

Corporate governance

The Board continues to be committed to high standards of corporate governance. The Board strives to provide the right leadership, strategic oversight and control environment to produce and sustain delivery of value to all of the Company's shareholders. The Board applies integrity, principles of good corporate governance and accountability throughout its activities and each director brings independence of character and judgement to the role. All of the members of the Board are individually and collectively aware of their responsibilities to the Company's stakeholders.

The following describes the Board's approach to corporate governance and how the UK Corporate Governance Code has been applied.

Compliance statement

In 2012 the Company was subject to and complied with all of the provisions of the UK Corporate Governance Code published in 2010 by the Financial Reporting Council and which is available at www.frc.org.uk.

Board

The Board currently comprises the non-executive Chairman, two executive directors and seven independent non-executive directors. The Chairman has a primary responsibility for the running of the Board and for relations with shareholders. The Chief Executive is responsible for the operations and for the development of strategic plans and initiatives for consideration by the Board. The division of responsibilities between the Chairman and the Chief Executive has been clearly established, set out in writing and agreed by the Board. J M Kelly acts as Senior Independent Director, whose role is to provide a sounding board to the Chairman and to serve as an intermediary for the other directors when necessary. Other roles and responsibilities of the Senior Independent Director are described elsewhere.

The Company recognises the value that diversity brings to its boardroom and believes that the Board performs better and supports its overall objectives within the business strategy when it includes the best people representing a range of capabilities, experience, perspectives and backgrounds. In line with this, the Company aims to foster a diverse Board, including a mix of genders and ethnicities.

The Company has a well established and published equal opportunities policy that guides all colleagues in how they fairly deal with all colleagues and customers irrespective of age, gender, sexual orientation, religion, disability, or ethnic origin. That policy applies on how people are selected to work at the Company and applies at all levels. The Company has a succession policy that ensures all key roles including director positions are considered and the Company considers candidates for roles from the widest possible field. The Board regularly reviews succession arrangements for all key roles and the Nomination Committee reviews succession arrangements for directors.

The Board endorses the aims of the Davies' Report entitled "Women on Boards" and when considering future appointments, with the support of the Nomination Committee, will aim to build on its current position. The Company currently has two women on the Board (C M Hodgson and S Bailey) and therefore 20% of the Board is made up of women. The Company's current aspiration is to increase the percentage of women on the Board to 30% by 2015 and to continue to ensure appropriate representation by women, both on the Board and throughout the business, whilst at all times ensuring the Company selects on merit.

The section "Nomination Committee" on page 33 contains further information on Board composition.

The other significant commitments of the Chairman during 2012 are detailed in his biography on page 28. There were no significant changes to those commitments during 2012.

Of the seven Board meetings held in 2012 C P Wicks was unable to attend one meeting before she left the Company due to prior commitments, S Bailey was unable to attend one meeting due to other business commitments and C J Rodrigues was unable to attend one meeting due to illness and was unable to attend a further meeting due to other business commitments.

In addition, the Chairman met during the year with the non-executive directors without the executive directors present.

The Board has a formal schedule of matters specifically reserved for its decision and approval. These include the approval of the strategic and annual profit plans, key public information releases (e.g. financial statements), dividends, major acquisitions and disposals, material contracts, treasury and other Group policies. The section "Internal control and risk management systems" on pages 34 and 35 contains further information on how the Board operates.

The Company seeks to ensure that the Board is supplied with appropriate and timely information to enable it to discharge its duties. The Board requests additional information or variations to regular reporting as it requires. A procedure exists for directors to seek independent professional advice in the furtherance of their duties, if necessary. All directors have access to the advice and services of the Company Secretary.

All directors receive an induction on joining the Board. A combination of tailored Board and committee agenda items and other Board activities, including briefing sessions, assist the directors in continually updating their skills and the knowledge and familiarity with the Company required to fulfil their role both on the Board and on Board committees. In addition, external seminars, workshops and presentations are made available to directors. The Company provides the necessary resources for developing and updating directors' knowledge and capabilities.

The Board undertakes a formal annual evaluation process of its own performance and that of its committees and individual directors which in 2012 was externally facilitated by Lintstock. Lintstock has no other connection with the Company. Questionnaires tailored to the specific circumstances of the Company were completed by each director in relation to their own performance and on the effectiveness of the Board and its committees.

