

Company Number: 1939932

THE COMPANIES ACT 1985

COMPANY LIMITED BY SHARES

ARTICLES OF ASSOCIATION

-of-

* SATELLITE INFORMATION SERVICES LIMITED

(Adopted by Special Resolution passed on 21st October 1987)
(Amended by Special Resolutions passed on 5th September 1989
and 20th February 1990)

PRELIMINARY

1. The Company shall be a private company within the meaning of the Companies Act 1985 ("the Act"). The Regulations contained or incorporated in Table A in the Schedule to The Companies (Tables A to F) Regulations 1985 ("Table A") shall apply to the Company save insofar as they are excluded or varied hereby; and such Regulations (save as so excluded or varied) and the Articles hereinafter contained shall be the regulations of the Company.

ALLOTMENT AND ISSUE OF SHARES

2. (1) Save as provided by these Articles to the contrary, and subject to the Act and to any direction of the Company by Ordinary

*Note: The Company was incorporated on 16th August 1985 under the name "Delphbyte Limited". The name of the Company was changed to "Satellite Racing Development Limited" on 24th September 1985 and to "Satellite Information Services Limited" on 13th October 1986.

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Resolution, all shares and securities for the time being of the Company shall be at the disposal of the Directors, and they may allot (with or without conferring a right of renunciation), grant options over or otherwise deal with or dispose of the same to such persons, at such times, and generally on such terms as they think proper.

(2) Subject to paragraph (4) of this Article 2 and save as provided by these Articles to the contrary and subject to the Act, the Directors are unconditionally authorised for the purposes of Section 80 of the Act to allot (as defined for the purposes of such section) all relevant securities (as defined for such purposes) of the Company subsisting at the date of incorporation of the Company or, if this Article shall have been subsequently adopted, the date of such adoption at any time or times during the period of five years from such date.

(3) At the expiry of such period of five years, the authority contained in paragraph (2) above shall expire but such authority shall allow the Company to make any offer or agreement before the expiry of such authority which would or might require relevant securities to be allotted, or rights to subscribe for or to convert any security into shares to be granted, after the expiry of such authority.

(4) (1) Save with the consent in writing of all the Members of the Company for the time being any authorised shares for the time being unissued and any new shares from time to time to be created shall before they are issued be offered to the members of the Company in proportion as nearly as may be to the number of the existing shares held by them respectively (unless the shares concerned are issued under any approved executive or employee share option scheme of the Company or direct to any employee of the Company and the shares so issued together with all other shares previously so issued would not in aggregate exceed five per cent of the issued share capital of the Company following the issue of such shares). Such offer shall be made by notice specifying the number of shares offered and limiting a period (not being less than 28

days) within which the offer, if not accepted, will be deemed to be declined.

(ii) All such shares shall be offered to members on the same terms subject to paragraph (4)(iii) below.

(iii) At any time prior to the date on which application is made for shares in the Company to be admitted to the Official List of the International Stock Exchange of the United Kingdom and the Republic of Ireland Limited ("The Stock Exchange") or application is made for permission to deal in such shares in the Unlisted Securities Market of The Stock Exchange or if earlier the expiry of the period of 5 years following the adoption of these Articles The Race-course Association Limited ("the RCA") shall be entitled to accept such offer in respect of those shares offered to it by virtue of the RCA Original Shares as defined in Article 22 and (unless such shares are to be issued in contemplation of application being made for shares in the Company to be admitted to the Official List of The Stock Exchange or for permission to deal in such shares in the Unlisted Securities Market of The Stock Exchange) to be issued such shares free of charge by way of bonus issue (in satisfaction of the RCA's rights under paragraph 4(i) above in respect of the number of shares concerned) credited as fully paid. In addition, if, at any time prior to the date on which application is made for shares in the Company to be admitted to the Official List of The Stock Exchange or application is made for permission to deal in such shares in the Unlisted Securities Market of The Stock Exchange or if earlier the expiry of the period of 5 years following the adoption of these Articles, any shares are issued by the Company other than pursuant to such an offer (a "non pre-emptive offer") the RCA shall be entitled (unless the shares concerned are issued under any approved executive or employee share option scheme of the Company or direct to any employee of

the Company and the shares so issued together with all other shares previously so issued would not in aggregate exceed 5% of the issued share capital of the Company following the issue of such shares or unless such shares are to be issued in contemplation of an application for admission or permission as aforesaid) to be issued free of charge by way of bonus issue credited as fully paid such number of shares as will (as nearly as possible) result in the RCA Original Shares (when aggregated with such bonus issue) representing the same proportion of the issued share capital of the Company following such non pre-emptive offer and bonus issue as the RCA Original Shares represented prior thereto. The Company shall pay up such the shares issued to the RCA pursuant to its rights under this paragraph (4)(iii) by capitalising, as the Directors shall determine;

- (a) any part of the amount for the time being standing to the credit of any of the Company's reserve accounts or to the credit of the profit and loss account (in each case, whether or not such amounts are available for distribution); or
- (b) any part of the amount for the time being standing to the credit of the Company's share premium account or any capital redemption reserve;

