess over the relevant Maximum Amount) does not, on the date of creation of the latest such Security or, as the case may be, the assumption of any such additional Debt, exceed £75,000,000;

“**Person**” means, any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government or any agency or political subdivision thereof or any other entity;

“**Preferred Stock**”, as applied to the Capital Stock of any corporation, means Capital Stock of any series (however designated) which is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such corporation, over shares of Capital Stock of any other series of such corporation;

“**Principal Subsidiary**” means at any time a Subsidiary of the Issuer:

- (i) (A) whose contribution to Consolidated EBIT in one or more of the three most recent financial years (subject to the proviso in this subparagraph (i)) in respect of which audited consolidated accounts of the Issuer and its Subsidiaries have been prepared represents, in each case, not less than 5 per cent. of Consolidated EBIT in respect of any such financial year, all as calculated by reference to the unconsolidated accounts of such Subsidiary used for the purpose of the audited consolidated accounts of the Issuer and its Subsidiaries for such year and the audited consolidated accounts of the Issuer and its Subsidiaries for such year; or
- (B) who at any time in any one or more of the three most recent financial years (subject to the proviso in this subparagraph (i)) in respect of which audited consolidated accounts of the Issuer and its Subsidiaries have been prepared became a Principal Subsidiary pursuant to subparagraph (ii) or (iii) below by reason of the transfer to it of undertaking or assets of another Subsidiary of the Issuer,

provided, in any case, that the earliest audited consolidated accounts of the Issuer and its Subsidiaries which may be used for the purposes of determining a Principal Subsidiary pursuant to this subparagraph (i) shall be the audited consolidated accounts of the Issuer and its Subsidiaries in respect of the financial year ended 30 December 2008;

- (ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (ii) only on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (iii) to which is transferred an undertaking or assets whose contribution to Consolidated EBIT in the most recent financial year in respect of which audited consolidated accounts of the Issuer and its Subsidiaries have been prepared, taken together with the contribution of the undertaking or assets of the transferee Subsidiary to Consolidated EBIT for such financial year, equalled not less than 5 per cent. of Consolidated EBIT, as calculated as referred to in subparagraph (i) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary pursuant to this subparagraph (iii) only unless immediately following such transfer the contribution of its undertaking and assets to Consolidated EBIT in the most recent financial year in respect of which audited consolidated accounts of the Issuer and its Subsidiaries have been prepared (excluding the contribution of the undertaking or assets transferred to the transferee Subsidiary to Consolidated EBIT for such year) equals not less than 5 per cent. of Consolidated EBIT, as calculated as referred to in subparagraph (i) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (iii) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or
- (iv) acquired after the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate, if such Subsidiary would have been a Principal Subsidiary had it become a Subsidiary of the Issuer prior to the end of the financial period to which the then latest audited consolidated accounts of the Issuer and its Subsidiaries relate and the Issuer shall be entitled to make such adjustments to such latest consolidated accounts as it deems appropriate to make a determination pursuant to this subparagraph (iv); but a company becoming a Principal Subsidiary under this subparagraph (iv) shall cease to be a Principal Subsidiary pursuant to this subparagraph (iv) on the date on which the consolidated accounts of the Issuer and its Subsidiaries for the financial period current at the date of such acquisition have been prepared and audited but so that such acquired Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (i) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Trust Deed;

**“Presentation Date”** means a day which (subject to Condition 9):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a pounds sterling account in London as referred to above), is a Business Day in London;

**“Put Event”** is as defined in Condition 7.3;

**“Rating Agency”** means (i) Moody’s Investors Services, Inc., (ii) Standard & Poor’s Ratings Services, a division of The McGraw-Hill Companies, Inc. or (iii) Fitch Ratings Ltd or their respective successors or any internationally recognised securities rating agency or agencies substituted for any of them by the

Issuer from time to time with the prior written approval of the Trustee (which approval may be given by the Trustee if to do so would not, in the opinion of the Trustee, be materially prejudicial to the interests of the Noteholders) (and the Trustee may (and shall if so required by the Issuer, subject to its being indemnified and/or secured and/or prefunded to its satisfaction) consult promptly and may rely absolutely on advice from a reputable financial adviser in this regard and shall not be liable to the Noteholders, Couponholders or any other person for such reliance) and, in each case, their successors but excluding any rating agency providing a rating of the Notes on an unsolicited basis;

**“Relevant Date”** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 13;

**“Relevant Jurisdiction”** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer or any Guarantor, as the case may be, is or becomes subject in respect of payments on the Notes and Coupons;

**“Security”** means (a) any mortgage, charge, pledge, lien or other security interest other than a lien arising solely by operation of law; (b) any trust or similar agreement or arrangement entered into with the intention of creating security; and (c) any right of set-off, flawed asset or similar arrangement relating to credit balances and which (in the case of any of (a), (b) or (c)) secures any Debt of any Person; and

**“Subsidiary”** means a subsidiary within the meaning of section 1159 of the Companies Act 2006 as amended.

## SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

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*The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and in the Global Notes which will apply to, and in some cases modify, the Conditions of the Notes while the Notes are represented by the Global Notes.*

### 1. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- (a) upon the happening of any of the events defined in the Trust Deed as “Events of Default”;
- (b) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available; or
- (c) if the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee.