The Chairman conducts an appraisal of each director. The Senior Independent Director, having consulted with each of the other directors, conducts an appraisal interview with the Chairman. In 2012 a detailed report on the effectiveness of the Board and its committees was produced by Lintstock. The results of this were considered by the Board and the individual committees and actions arising were agreed. The following themes were addressed: Board composition, expertise and dynamics; Board support, time management and Board committees; strategic oversight; risk management and internal control; succession planning and human resources management; and priorities for change.

Whilst all directors are expected to bring an independent judgement to bear on issues of strategy, performance, resources (including key appointments) and standards of conduct, the independent non-executive directors were selected and appointed for this purpose.

The Company Secretary is responsible for advising the Board through the Chairman on all governance matters.

Appointment and replacement of directors

A person who is willing to act as a director, and is permitted by law to do so, may be appointed as a director of the Company by shareholders in general meeting by ordinary resolution (requiring a simple majority of the persons voting on the relevant resolution) or by a decision of the directors. No person, other than a director retiring at that general meeting, shall be appointed or re-appointed a director at any general meeting unless he or she is recommended by the directors or, not less than seven nor more than 35 clear days before the date appointed for the meeting, notice executed by that person of his or her willingness to be appointed or re-appointed is lodged at the Company's registered office.

The articles of association of the Company provide that:

- at every Annual General Meeting any director who has been appointed as a director by the directors since the last Annual General Meeting, or who was not appointed or re-appointed as a director at one of the preceding two Annual General Meetings, must retire from office (notwithstanding any agreement the director may have with the Company) and that any director so retiring may offer himself or herself for appointment or re-appointment as a director by the members at the meeting;

- any director may retire from office at any general meeting and that any director so retiring may offer himself or herself for appointment or re-appointment as a director by the members at the meeting; and
- if a director retires from office at any general meeting, the director shall retain office until the end of the meeting (irrespective of the outcome of any resolution that the director be appointed or re-appointed as a director put to the members at the meeting).

The UK Corporate Governance Code specifies that all directors of FTSE 350 companies should be subject to annual election by shareholders. The Company is a FTSE 350 company and all directors will be subject to election or re-election at the 2013 Annual General Meeting.

The independent non-executive directors understand that the Board will not automatically recommend their re-election by shareholders. The Chairman and the independent non-executive directors are appointed, subject to re-election, for a specified term of approximately three years, renewable by one additional period of three years and further renewable thereafter at the discretion of the Company.

The Companies Act 2006 allows shareholders in general meeting by ordinary resolution (requiring a simple majority of the persons voting on the relevant resolution) to remove any director before the expiration of his or her period of office, but without prejudice to any claim for damages which the director may have for breach of any contract of service between him or her and the Company.

A person also ceases to be a director if he or she notifies the Company of his or her resignation, ceases to be a director by virtue of any provision of the Companies Act 2006, becomes prohibited by law from being a director, has a bankruptcy order against him or her or is the subject of a relevant insolvency procedure, or if a medical practitioner gives a written opinion stating the director has become physically or mentally incapable of acting as a director and may remain so for more than three months, or is removed from office by notice signed by all the other directors sent to the director, or if the Board so decides following at least six months' consecutive absence without permission or he or she becomes subject to relevant procedures under the mental health laws.

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Powers of the Company's directors

Subject to the articles, the directors are responsible for the management of the Company's business, for which purpose they may exercise all the powers of the Company. The shareholders may, by special resolution, direct the directors to take, or refrain from taking, specified action. The directors' exercise of the powers of the Company to borrow money is restricted. The directors have power to issue new shares and to purchase the Company's own shares, in each case to the extent permitted by law or as allowed by shareholder resolution (resolutions to issue and purchase shares are regularly proposed at the Company's Annual General Meetings).

Board committees

The Board has five standing committees, all of which have written terms of reference clearly setting out their authority and duties. The terms of reference of the Audit, Nomination and Remuneration Committees, which are reviewed annually, can be viewed at www.ladbrokesplc.com. In addition, the Executive Committee, Risk Committee, Investment Committee, Digital Committee and Compliance Committee referred to elsewhere are not formal Board committees.

Audit Committee

The members of the Committee are:

	Appointment date	Committee role
Darren M Shapland	16 February 2010	Chairman
John M Kelly	1 September 2010	Member
Christine M Hodgson	1 May 2012	Member

All members of the Committee are independent non-executive directors. Appointments to the Committee are made by the Board at the recommendation of the Nomination Committee, which consults with the Chairman of the Audit Committee.

