THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. When considering what action you should take, you should seek your own personal financial advice from your stockbroker, bank, solicitor, accountant, fund manager or other independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all of your Ordinary Shares, please send this document and the other enclosed documents at once to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee.

A copy of this document can be found on the Company's website (www.williamhillplc.co.uk) and is available free of charge at the address of the registered office of William Hill PLC and the offices of Freshfields Bruckhaus Deringer, each as set out in paragraph 9 of Part 6.

William Hill PLC

(Incorporated and registered in England and Wales under the Companies Act, registered number 4212563)

Proposed acquisition of Stanley's Retail Bookmaking and proposed new Performance Share Plan Notice of Extraordinary General Meeting

Your attention is drawn to the letter from the Chairman of William Hill PLC which is set out on pages 3 to 10 of Part 1 of this document and recommends you to vote in favour of the resolution to be proposed at the Extraordinary General Meeting referred to below.

The notice of an Extraordinary General Meeting of William Hill PLC (the "EGM") to be held at 11.00 a.m. on 17 June 2005 is set out at the end of this document. Your Board is unanimously recommending you to vote in favour of the Acquisition. Shareholders will find enclosed a Form of Proxy for use at the EGM. You should complete, sign and return your Form of Proxy for use at the EGM as soon as possible but in any event so as to be received by the Company's registrars, Capita Registrars, Proxy Department, the Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU, not later than 11.00 a.m. on 15 June 2005.

If you hold your Ordinary Shares in uncertificated form (i.e. in CREST), you may appoint a proxy by completing and transmitting a CREST Proxy Instruction in accordance with the procedures set out in the CREST Manual so that it is received by Capita Registrars (under CREST participant ID RA10) by no later than 11.00 a.m. on 17 June 2005. The time of receipt will be taken to be the time from which Capita Registrars is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

A summary of the action to be taken by William Hill Shareholders is set out on page 10 of this document.

The return of a completed Form of Proxy or CREST Proxy Instruction will not prevent you from attending the EGM and voting in person if you so wish and if you are entitled to do so.

Definitions of certain of the terms used in this document are provided in Part 8.

Contents

Expected Timetable

Latest date and time for receipt of Form of Proxy for the EGM .... 11.00 a.m. on 15 June 2005

EGM .... 11.00 a.m. on 17 June 2005

Completion of the Acquisition .... 18 June 2005, depending on the timing of various approvals

Note: Each of the times and dates in this timetable is subject to change. References to times are to London time.

Citigroup is acting for William Hill and no-one else in relation to the Acquisition and will not be responsible to anyone other than William Hill for providing the protections afforded to clients of Citigroup nor for providing advice in relation to the Acquisition or in relation to the contents of this document.

Forward-looking Statements:

This document includes "forward-looking statements" within the meaning of Section 27A of the Securities Act, Section 21E of the Exchange Act and the US Private Securities Litigation Reform Act of 1995. Statements (other than statements of historical fact) regarding the Group's financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to the Group's products and services), or statements preceded by, followed by or that include the words "targets", "believes", "expects", "aims", "intends", "plans", "seeks", "will", "may"', "anticipates", "would", "could", "continue" or similar expressions or the negative thereof, are forward-looking statements. Such forward-looking statements involve risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the Group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Company cautions investors not to place undue reliance on its forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding the Group's present and future business strategies and the environment in which the Group will operate in the future. These forward looking statements speak only as at the date of this document. In light of these risks, uncertainties, assumptions and other factors, the forward-looking events described in this document might not occur. Additional risks that the Directors may currently deem immaterial or that are not presently known to the Directors could also cause the forward-looking events discussed in this document not to occur. The Directors (and any other person responsible for the production of this document or any matter contained herein) expressly disclaim any obligation or undertaking to update or revise any forward-looking statements contained herein to reflect any change in their expectations with regard thereto or any change in events, conditions or circumstances on which any such statements are based, unless required to do so by relevant law or the rules of any relevant securities regulatory authority.