Thereupon (in the case of (a) and (b) above) the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and (in the case of (c) above) the Issuer may give notice to the Trustee and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of (c) above, shall surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, “**Exchange Date**” means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

### 2. Payments

On and after 23 December 2009, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

### **3. Notices**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders rather than by publication as required by Condition 13. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Principal Paying Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

### **4. Accountholders**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an “**Accountholder**”) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 10 and Condition 7.3) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

### **5. Prescription**

Claims against the Issuer and the Guarantors in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 20).

### **6. Cancellation**

Cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption or purchase will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

### **7. Put Option**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Noteholders provided for in Condition 7.3 may be exercised by an Accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common depositary for them to the Principal Paying Agent by electronic means) of the principal amount of the Notes in respect of which such option is exercised and at the same time presenting or procuring the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly within the time limits set forth in that Condition.

## **8. Redemption at the Option of the Issuer**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, no drawing of Notes will be required under Condition 7.5 in the event that the Issuer exercises its call option pursuant to Condition 7.4 in respect of less than the aggregate principal amount of the Notes outstanding at such time. In such event, the standard procedures of Euroclear and/or Clearstream, Luxembourg shall operate to determine which interests in the Global Note(s) are to be subject to such option.

## **9. Euroclear and Clearstream, Luxembourg**

References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

### United Kingdom

**The following summary of certain United Kingdom tax issues applies only to persons who are the beneficial owners of Notes. It is based on a summary of the Issuer's understanding of current law and practice in the United Kingdom. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Noteholders depends on their individual circumstances and may therefore differ to that set out below or may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice. This summary only deals with the matters expressly set out below.**

#### **A. Interest on the Notes**

##### **1. *Withholding tax on the Notes***

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the "Act"). The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the payment of interest is an excepted payment within the meaning of sections 933-937 of the Act, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

##### **2. *Provision of information***

Noteholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder, or who either pays amounts payable on the redemption of Notes to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not generally require this information to be reported in respect of such amounts payable on redemption of Notes where such amounts are paid on or before 5 April 2010. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

##### **3. *Further United Kingdom Income Tax Issues***

Interest on the Notes constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source properly received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless

that Noteholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable (and where that Noteholder is a company, unless that Noteholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Notes are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Noteholders.

**B. United Kingdom Corporation Tax Payers**

4. In general, Noteholders which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

**C. Other United Kingdom Tax Payers**

Paragraphs 5 to 7 below do not apply to Noteholders who are subject to United Kingdom corporation tax.

**5. *Taxation of Chargeable Gains***

The Notes will constitute “qualifying corporate bonds” within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Noteholder of a Note will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

**6. *Accrued Income Scheme***

On a disposal of Notes by a Noteholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Act, if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

**7. *Taxation of discount***

Notwithstanding paragraph 6 above, the Notes will constitute “deeply discounted securities” for the purposes of Chapter 8 of Part 4 Income Tax (Trading and Other Income) Act 2005. Therefore, any gain realised on redemption or transfer of the Notes by a Noteholder who is within the charge to United Kingdom income tax in respect of the Notes will generally be taxable as income but such Noteholder will not be able to claim relief from income tax in respect of costs incurred on the acquisition, transfer or redemption, or losses incurred on the transfer or redemption, of the Notes.

**D. Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

8. No United Kingdom stamp duty or SDRT is payable on the issue of the Notes or on a transfer by delivery of the Notes.

**EU Savings Directive**

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission’s advice on the need for changes to the Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the

Directive, which included a number of suggested changes. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above. Such future changes, or indeed any other changes, may well apply to Notes already in issue.

## SUBSCRIPTION AND SALE

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Barclays Bank PLC, The Royal Bank of Scotland plc and Lloyds TSB Bank plc (the “**Joint Lead Managers**”) have, pursuant to a Subscription Agreement (the “**Subscription Agreement**”) dated 10 November 2009, jointly and severally agreed to subscribe for the Notes at the issue price of 99.324 per cent. of the principal amount of Notes, less a combined management and underwriting commission of 1.00 per cent. of the principal amount of the Notes. The Issuer will also reimburse the Joint Lead Managers in respect of certain of their expenses, and has agreed to indemnify the Joint Lead Managers against certain liabilities, incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the Issuer.