The Board has satisfied itself that the members of the Committee have recent and relevant financial experience.

The Committee is provided with sufficient resources to undertake its duties. It has access to the services of the Company Secretary (who acts as secretary to the Committee) and all other employees. The Committee is able to take independent legal or professional advice when it believes it necessary to do so.

The Committee meets as required, but not less than three times a year. There was full attendance at the four meetings held in 2012.

Although other directors, including the Chief Financial Officer, attend Audit Committee meetings, the Committee also meets for private discussions with the external auditor, who attends all of its meetings, and can do so with the internal auditor.

The Committee is the body which carries out the functions required by DTR 7.1.3. The main role and responsibilities of the Committee in 2012 were to:

- monitor the integrity of the financial statements of the Company;
- review the Company's internal financial control and risk management systems;
- monitor and review the effectiveness of the Company's internal audit function; and
- oversee the Company's relationship with the external auditor including the recommendation to the Board of its appointment and remuneration.

Should the Committee's monitoring and review activities reveal any material cause for concern or scope for improvement, it will make recommendations to the Board on action needed to address the issue or make improvements.

The main activities of the Committee in 2012 were as follows:

- with the assistance of reports received from management and the external auditor, the critical review of the significant financial reporting issues in connection with the preparation of the Company's financial and related formal statements;
- assessing the scope and effectiveness of the systems established to identify, assess, manage and monitor financial and non-financial risks;
- monitoring the integrity of the Company's internal financial controls. The Committee does so by reference to:
 - (a) summaries of business risks and mitigating controls;
 - (b) regular reports and presentations from the heads of key risk functions, internal audit and external audit; and
 - (c) the results of the system of annual self-certification of compliance with key controls and procedures;
- monitoring and reviewing the plans, work and effectiveness of the internal audit function, including any actions taken following any significant failures in internal controls;
- reviewing, with the external auditor, its terms of engagement, the findings of its work, and at the end of the audit process reviewing its effectiveness; and
- reviewing the independence and objectivity of the external auditor.

The external auditor reports to the Committee on the actions taken to comply with professional and regulatory requirements and with best practice designed to ensure its independence. The Committee has agreed a policy on the engagement of the external auditor to supply non-audit services, the application of which it monitors. The policy, which can be viewed at www.ladbrokeplc.com, specifies services that may not be provided and contains a level of cost at which Committee approval is required enabling the Committee to satisfy itself that auditor objectivity and independence are safeguarded.

The Company acknowledges the provisions of the UK Corporate Governance Code published in September 2012 in relation to external audit tendering. It is currently anticipated that the Company will put the external audit contract out to tender in summer 2013 unless any material changes emerge from the EUs considerations of audit policy. The results of that tender will determine the identity of the external auditor to be appointed or re-appointed at the 2014 Annual General Meeting.

Finance Committee

This Committee meets as required to deal with all routine business excluding matters that are specifically reserved to the Board or to another committee and specific matters delegated to it by the Board requiring attention between scheduled Board meetings. Any two directors can conduct the business of this Committee.

Nomination Committee

The members of the Committee are the Chairman of the Board and two or more independent non-executive directors.

The current members of the Committee are:

	Appointment date	Committee role
Peter Erskine	18 February 2009	Chairman
John F Jarvis	14 May 2010	Member
John M Kelly	15 February 2011	Member
Christopher J Rodrigues	18 May 2007	Member

Appointments to the Committee are made by the Board.

The Committee is provided with sufficient resources to undertake its duties. It has access to the services of the Company Secretary (who acts as secretary to the Committee) and all other employees. The Committee is able to take independent legal and professional advice when it believes it necessary to do so.

The Committee meets as required but not less than twice a year. Two meetings of the Committee were held in 2012 and there was full attendance at these meetings.

The main role and responsibilities of the Committee are to:

- review the structure, size and composition of the Board (which includes an objective and comprehensive evaluation of the balance of skills, knowledge, experience and diversity of the Board) and make recommendations to the Board with regard to any changes;
- consider succession planning for the directors and other senior executives and make recommendations to the Board;
- identify and nominate for the approval of the Board candidates to fill Board vacancies as and when they arise;
- review the leadership of the Company to ensure the continued ability of the Company to compete effectively in the marketplace;
- recommend candidates for the role of Senior Independent Director and for membership of the Audit and Remuneration Committees, in consultation with the Chairmen of those Committees; and
- make recommendations to the Board concerning the re-appointment of non-executive directors at the end of their specified term of office and the re-election by shareholders of any director under the retirement by rotation provisions or otherwise.