PART 1

LETTER FROM THE CHAIRMAN OF WILLIAM HILL

William Hill PLC

(*Incorporated in England and Wales with registered number 4212563)*

Directors:	Registered Office:
Charles Scott (*Chairman*)	Greenside House
David Harding (*Chief Executive*)	50 Station Road
Tom Singer (*Chief Operating Officer*)	Wood Green
David Allvey (*Independent Non-executive Director*)	London N22 7TP
David Edmonds, CBE, D.Litt. (*Independent Non-executive Director*)	
Barry Gibson (*Senior Independent Non-executive Director*)	

31 May 2005

Dear Shareholder

PROPOSED £504 MILLION ACQUISITION OF STANLEY'S RETAIL BOOKMAKING IN GREAT BRITAIN, NORTHERN IRELAND, THE REPUBLIC OF IRELAND, JERSEY AND THE ISLE OF MAN AND PROPOSED PERFORMANCE SHARE PLAN

Introduction

On 16 May 2005, William Hill announced that it had agreed to acquire Stanley's Retail Bookmaking, for a total consideration of £504 million, payable in cash on Completion.

Stanley's Retail Bookmaking comprises 624 LBOs and is the fourth largest operator of LBOs in the UK. It is also one of the largest operators of LBOs in the Republic of Ireland. The Acquisition will create the UK's leading network of LBOs and significantly enhance the size of William Hill's retail estate enlarging it to 2,237 LBOs from 1,613. The distribution of Stanley's Retail Bookmaking estate is highly complementary with William Hill's existing estate, providing a presence in areas in which William Hill is currently relatively under represented, such as the north west of England, or unrepresented, such as Northern Ireland and the Republic of Ireland.

The Directors expect the Acquisition to deliver pre-tax synergies of £13 million in the financial year ending 26 December 2006. This expected improvement in performance results from the realisation of operational revenue and cost synergies as well as the full year effect of the roll out of FOBTs and recent investments in the retail estate.

In addition, anticipated further de-regulation, product innovation, investment in new technology and extensive high street distribution are all likely to deliver benefits to the Enlarged Group in the medium term. The Acquisition is consistent with William Hill's strategy since listing which has been aimed at delivering sustainable earnings growth and value for its shareholders.

In view of the size of the Acquisition, it is subject to the approval of William Hill Shareholders at the EGM. The Acquisition is also subject to the approval of Stanley Leisure's shareholders. The purpose of this document is to provide you with details of the Acquisition and explain why the Directors believe it is in the best interests of William Hill and the William Hill Shareholders. Included in Part 7 of this document is a formal notice to convene the EGM to seek your approval for the Acquisition.

Background to and reasons for the Acquisition

William Hill was listed on the London Stock Exchange in June 2002 and, since listing, the Company has pursued a strategy aimed at delivering sustainable earnings growth and value for its shareholders. The key elements of this strategy have been to continue to enhance traditional earnings and maximise organic growth opportunities, profitably exploit new platforms across all betting channels (including interactive ("Interactive") channels – the internet, mobile internet and interactive digital television), capitalise on opportunities arising from regulatory, fiscal and technological change and selectively pursue value-enhancing acquisitions. Although the Company has reviewed a number of potential investment and acquisition opportunities, particularly in the context of potential gambling deregulation in the UK, the Directors have maintained strict financial discipline and avoided pursuing opportunities unless they were demonstrably value-enhancing for shareholders.

William Hill has grown its profit on ordinary activities after taxation (but before exceptional items) by 153 per cent. over the last two financial years. This has mainly been driven by continued capital investment and by taking advantage of organic growth opportunities, including the introduction of new products across its retail, telephone and Interactive channels, the successful development of FOBTs and extending trading hours in the LBOs, as well as the general growth of business across Interactive channels. During this time, the Company has also made several small acquisitions of LBOs, which have increased the size of William Hill's retail estate, and has also acquired two greyhound stadia.

Consistent with its strategy, William Hill has reviewed, on an on-going basis, opportunities to acquire chains of LBOs which would enhance the overall breadth of William Hill's estate on terms that enhance shareholder value. In the absence of significant acquisition opportunities, a proposed return of capital was announced with William Hill's preliminary results on 2 March 2005, subject to shareholder approval. Subsequently, the opportunity to acquire Stanley's Retail Bookmaking arose and, on 18 April 2005, William Hill announced that it was in exclusive discussions with Stanley Leisure about the Acquisition and that this potential opportunity would be evaluated before proceeding with a return of capital.