### **United States**

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from the registration requirements of the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986 and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes (a) as part of their distribution at any time or (b) otherwise until 40 days after the later of the commencement of the offering and the Closing Date within the United States or to, or for the account or benefit of, U.S. persons and that it will have sent to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act.

### **United Kingdom**

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (the “**FSMA**”)) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or WHO; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

### **General**

No action has been taken by the Issuer, WHO or any of the Joint Lead Managers that would, or is intended to, permit a public offer of the Notes in any country or jurisdiction where any such action for that purpose is required. Accordingly, each Joint Lead Manager has undertaken that it will not, directly or indirectly, offer or sell any Notes or distribute or publish any offering circular, prospectus, form of application, advertisement or other document or information in any country or jurisdiction except under circumstances that will, to the best of its knowledge and belief having made all reasonable enquiries, result in compliance with any applicable laws and regulations and all offers and sales of Notes by it will be made on the same terms.

## GENERAL INFORMATION

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### Authorisation

1. The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 1 October 2009 and a resolution of a committee of the Board of Directors of the Issuer dated 5 November 2009.

The giving of the Notes Guarantee was duly authorised by a resolution of the Board of Directors of WHO dated 6 November 2009.

### Listing

2. It is expected that official listing will be granted on or about 12 November 2009 subject only to the issue of the Temporary Global Note. Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market.

The Issuer estimates that the amount of expenses related to the admission to trading of the Notes will be approximately £4,200.

### Clearing Systems

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for this issue is XS0466169876 and the Common Code is 046616987.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L 1855 Luxembourg.

### No significant change

4. There has been no significant change in the financial or trading position of the Issuer or the Group since 30 June 2009 or of WHO since 30 December 2008 and there has been no material adverse change in the prospects of the Issuer, WHO or the Group since 30 December 2008.

### Litigation

5. Save, in the case of WHO, as disclosed in the "*Industry Overview*" section with respect to TurfTV at page 51 above, none of the Issuer, WHO and any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer and/or WHO is/are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer, the Guarantor and/or the Group.

### Auditors

6. The auditors of the Issuer and WHO are Deloitte LLP, a member firm of the Institute of Chartered Accountants of England, who have audited (i) the Issuer's accounts, without qualification, in accordance with IFRS and (ii) WHO's accounts, without qualification, in accordance with UK GAAP, in each case for the 52 weeks ended on 30 December 2008 and the 53 weeks ended 1 January 2008.

### U.S. tax

7. The Notes and Coupons will contain the following legend:

"Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code."

## **Documents Available**

8. For the period of 12 months following the date of this Prospectus, copies of the following documents will be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:
  - (a) the memorandum and articles of association of the Issuer and the memorandum and articles of association of WHO;
  - (b) the Annual Report and Accounts of the Issuer in respect of the 52 weeks ended 30 December 2008, the Annual Report and Accounts of the Issuer in respect of the 53 weeks ended 1 January 2008, the Report and Financial Statements of WHO in respect of the 52 weeks ended 30 December 2008, the Report and Financial Statements of WHO in respect of the 53 weeks ended 1 January 2008, the Interim Results of the Issuer in respect of the 26 weeks ended 30 June 2009 and the Interim Management Statement of the Issuer in respect of the 39 weeks ended 29 September 2009;
  - (c) the most recently published audited annual financial statements of the Issuer and WHO and the most recently published unaudited interim financial statements (if any) of the Issuer, in each case together with any audit or review reports prepared in connection therewith; and
  - (d) the Trust Deed and the Agency Agreement.

## **Yield**

9. The yield of the Notes is 7.250 per cent. per annum calculated on the basis of the Issue Price and as at the date of this Prospectus.

## **Joint Lead Managers transacting with the Issuer and WHO**

10. Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services to the Issuer, WHO and their affiliates in the ordinary course of business.

## **THE ISSUER**

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London N22 7TP

## **THE GUARANTOR**

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Wood Green  
London N22 7TP

## **TRUSTEE**

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Fifth Floor  
100 Wood Street  
London EC2V 7EX

## **PRINCIPAL PAYING AGENT**

**Citibank, N.A., London Branch**  
Citigroup Centre  
Canary Wharf  
London E14 5LB

## **PAYING AGENT**

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## **LEGAL ADVISERS**

*To the Issuer and WHO as to English law*

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*To the Joint Lead Managers and the Trustee as  
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## **AUDITORS**

*To the Issuer and WHO*

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