The Committee performed the above activities as necessary in 2012.

C M Hodgson and R Moross were appointed as non-executive directors with effect from 1 May 2012. Descriptions of the roles and capabilities required were prepared and suitable candidates were identified by external advisers, JCA Group, following a review of the structure, size and composition (including skills, knowledge, experience and diversity) of the Board. JCA Group has no other connection with the Company. When recommending appointments to the Board, the Committee considers the Company's equal opportunities policy and aspirations regarding women on the Board as set out on page 30, whilst ensuring that the Company selects on merit.

C J Rodrigues has served as an independent non-executive director of the Company for nine years and will retire from the Company at the 2013 Annual General Meeting. During the course of 2012, the Committee met and considered the balance of the Board (including its size, the balance of skills, experience, independence and diversity (including gender)) and also reflected on the findings of the Lintstock Board evaluation. It was determined that there was no need to appoint a non-executive director to replace C J Rodrigues at this time.

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Remuneration Committee

Details of the Remuneration Committee, including membership, are set out in the Directors' remuneration report, which should be read in conjunction with this section.

Disclosure Committee

In 2012, the Board established a Disclosure Committee which meets on an ad hoc basis to consider and make decisions relating to the handling of inside information concerning the Company and the Group. Any executive director of the Company together with the Chairman of the Board can conduct the business of the Committee.

The Committee is responsible for ensuring the timely and accurate disclosure of inside information to the market in accordance with the Company's obligations under the UKLA's Disclosure and Transparency Rules and for monitoring compliance with the Company's disclosure controls and procedures. The Committee receives advice from the Company's external legal, financial and public relations advisers as required and reports to the Board. In appropriate cases, the decisions of the Committee may be subject to confirmation from the Board.

Internal control and risk management systems

The Board has ultimate responsibility for the internal control and risk management systems operating throughout the Group and for reviewing their effectiveness. No such systems can provide absolute assurance against material misstatement or loss. The Group's systems are designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide the Board with reasonable assurance that potential problems will normally be prevented or will be detected in a timely manner for appropriate action.

The Company had procedures in place throughout the year and up to 21 February 2013, the date of approval of this Annual Report, which accord with the Internal Control: Revised Guidance for Directors on the Combined Code published in October 2005.

The Board has delegated the detailed design of the systems of internal control and risk management to the executive directors.

The control framework and key procedures during 2012 in relation to the financial reporting process were as follows:

The Group manages its operations through two primary Business Units:

- Retail (UK and Ireland and International); and
- Digital (UK and Ireland and International).

In addition to these, there are four Business Support Units:

- Information Technology;
- Customer;
- Finance and Development; and
- Human Resources.

There is an Executive Head responsible for each of these Business Units.

- as well as weekly updates, the Chief Executive and the Executive Heads meet monthly (the Executive Committee) to consider Group strategy, financial performance, business development and management issues. Other senior executives participate as appropriate. In addition there are weekly and monthly financial and operational review meetings together with an annual programme of plan/reforecasting and strategy reviews attended by the Chief Executive and Chief Financial Officer together with, as appropriate, other Executive Heads and executives;
- the Business Units comprise executives with defined responsibilities. Business Unit management meet regularly to manage their respective operations;
- key policies and control procedures (including treasury, compliance and information system controls) are documented and have Group-wide application. There are also operating procedure manuals that are integrated with Group-wide controls;
- high standards of business ethics and compliance with laws, regulations and internal policies are demanded from employees at all levels. To underpin the effectiveness of controls, it is Group policy to recruit and develop management and other employees of high calibre, integrity and with appropriate disciplines;
- there is an ongoing process for identifying, evaluating and managing the risks faced by the Group. Key risks and their financial implications are appraised by the Executive Committee which is assisted by a committee of Business Unit executives (the Risk Committee). This is an integral part of the strategic planning process. The appropriateness of controls is considered, having regard to cost/benefit, materiality and the likelihood of risks crystallising;
- key risks and actions to mitigate those risks are considered at each regular Board meeting and are formally reviewed and approved by the Board twice yearly. Each key risk is assigned executive director/Executive Head ownership;
- the Board establishes corporate strategy and Group-wide business objectives which are formally reviewed annually. Business Unit management integrate such objectives into business strategies for presentation to the Board with supporting financial objectives;
- Business Unit budgets, containing financial and operating targets, capital expenditure proposals and performance indicators, are reviewed by the Executive Committee and support Group strategies. The Group profit plan is approved by the Board;