(and, in each case, the Directors shall appropriate the sum resolved by them to be capitalised to the RCA; and the Directors shall apply such sum on behalf of the RCA in paying up in full at par the number of unissued shares of the Company to which the RCA is entitled under this paragraph (4)(iii), to be allotted credited as fully paid) and if the sums standing to the credit of the Company's reserve and other accounts referred to in paragraphs (a) and (b) above shall not be sufficient to pay up such shares then the Company shall not be entitled to and shall

not issue any shares pursuant to this paragraph (4) or paragraph (5) below save that if following the allotment and issue of shares to persons other than the RCA who have accepted or agreed to accept shares to be issued pursuant to paragraph 4(i) above or paragraph (5) below or pursuant to a non pre-emptive offer the Company's reserve and other accounts referred to in paragraphs (a) and (b) above would then be sufficient to pay up such shares the Company may proceed to allot and issue shares under paragraph (4)(i) or paragraph (5) or, as the case may be, pursuant to a non pre-emptive offer and the shares to be allotted and issued to the RCA under this paragraph (4)(iii) shall be allotted and issued immediately thereafter.

(5) Any shares not accepted pursuant to the offer referred to in paragraph (4)(i) above as aforesaid shall be under the control of the Directors who may for a period of 185 days following the expiry of the period referred to in paragraph 4(i) above allot, grant options over or otherwise dispose of the same to such persons, on such terms and in such manner as they think fit, provided that such shares shall not be disposed of on terms which are more favourable to the subscribers thereof than the terms on which they were offered to the said members (other than the RCA).

(6) In accordance with Section 91 of Companies Act 1985 Section 89(1), Section 90(1) to (5) and Section 90(6) shall be excluded from applying to the Company.

(7) The provisions of this Article 2 shall be subject to the provisions of Article 6A.

3. Subject to the provisions of the Act, shares may be issued which are to be redeemed or are to be liable to be redeemed at the option of the Company or the shareholder on such terms and in such manner as the Directors may from time to time determine. Regulation 3 of Table A shall not apply to the Company.

SHARES

4. The lien conferred by Regulation 8 of Table A shall attach also to fully paid-up shares and the Company shall also have a first and paramount lien on all shares, whether fully paid or not, standing registered in the name of any person indebted or under liability to the Company, whether he shall be the sole registered holder thereof or shall be one of two or more joint holders, for all moneys presently payable by him or his estate to the Company. Regulation 8 of Table A shall be modified accordingly.

5. The liability of any Member in default in respect of a call shall be increased by the addition at the end of the first sentence of Regulation 18 of Table A of the words "and all expenses that may have been incurred by the company by reason of such non-payment."

TRANSFER AND TRANSMISSION OF SHARES

6.1. Except in the case of a transfer of shares expressly authorised by Articles 6.5 or 6.6 the right to transfer shares in the Company shall be subject to the following restrictions, namely:-

(a) A member desiring to transfer any share or shares of the Company ("the proposing transferor") shall give notice in writing ("a transfer notice") to the Company that he desires to transfer the same. The share or shares comprised in a transfer notice are hereinafter called "the Shares". If the proposing transferor shall at the time of giving the transfer notice have received from a third party independent of the proposing transferor a bona fide offer to purchase the Shares, the transfer notice shall be accompanied by details of the price offered for the Shares and the name of the third party offering to purchase the Shares;

(b) If the proposing transferor shall at the time of giving the transfer notice have received a bona fide offer for the Shares from a third party independent of the proposing transferor the price at which the Shares are to be transferred ("the transfer

price") shall be the price offered by such third party. In any other case the transfer price shall be the market value of the Shares at the date of service of the transfer notice ("the market value"). The market value shall be determined by agreement between all the members of the Company but in default of unanimous agreement thereon within 14 days of service on the Company of the transfer notice, it shall be determined by an independent chartered accountant to be agreed between all the members or, on application of any member failing unanimous agreement within 21 days of the service on the Company of the transfer notice, to be appointed by the President for the time being of the Institute of Chartered Accountants in England and Wales ("the Accountant"). The Accountant shall determine the market value on the basis of a sale between a willing seller and a willing purchaser (as at the date of service of the transfer notice) disregarding the fact that the Shares may be a minority or (as the case may be) a majority interest. In making such determination the Accountant shall act at the cost and expense of the Company as expert and not as arbitrator and his determination shall be final and binding. The Accountant shall notify the Company of his determination forthwith upon making the same and the Company shall within three days of receipt of such determination send a copy thereof to each member of the Company;

(c) Within seven days of service by the Company on the proposing transferor of a copy of the Accountant's determination of the market value the proposing transferor may by notice in writing to the Company withdraw the transfer notice given by him;

(d) The transfer notice shall (unless the proposing transferor shall have withdrawn the transfer notice pursuant to sub-paragraph (c)) constitute the Company the agent of the proposing transferor for the sale of the Shares at the transfer price and on the terms hereinafter in this Article mentioned;

(e) The Shares shall by notice in writing be offered by the Company to all members holding shares (other than the proposing

transferor) for purchase at the transfer price on the terms that in case of competition the Shares so offered shall (in accordance with but subject to the provisions of the next following paragraph) be sold to the acceptors in proportion (as nearly as may be without involving fractions or increasing the number sold to any member beyond that applied for by him) to their existing holdings of shares Such offer which shall be made within 60 days of the transfer notice being served (or if later within 30 days of the Accountant's determination being served on the proposing transferor pursuant to paragraph (c) above) shall limit a time (not being less than twenty-one days nor more than forty-two days) ("the prescribed period") within which it must be accepted or in default will lapse Provided that:-

- (i) no person (not being a Relevant Shareholder) shall be entitled to accept such offer insofar as the transfer in respect of such acceptance would result in any person (not being a Relevant Shareholder) becoming interested (as defined in Section 212(5) of the Act) in more than 24.9% of the issued share capital of the Company;
- (ii) if following the transfer of shares in respect of which acceptances are received the aggregate number of shares of the Company held by the Relevant Shareholders as defined in Article 25 would exceed 45% of the issued share capital of the Company the number of shares in respect of which acceptances were received from the Relevant Shareholders concerned shall be deemed to be reduced by that number of shares representing the excess ("the Excess Shares") and the number of shares in respect of which each Relevant Shareholder concerned shall be deemed to have accepted the offer shall be reduced in proportion (as nearly as may be without involving fractions) to the number of shares in respect of which they would but for this proviso have been entitled to purchase. The Company shall inform the RCA accordingly and the proviso to paragraph (h) below shall be deemed to apply (save that the RCA shall not be

entitled to nominate any person(s) as a purchaser if, as a result of such purchase, any person (not being a Relevant Shareholder) would become interested (within the meaning of Section 212(5) of the Act) in more than 24.9% of the issued share capital of the Company) and if the RCA shall not within the period therein referred to have nominated a purchaser or purchasers for all of the Excess Shares or such person or persons shall not have agreed to purchase all of the Excess Shares within such period or the sale of all of the Excess Shares is not completed within such further period as mentioned therein then each of the Relevant Shareholders shall be entitled and bound to purchase that number of the Excess Shares by which each of the Relevant Shareholders' acceptance was reduced under the proviso to this paragraph (e);

(f) If the Company shall within the prescribed period find members ("purchasers") to purchase the Shares concerned or any of them and give notice in writing thereof to the proposing transferor the latter shall be bound upon payment of the transfer price to transfer such Shares to the respective purchasers. Every such notice shall state the name and address of the purchaser and the number of Shares agreed to be purchased by him and the purchase shall be completed at a place and time to be appointed by the directors not being less than three days nor more than ten days after the date of such notice Provided always that if the transfer notice shall state that the proposing transferor is not willing to transfer part only of the Shares concerned this paragraph shall not apply unless the Company shall have found purchasers for all of such Shares nor shall the transferor be required to transfer any shares pursuant to sub-paragraph (e);

(g) If a proposing transferor shall fail or refuse to transfer any shares to a purchaser hereunder the directors may authorise some person to execute and deliver on the proposing transferor's behalf the necessary transfer or transfers and such person shall be deemed to have been appointed attorney for the proposing

transferor with full power and authority to do such things. The Company may receive the purchase money in trust for the proposing transferor and cause the purchaser to be registered as the holder of such shares. The receipt of the Company for the purchase money shall be a good discharge to the purchaser (who shall not be bound to see to the application thereof) and after the purchaser has been registered in purported exercise of the aforesaid powers the validity of the proceedings shall not be questioned by any person;

(h) In any case where after the procedure set out in sub-paragraphs (a) to (g) of this paragraph has been followed and a proposing transferor shall not have transferred some or all of the Shares to other members as there set out the proposing transferor shall at any time within 185 days from the expiration of the prescribed period be at liberty to sell and transfer such shares to any person or persons provided that such transfer shall be by way of bona fide sale for cash at a price no lower than the transfer price and provided that, following and as a result of such sale or transfer, no person (other than a Relevant Shareholder) would become interested (within the meaning of S212(5) of the Act) in more than 24.9% of the issued share capital of the Company. Provided that if such transfer would result in shares in the Company representing more than 45% in nominal value of its issued share capital being held by Relevant Shareholders then the Company shall notify the RCA accordingly and the RCA shall be entitled within 56 days following such notification to nominate any purchaser or purchasers to purchase all of the shares concerned at the transfer price (save that the RCA shall not be entitled to nominate any person(s) as a purchaser if, as a result of such purchase, any person (not being a Relevant Shareholder) would become interested (within the meaning of Section 212(5) of the Act) in more than 24.9% of the issued share capital of the Company) and if no such person shall be nominated by the RCA within such period or all of such shares are not agreed to be purchased by any person or persons nominated by the RCA within such period or the sale of all such shares is not completed within a further 14 day period after the expiry of the 56 day period the

proposing transferor shall be at liberty to sell and transfer such shares to any person or persons provided that such transfer shall be by way of bona fide sale for cash at a price no lower than the transfer price and provided that, following and as a result of such sale or transfer, no person (other than a Relevant Shareholder) would become interested (within the meaning of S212(5) of the Act) is more than 24.9% of the issued share capital of the Company.