- reports on financial and non-financial performance are regularly provided to directors and discussed at Board meetings. Performance against both budgets and objectives together with management of business risks, are reviewed with Group management, as are forecasts and material sensitivities;
- the Board regularly receives reports from Executive Heads covering areas such as operations, forecasts, business development, strategic planning, human resources, legal and corporate matters, compliance, health and safety and corporate responsibility;
- there is a Group-wide policy governing appraisal and approval of investment expenditure and asset disposals. A committee of the Chief Executive and the Chief Financial Officer considers all significant financial commitments, including past investment appraisals (the Investment Committee). Major projects are reported on at each scheduled Board meeting. Post-investment appraisals are undertaken on a systematic basis and are formally reviewed by the Board twice yearly;
- a system of annual self-certification of compliance with key controls and procedures is operated throughout the Group; and
- the Group has an internal audit function, outsourced to Deloitte LLP, which reports to management and the Audit Committee on Group operations.

The role of the Audit Committee in reviewing the effectiveness of the systems of internal control and risk management is explained in the Audit Committee section.

The Board also conducts an assessment of the effectiveness of the internal control and risk management systems. The assessment takes account of all significant aspects including: risk assessment; the control environment and control activities; information and communication; and monitoring.

Anti-bribery and whistleblowing policies

The Board recognises that as a global betting and gaming business there is potential for exposure to bribery and corruption. Failure by employees, suppliers or agents to comply with anti-bribery and corruption legislation (including the UK Bribery Act and the US Foreign Corrupt Practices Act), or any failure in policies and procedures to monitor and prevent non-compliance, anywhere in the world, could result in substantial penalties, criminal prosecution and significant damage to the reputation of the Company.

The Board ensures that there are a number of policies, procedures, management systems and internal controls in place across the business to prevent bribery and corruption occurring. This includes policies on whistleblowing, anti-bribery, gifts and hospitality, charitable donations and sponsorship. Supplementary audit, monitoring and review processes are designed to identify breaches of Group controls.

The whistleblowing policy enables and encourages employees to report in confidence any possible malpractice, impropriety or other matters of concern which may arise in the business. Any matters raised in accordance with the policy are investigated thoroughly and reports are provided at each meeting of the Audit Committee.

Relations with shareholders

There is a regular programme of meetings with major institutional shareholders to consider the Group's performance and prospects. In addition, presentations are made twice yearly after the announcement of results, the details of which, together with the Group's financial reports and announcements, can be accessed at www.ladbrokeplc.com. The Chairman met in 2012 with several institutional investors and their representative bodies in addition to results presentations and the Annual General Meeting. Other directors are available to meet the Company's major shareholders if requested.

The Senior Independent Director is available to shareholders if they have concerns, where contact through the usual channels of Chairman, Chief Executive and Chief Financial Officer has failed to solve, or for which such contact is inappropriate.

A report on investor relations, which includes updates on meetings with major institutional shareholders, is given at each Board meeting. The Company's brokers also present to the Board annually. Principles of ownership, corporate governance and voting guidelines issued by the Company's major institutional shareholders, their representative bodies and advisory organisations are circulated to, and considered by, the Board.

The Company corresponds regularly on a range of subjects with its individual shareholders who have an opportunity to question the Board at the Annual General Meeting. Further information on our relations with shareholders is contained in the "Shareholder information" section on page 118.