6.2. Subject to Articles 6.5 and 6.6, if any member dies or becomes bankrupt or enters into any transaction mentioned in Article 6.3 or otherwise attempts to transfer any shares otherwise than in accordance with these Articles, such member shall be deemed to have served a transfer notice pursuant to Article 6.1 in respect of all shares of each class held by such member or by any nominee for him immediately prior to such event, unless all the members shall otherwise agree in writing.

6.3. For the purposes of these Articles the following shall be deemed (without limitation) to be a transfer:

(a) any direction by way of renunciation nomination or otherwise by a member entitled to an allotment or transfer of shares to the effect that such shares or any of them be allotted or issued or transferred to another person;

(b) any sale or other disposition of any beneficial interest in a share (whether or not for consideration or otherwise) by any person and irrespective of whether or not it is effected by instrument in writing.

6.4. (a) For the purpose of ensuring that a transfer of shares is a permitted transfer or that no circumstances have arisen whereby a transfer notice is deemed to be given hereunder the directors may from time to time require any member or any person named as transferee in any transfer lodged for registration to furnish to the Company such information and evidence as the directors may think fit regarding any matter which they may deem relevant to such purpose. Failing such

information or evidence being furnished to the satisfaction of the directors within a reasonable time after request the directors shall be entitled to refuse to register the transfer in question or (in a case where no transfer is in question) to require by notice in writing that a transfer notice be given in respect of the shares concerned if such information or evidence discloses that a transfer notice ought to have been given in respect of any shares the directors may by notice in writing require that a transfer notice be given in respect of the shares concerned.

(b) In any case where the directors have duly required a transfer notice to be given in respect of any shares and such transfer notice is not duly given within a period of one month or such longer period as the directors may allow for the purpose such transfer notice shall (except and to the extent that a permitted transfer of any such shares shall have been lodged) be deemed to have been given on such date after the expiration of the said period as the directors may by resolution determine and the provisions of Article 6.1 shall take effect accordingly.

6.5. (a) Any share may be transferred by a member (being a corporation) ("the Original Member") to a member of the same group and for the purpose of this Article "a member of the same group" means a company which is for the time being a holding company of which the member is a wholly owned subsidiary or any company which is a wholly owned subsidiary of any such holding company. "Holding company" and "subsidiary" shall have the meanings set out in section 736 of the Companies Act 1985. Provided that no such transfer may be made by a Relevant Shareholder without the prior written consent of the RCA which shall not be unreasonably withheld and provided further that if any member of the Company to whom shares shall have been transferred pursuant to this Article 6.5 (b) shall cease to be a member of the same group as the Original Member (or if the shares concerned shall have been transferred more than once from one member of the same group to another pursuant to this Article 6.5(b) it shall have ceased to be a member of the same group as the first Original Member to have held the shares concerned) without the member first having transferred the shares held by

it to a member of the same group as such Original Member then such member shall be deemed to have served a transfer notice pursuant to Article 6.1 in respect of all shares of each class held by such member, unless all the members shall otherwise agree in writing.

(b) The beneficial interest in any share registered in the name of the RCA may be held by any member for the time being of the RCA and may be transferred to any other member for the time being of the RCA or any person becoming a member of the RCA in succession to the transferor of such beneficial interest.

6.6. (a) The Directors shall register any transfer of shares executed in accordance with Articles 6.1 or 6.5 subject to its being duly stamped and being presented for registration to the Company at its registered office.

(b) Save as provided in Article 6.1 and 6.5 the directors shall not register any transfer of shares unless all the members shall have assented thereto in writing and if the members shall so assent the directors shall register the transfer forthwith subject to its being properly stamped.

6A (a) Subject to Article 6A(b) below, the Directors shall not without the consent in writing of all shareholders for the time being register any transfer of shares to a person (not being a Relevant Shareholder) or issue any shares to any person (not being a Relevant Shareholder) if, following and as a result of such transfer or issue, the aggregate of all shares in the Company in which any person (other than a Relevant Shareholder) is interested would exceed 24.9% of the issued share capital of the Company.

(b) The prohibition in (a) above shall not apply to the issue of shares to a person (not being a Relevant Shareholder) pursuant to Article 2(5) insofar as the aggregate of all shares in the Company in which any person is interested following and as a result of such issue does not exceed 49.9% (or such greater percentage as may be agreed in writing by all shareholders) of the issued share capital of the Company

following all issues of shares pursuant to Article 2(5).

(c) For the purposes of this Article 6A the word "interested" shall be construed in accordance with Section 212(5) of the Act.

(d) Any resolution or determination of, or decision or exercise of any discretion or power by, the Board or any Director or by the Chairman of any meeting under or pursuant to the provisions of this Article 6A or Article 6.1(e) or (h) shall be final and conclusive and any disposal, transfer or issue made, or other things done, by or on behalf of, or on the authority of, the Board or any Director pursuant to the foregoing provisions of this Article 6A or Article 6.1(e) or (h) shall be conclusive and binding on all persons concerned and shall not be open to challenge, whether as to its validity or otherwise on any ground whatsoever and no Director shall be liable to the Company or any other person if, having acted reasonably and in good faith they perform or exercise (or purport to perform or exercise) their duties, powers, rights or discretions under this Article 6A or Article 6.1(e) or (h) erroneously.

GENERAL MEETINGS AND RESOLUTIONS

7. Every notice convening a General Meeting shall comply with the provisions of Section 372(3) of the Act as to giving information to Members in regard to their right to appoint proxies; and notices of and other communications relating to any General Meeting which any Member is entitled to receive shall be sent to the Directors and to the Auditor for the time being of the Company. In Regulation 115 of Table A in the second sentence "48 hours" shall be deleted and "24 hours" shall be substituted therefor.

8. Regulation 41 of Table A shall be read and construed as if the words " , and if at the adjourned meeting a quorum is not present within half an hour from the time appointed for the meeting, the meeting shall be dissolved.* were added at the end.

9. If at any General Meeting any V. . . shall be counted which ought not to have been counted or which might have been rejected, the error

shall not vitiate the result of the voting unless it be pointed out at the same meeting, and not in that case unless it shall, in the opinion of the Chairman of the meeting, be of sufficient magnitude to vitiate the result of the voting. Regulation 58 of Table A shall not apply to the Company.

10. An instrument appointing a proxy may be in any usual or common form or in any other form which the Directors may approve. Regulations 60 and 61 of Table A shall not apply to the Company.

11. Subject to the provisions of the Act, a resolution in writing signed by or on behalf of all the Members of the Company entitled to receive notice of and attend and vote at a meeting of the Company or of any class of Members of the Company (which resolution may consist of two or more documents in the like form signed by or on behalf of one or more of the said Members) or a resolution to which every such Member has signified his approval in writing or by cable, telegram, telex or facsimile transmission shall be as valid and effectual as if it had been passed at a meeting of the Company or of such class of Members of the Company (as the case may be) duly called and constituted. In the case of a corporation any such signature or approval may be given or signified on its behalf by a Director or the Secretary thereof or by its duly appointed attorney or duly authorised representative. If the resolution in writing is described as a special resolution or as an extraordinary resolution it shall have effect accordingly. Regulation 53 of Table A shall not apply to the Company.

APPOINTMENT AND RETIREMENT OF DIRECTORS

12. (1) The number of the Directors shall be determined by Ordinary Resolution of the Company but unless and until so fixed there shall be no maximum number of Directors and the minimum number of Directors shall be one. In the event of the minimum number of Directors fixed by or pursuant to these Articles or Table A being one, a sole Director shall have authority to exercise all the powers and discretions by Table A or these Articles expressed to be vested in the Directors generally. Regulation 89 of Table A shall be modified accordingly, and

Regulation 64 of Table A shall not apply to the Company.

(2) (i) Any member who shall hold shares representing 10% or more in nominal value of the issued share capital of the Company shall be entitled to appoint one person to be a Director of the Company and to remove any such person from office and to appoint another person in his place Provided that for the avoidance of doubt neither the RCA nor the Horserace Totalisator Board ("the Tote") nor any member of the same group (as defined in Article 6.5) as the RCA or the Tote shall be entitled to appoint a Director under this paragraph (i).

(ii) If any such member shall cease to hold 10% or more in nominal value of the issued share capital of the Company such member shall procure that the person appointed by such member to be a Director of the Company shall resign forthwith.

(iii) The Tote shall so long as it is a member of the Company be entitled to appoint one person to be a Director of the Company and to remove any such person from office and to appoint another person in his place.

(iv) The RCA shall so long as it is a member of the Company and so long as there remains in force either:

(a) the temporary arrangements under which the Company and its representatives are inter alia at the date of the adoption of this Article being granted access to certain racecourses for the purposes of the Company's business; or

(b) the ten year agreement proposed to be entered into shortly following the adoption of this Article between the RCA acting for itself and on behalf of its members and the Company under which the RCA and its members will provide facilities to the Company as therein specified (or any extension thereof or any subsequent arrangements which shall be generally equivalent thereto)

be entitled to appoint one person to be a Director of the Company and to remove any such person from office and to appoint another person in his place.

(v) The members of the Company other than the RCA, the Tote, and any member who shall have appointed a Director under paragraph (i) above ("the Independent Shareholders") shall be entitled to appoint one Director of the Company (an "Independent Director") for each 10% in nominal value of the issued share capital of the Company held by the Independent Shareholders. The holder or holders for the time being of a majority of the shares in the Company held by such independent Shareholders shall be entitled to appoint the relevant number of Independent Directors and to remove such person or persons from office and to appoint another person or persons in his or their place provided that if at any time the members then constituting the Independent Shareholders shall not hold (whether because any of the members concerned shall have appointed a director under paragraph (i) above and thereby ceased to be an Independent Shareholder or otherwise) or shall have ceased to hold the number of shares which would entitle them to appoint the number of Independent Directors then holding office under this paragraph the Company shall notify the Directors accordingly and unless all the members in the Company shall otherwise agree in writing one or more of the Independent Directors as the case may be shall resign so that there remains that number of Independent Directors as the Independent Shareholders would then be entitled to appoint hereunder. The independent Director or Directors to resign shall, if there be more than one, be determined by lot (unless the Independent Directors otherwise agree among themselves).