Rights attaching to the shares and restrictions on voting and transfer

The Company's share capital consists of ordinary shares of 28 $\frac{1}{3}$ p each. Subject to any suspension or abrogation of rights pursuant to relevant law or the Company's articles of association, the ordinary shares confer on their holders (other than the Company in respect of its treasury shares):

- (a) the right to receive out of profits available for distribution such dividends as may be agreed to be paid (in the case of a final dividend in an amount not exceeding the amount recommended by the Board as approved by shareholders in general meeting, or in the case of an interim dividend in an amount determined by the Board). All dividends unclaimed for a period of 12 years after having become due for payment are forfeited automatically and cease to remain owing by the Company;

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- (b) the right, on a return of assets on a liquidation, reduction of capital or otherwise, to share in the surplus assets of the Company remaining after payment of its liabilities *pari passu* with the other holders of ordinary shares; and
- (c) the right to receive notice of and to attend and speak and vote in person or by proxy at any general meeting of the Company. On a show of hands every member present (or in the case of a corporation, represented) and voting has one vote and every proxy present who has been appointed by one or more members present has one vote (and a second vote where the proxy has been appointed by more than one member and has been instructed by one or more members to vote for the resolution and by one or more other members to vote against the resolution). On a poll every member present (or represented) in person or by proxy has one vote for every share of which that member is the holder. Normally, the appointment of a proxy must be received not less than 48 hours before the time of the holding of the relevant meeting or adjourned meeting; special provision is made in the Company's articles of association as to the delivery of proxies for use on a poll not taken during the meeting at which the poll is demanded.

These rights can be suspended. If the member, or any other person appearing to be interested in shares held by that member, has failed to comply with a notice pursuant to section 793 of the Companies Act 2006 (notice by company requiring information about interests in its shares) the Company can suspend (until one week after the default ceases) the right to attend and speak and vote at a general meeting and if the shares represent at least 0.25% of their class the Company can withhold any dividend or other money payable in respect of the shares and refuse to accept certain transfers of the relevant shares. In addition, following certain action by a gambling industry regulator (as more specifically set out in the Company's articles of association), the Company may suspend all or some of the rights attaching to all or some of the shares held by any relevant shareholder to attend and to speak at meetings and to vote, to receive any dividend or other money payable in respect of the shares, and to the issue of further shares or other securities in respect of the shares.

Shareholders, either alone or with other shareholders, have other rights as set out in the Company's articles of association and in company law (principally the Companies Act 2006).

The Trustee of the Ladbrokes Share Ownership Trust, which is used in connection with certain of the Company's employee share ownership plans, held 884,126 ordinary shares in the Company at 31 December 2012 which are not voted by plan members and which it can vote in its absolute discretion.

A member may choose whether his or her shares are evidenced by share certificates (certificated shares) or held in electronic (uncertificated) form in CREST (the UK electronic settlement system). Any member may transfer all or any of his or her shares subject in the case of certificated shares to the rules set out in the Company's articles of association or in the case of uncertificated shares the regulations governing the operation of CREST (which allow the directors to refuse to register a transfer as therein set out); the transferor remains the holder of the shares until the name of the transferee is entered in the register of members. The directors may refuse to register a transfer of certificated shares in favour of more than four persons jointly or where there is no adequate evidence of ownership or the transfer is not duly stamped (if so required). The directors may also refuse to register a share transfer if it is in respect of a certificated share which is not fully paid up or on which the Company has a lien provided that, where the share transfer is in respect of any share admitted to the Official List maintained by the UK Listing Authority, any such discretion may not be exercised so as to prevent dealings taking place on an open and proper basis, or if in the opinion of the directors (and with the concurrence of the UK Listing Authority) exceptional circumstances so warrant provided that the exercise of such power will not disturb the market in those shares. Whilst there are no squeeze-out and sell out rules relating to the shares in the Company's articles of association, shareholders are subject to the compulsory acquisition provisions in sections 974 to 991 of the Companies Act 2006 and can be required by the Company to transfer their shares following certain action by a gambling industry regulator (as more specifically set out in the Company's articles of association).

Significant agreements that take effect, alter or terminate upon a change of control following a takeover bid

The agreements between Ladbrokes Group Finance plc ("LGF"), a wholly owned subsidiary of the Company, and eight separate banks for the provision by the banks of revolving credit facilities of up to £540 million on a committed basis provide that the banks may give notice of cancellation if a change of control occurs. On cancellation the amounts drawn would be immediately repayable. In the context of a takeover bid, the acquirer would normally arrange substitute facilities. In addition, LGF issued a bond in March 2010. The bond has a "Put Event" that allows bondholders to exercise a put option when a change of control occurs. The put option allows the bondholders to require LGF to purchase the bonds at a price of 101 pence.

Amendment of the Company's articles of association

The Company's articles of association may be amended by the members of the Company by special resolution (requiring a majority of at least 75% of the persons voting on the relevant resolution).