(vi) All appointments or removals of Directors under this Article 12(2) shall be in writing signed by or on behalf of the holder or holders making the same and shall take effect when delivered to the registered office of the Company Provided that any person appointed as a Director under this Article 12(2) must

have been approved for that purpose by a resolution of the Directors (such approval not to be unreasonably withheld).

(vii) In calculating whether any member holds or any members together hold 10% or more in nominal value of the issued share capital of the Company any share issued pursuant to any approved executive or employee share option share of the Company and any share issued direct to any employee of the Company shall be ignored and for these purposes the nominal value of the issued share capital of the Company shall be treated as if it had been reduced by the aggregate nominal value of the shares issued under the said option scheme or schemes and the shares issued to employees of the Company.

(3) The Company may by ordinary resolution appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director.

(4) The Directors may appoint a person who is willing to act to be a director, either to fill a vacancy or as an additional director, provided that the appointment does not cause the number of Directors to exceed any number fixed in accordance with the Articles. A Director so appointed shall hold office only until the next following annual general meeting; and if not reappointed thereat he shall vacate office at the conclusion thereof.

(5) The Directors shall not be required to retire by rotation. Accordingly Regulations 73 to 76 inclusive and 78 to 80 inclusive of Table A shall not apply to the Company, and Regulation 77 of Table A shall be modified by the omission of the words "(other than a director retiring by rotation at the meeting)".

13. There shall be no retiring age for Directors, and Section 293 of the Act shall not, if otherwise applicable, apply to the Company.

DISQUALIFICATION OF DIRECTORS

14. The office of a Director shall be vacated;

(1) if he ceases to be a Director by virtue of any provision of the Act or of these Articles or of any resolution duly passed pursuant to any such provision;

(2) if he becomes bankrupt or enters into any arrangement or composition with his creditors generally;

(3) if he becomes prohibited by law from being a Director;

(4) if he becomes incapable by reason of mental disorder, illness or injury of managing and administering his property and affairs;

(5) if he resigns his office by notice in writing to the Company delivered to the Company at its registered office or tendered at a meeting of the Directors;

(6) if for more than six months the Director and any alternate Director appointed by the Director shall have been absent without permission of the Directors from meetings of the Directors held during that period and the Directors shall resolve that the Director has by reason of such absence vacated office;

and Regulation 81 of Table A shall not apply to the Company.

ALTERNATE DIRECTORS

15. (1) Each Director shall have the power at any time to appoint any person (including another Director) as an alternate Director and at any time to terminate such appointment Provided that any person appointed as an Alternate Director under this Article 15(1) must have been approved for that purpose by a resolution of the Directors (such approval not to be unreasonably withheld). Every such appointment and removal of an

alternate Director shall be in writing signed by the appointor and shall (unless the Directors agree otherwise) only take effect upon receipt of such written appointment or removal at the registered office of the Company.

(2) An alternate Director so appointed shall not be entitled as such to receive any remuneration from the Company except only such part (if any) of the remuneration otherwise payable to his appointor as such appointor may by notice in writing to the Company from time to time direct, and shall not be required to hold any shareholding qualification which may otherwise apply to Directors, but shall otherwise be subject to the provisions of these Articles with respect to Directors. An alternate Director shall during his appointment be deemed for all purposes to be a director of the Company and shall alone be responsible for his own acts and defaults and shall not be deemed to be an agent of his appointor.

(3) An alternate Director shall (subject to his giving to the Company an address at which notices may be served upon him) be entitled to receive notices of all meetings of the Directors and of any committee of the Directors of which his appointor is a member and to attend and vote as a Director at any meeting at which his appointor is not personally present and generally in the absence of his appointor to exercise all functions, rights, powers and duties as a Director of his appointor and to receive notice of all General Meetings.

(4) The appointment of an alternate Director shall automatically determine upon the happening of any event which if he were a Director would cause him to vacate such office or upon his appointor ceasing for any reason to be a Director otherwise than by retiring and being re-appointed at the same meeting or upon the passing of a resolution of the Directors or an Ordinary Resolution of the Company in General Meeting to that effect.

(5) A Director or any other person may act as alternate Director to represent more than one Director and an alternate Director shall be entitled at meetings of the Directors or any committee of the Directors to one vote for every Director whom he represents in addition

to his own vote (if any) as a Director.

(6) A Director for the time being out of the United Kingdom shall not be entitled to notices of the meetings of the Directors but any alternate Director in the United Kingdom acting in his place shall be entitled to notices of such meetings. The third sentence in Regulation 88 of Table A shall not apply to the Company.

(7) Regulations 65 to 69 inclusive of Table A shall not apply to the Company.

POWERS AND DUTIES OF DIRECTORS AND RESOLUTIONS

16. A resolution in writing signed by all the Directors entitled to notice of a meeting of the Directors or by all the members of a Committee for the time being (which Resolution may consist of two or more documents in the like form each signed by one or more of the said Directors or the said members of such Committee) or a Resolution to which every such Director or every such member of the Committee has signified his approval in writing or by cable, telegram, telex or facsimile transmission shall be as valid and effectual as if it had been passed at a meeting of the Directors or of such Committee (as the case may be) duly called and constituted. For the purposes of this Article the signature or approval of an alternate Director (if any) entitled to notice of a meeting of Directors shall suffice in lieu of the signature of the Director appointing him. Regulation 93 of Table A shall not apply to the Company.

17. (1) The Directors may make or cause the establishment and maintenance of or participate in or contribute to any non-contributory or contributory pension or superannuation fund, scheme or arrangement or life assurance scheme or arrangement for the benefit of, and pay, provide for or procure the grant of donations, gratuities, pensions, allowances, benefits or emoluments to, any persons who are or shall have been at any time Directors or other officers of or in the employment or service of the Company or of any company which is a subsidiary of the Company or of the predecessors in business of the Company or of any such subsidiary company or the wives, widows, families or dependants of any such persons.

(2) The Directors may also procure the establishment and subsidy of or subscription to and support of any institutions, associations, clubs, funds or trusts calculated to be for the benefit of any such persons as aforesaid or otherwise to advance the interests and well-being of the Company or of any such other company as aforesaid, or of its members, and make, pay, provide for or grant payments for or towards the insurance of any such persons as aforesaid, and subscriptions or guarantees of money for charitable or benevolent objects or for any exhibition or for any public, general or useful object.

(3) The Directors may procure any of the matters aforesaid to be done by the Company either alone or in conjunction with any other company.

(4) The Directors shall be entitled to retain any benefits received by them or any of them by reason of the exercise of any such powers.

(5) Regulation 87 of Table A shall not apply to the Company.

18. The Directors may exercise all the powers of the Company to borrow money without limit as to amount and upon such terms and in such manner as they think fit, and to grant any mortgage, charge or standard security over its undertaking, property and uncalled capital or any part thereof, and, subject to the provisions of the Act, to issue debentures, debenture stock, and other securities whether outright or as security for any debt, liability or obligation of the Company or of any third party.

INFORMATION

19. The Directors may at any time require any person whose name is contained in the Register of Members of the Company to furnish them with any information, supported (if the Directors so require) by a statutory declaration, which they consider necessary for the purpose of determining whether or not the Company is a close company within the meaning of the Income and Corporation Taxes Act 1970 or whether or not any other person

is interested (as defined in Article 6A(c)) in any of the shares registered in that person's name or whether or not any person nominated by the RCA under Article 6.1(e) or 6.1(h) or any proposed transferee under Article 6.1(h) is or may be interested as therein described.

INDEMNITY

20. Subject to the provisions of and so far as may be permitted by the Act, every Director or other officer of the Company shall be entitled to be indemnified by the Company against all costs, charges, losses, expenses and liabilities incurred by him in the execution and discharge of his duties or in relation thereto including any liability incurred by him in defending any proceedings, civil or criminal, which relate to anything done or omitted or alleged to have been done or omitted by him as an officer or employee of the Company and in which judgment is given in his favour (or the proceedings otherwise disposed of without any finding or admission of any material breach of duty on his part) or in which he is acquitted or in connection with any application under any statute for relief from liability in respect of any such act or omission in which relief is granted to him by the Court and, subject to and so far as aforesaid, no Director or other officer shall be liable for any loss, damage or misfortune which may happen to or be incurred by the Company in the execution of the duties of his office or in relation thereto. Regulation 118 of Table A shall not apply to the Company.

THE RACE-COURSE ASSOCIATION LIMITED

21. The provisions contained in Articles 21 to 28 shall have overriding effect as against all other provisions of these Articles.

22. It is proposed that following the adoption of these Articles the Company will issue to the the RCA 2,000 shares of £1 each in the Company for cash at par and such shares together with any shares from time to time issued to the RCA free of charge credited as fully paid pursuant to Article 2(4)(iii) hereof are herein referred to as "the Original RCA Shares".

23. All shares which shall be held from time to time by the RCA shall be deemed to constitute a separate class of shares in the capital of the Company but save as expressly provided for herein such shares shall rank pari passu in all respects with the other shares in the Company of the same nominal value.

24. Unless the RCA shall from time to time agree, at all times prior to shares in the Company being admitted to the Official List of The Stock Exchange or permission being granted to deal in such shares in the Unlisted Securities Market of The Stock Exchange and for so long as the RCA shall hold shares in the Company constituting not less than 10% in nominal value of the issued share capital of the Company the Company and the members will ensure that the Directors appointed by Relevant Shareholders pursuant to Article 12(2) above shall constitute a minority of the Board of Directors of the Company and that the Chairman of the Board of Directors of the Company shall not be a Director appointed by one of the Relevant Shareholders as aforesaid or by the RCA. If at any time the Directors appointed by Relevant Shareholders pursuant to Article 12(2) above shall not constitute a minority of the Board of Directors of the Company then:-

- (a) an appropriate number of additional Directors shall as soon as reasonably practical be appointed by the Members of the Company pursuant to the provisions of Article 12(3) insofar as additional Directors (not being appointed by Relevant Shareholders pursuant to Article 12(2)) have not first been appointed under any other of the provisions of these Articles; and
- (b) the RCA shall be entitled to appoint an appropriate number of additional Directors who shall hold office only until such time as the Directors appointed by Relevant Shareholders pursuant to Article 12(2) above shall constitute a minority of the Board of Directors of the Company whether as a result of the appointment of a Director or Directors pursuant to paragraph (a) above or otherwise not being an appointment under this paragraph (b).

In calculating whether the RCA holds 10% or more in nominal value of the issued share capital of the Company any shares issued pursuant to any approved executive or employee share option scheme of the Company or to any employee of the Company shall be ignored and for these purposes the nominal value of the issued share capital of the Company shall be treated as if it had been reduced by the nominal value of the shares issued under the said option scheme or schemes and the nominal value of the shares issued to any employee of the Company.

25. (i) Any member who shall be a Relevant Shareholder on the date of the adoption of these Articles shall within five business days thereafter inform the Company accordingly and where any member subsequently becomes a Relevant Shareholder such member shall within five business days following the occurrence of the event as a result of which the member shall become a Relevant Shareholder inform the Company accordingly.

(ii) The Directors shall when it is proposed that any shares should be allotted and issued to any person who is not then a member of the Company or that any shares should be transferred to any person who is not a member of the Company require such person to furnish them with information supported (if the Directors require) by a statutory declaration for the purpose of determining whether or not such person would be Relevant Shareholders if such person were a member of the Company.

(iii) The expression "Relevant Shareholder" shall mean any member of the Company if it (or a company which is for the time being a holding company of which the member is a subsidiary or any company which is a subsidiary of any such holding company) owns or operates licensed betting offices (apart from the Tote so long as the Tote is not itself owned by any person in the private sector which owns or operates licensed betting offices) and "holding company" and "subsidiary" shall have the meanings set out in Section 736 of the Companies Act 1985.

26. If at any time the Tote together with all Relevant Shareholders shall hold shares in aggregate entitling the holders thereof to cast 50% or more of the votes capable of being cast at any General Meeting of the Company then the Company shall notify all shareholders of this fact and during the period that such situation exists the votes attaching to the shares held by each of the shareholders other than the Tote and the Relevant Shareholders (the "Other Shareholders") shall be increased so that on a poll the total number of votes capable of being cast by the Other Shareholders shall equal 50% of the total number of votes capable of being cast at such meeting having regard to this paragraph and the votes attached to each share held by each Other Shareholder shall be increased equally by a proportionate amount and fractions of a single vote shall be counted on any poll.

27. The Company shall not be entitled without the prior written consent of the RCA to:

(i) dispose of a major part of its business or make a fundamental alteration in its business; or

(ii) issue any further shares to any other person ("the Proposed Allottee") which is or would (if a member of the Company) be a Relevant Shareholder or purchase any of its own shares if following the issue or purchase (as the case may be) of such shares the aggregate holding of all Relevant Shareholders would exceed 45% in nominal value of the issued share capital of the Company;

(iii) pass a resolution to wind itself up voluntarily (except in the case of a creditors voluntary winding up) or to alter its Memorandum or Articles of Association in a manner which would prejudice rights specifically granted to or attaching to shares held by the RCA under these Articles.

Provided that the RCA shall not be entitled unreasonably to withhold or delay its consent and if on the application of the Company neither a consent nor a refusal to consent has been given by the RCA within 28 days

(or 56 days where consent is sought to an issue of shares falling within paragraph (ii) above) following such application then consent shall be deemed to have been given. In giving or refusing to give consent in any particular case, the RCA may consider matters in addition to the best interests of the Company but the RCA shall not be entitled to refuse to give such consent if this would have substantial and adverse effect on the business or financial situation of the Company. The RCA shall be deemed to have withheld its consent unreasonably to an issue of shares as referred to in paragraph (ii) above if it shall not nominate a person willing within such period of 56 days to subscribe for all of the shares which the Company is prohibited from issuing as aforesaid (being the excess of the aggregate of the shares held by Relevant Shareholders and the shares proposed to be issued to the Proposed Allottee over the number of shares which would represent 45% of the issued share capital of the Company following the allotment and issue of the shares concerned) or if all of such shares are not agreed to be subscribed for by any person or persons nominated by the RCA within such period or the subscription is not completed within a further 14 day period after the expiry of the 56 day period referred to at the same price at which such share capital was to have been issued to the Proposed Allottee.

28. Immediately upon the transfer by the RCA of any of the Original RCA Shares or the transfer by the RCA of any right which the RCA may have at any time be be allotted or issued shares which would constitute Original RCA Shares on the same being issued to the RCA or the admission of any shares of the Company to the Official List of The Stock Exchange or permission being granted to deal in such shares in the Unlisted Securities Market of The Stock Exchange all of the provisions contained in Articles 21 to 27 of these Articles and all other provisions in the Articles relating specifically to the RCA howsoever, whether conferring any special rights or benefits on the RCA or requiring any consent or approval of the RCA or otherwise, shall cease to be of any further force or effect apart from the RCA's right to appoint and remove a Director of the Company pursuant to Article 12 hereof.