The Directors have concluded that the Acquisition represents a rare strategic opportunity for William Hill to increase the scale of its retail bookmaking estate and benefit from economies of scale. The Directors believe substantial synergies can be achieved by applying William Hill's systems and approach to the enlarged estate.

Benefits of the Acquisition

Summary

William Hill has developed detailed plans for the efficient integration of Stanley's Retail Bookmaking into William Hill. Based on these plans, the Directors believe substantial synergies can be achieved through the integration of the businesses and roll out of the William Hill brand across Stanley's Retail Bookmaking estate and by applying William Hill's systems and approach to the enlarged estate. The combination also enables the enlarged business to leverage more effectively existing and future investment and development opportunities.

The Directors expect the Acquisition to deliver pre-tax synergies of £13 million in the financial year ending 26 December 2006. This improvement in performance results from the realisation of operational revenue and cost synergies as well as the full year effect of the roll out of FOBTs and recent investments in the retail estate.

The Directors estimate that the exceptional costs associated with the Acquisition will total £20 million, of which business integration costs amount to £10 million and advisory and other fees comprise £10 million, the majority of which will be incurred in 2005.

William Hill intends to invest an estimated £10 million upfront in Stanley's Retail Bookmaking estate on capital expenditure, principally to harmonise LBO based and back office information systems. In addition, it is anticipated that approximately £20 million will be spent investing in and upgrading Stanley's Retail Bookmaking estate over the next three years.

Cost savings and economies of scale

The Acquisition provides an immediate opportunity to improve the efficiency of the enlarged business and deliver cost savings through the elimination of duplicate back office functions and line management structures.

William Hill intends to re-brand Stanley's Retail Bookmaking estate under the William Hill brand. The Directors believe that this will raise the profile of acquired LBOs on the high street and of the William Hill brand generally, whilst still allowing for a net reduction in the aggregate expenditure on branding, marketing and sponsorship. In addition, William Hill would reduce the aggregate amount spent on corporate overheads and seek over time to improve commercial terms with suppliers in areas such as the provision of FOBTs and AWPs.

The Directors also believe that there is significant benefit in being able to differentiate William Hill's service and brand by offering a full range of betting and gaming products, widespread distribution, and an integrated service offering that allows customers to bet using a single account across all distribution channels – retail, telephone and Interactive channels, including internet, mobile internet and interactive digital television.

William Hill is already investing heavily in products and front and back office systems to ensure that it has an unrivalled capability to deliver this proposition to customers. The Acquisition further supports this strategy and would enable the enlarged business to leverage more effectively existing and future investment and development opportunities.

Revenue opportunities

The Board believes that the Acquisition provides a range of opportunities to enhance the profitability of Stanley's Retail Bookmaking estate as well as develop new income streams as a result of William Hill having a more extensive distribution capability through its enlarged network of LBOs.

There are a number of immediate opportunities to improve the profitability of Stanley's Retail Bookmaking including:

- Completion of FOBT roll out and improvement in mix between FOBTs and AWPs. Stanley's Retail Bookmaking estate in the UK holds approximately 1,364 FOBTs, equivalent to 2.4 FOBT machines per LBO. There is scope to increase the number of FOBT machines across Stanley's Retail Bookmaking UK estate to around 1,630 through changing the mix of FOBTs and AWPs in the near term. Over time, we also believe there may be further scope to optimise the number and mix of machines. In addition, William Hill will benefit from the anticipated de-regulation of machine gaming in LBOs through the introduction of jackpot machines, offering prizes of up to £500, and new products developed for FOBTs across the enlarged estate.
- Introduction of William Hill's product offering to Stanley's Retail Bookmaking, which is more comprehensive than that currently on offer in terms of both range of sports, range of bet types and maximum win limits, made possible by the greater ability to spread risk over a larger range of business, and enhanced liability management due to an on-course presence.
- Development of additional services that enhance the service levels and provide more betting opportunities for the LBO customer, such as introducing a second numbers betting channel to increase betting opportunities and stimulate recycling.
- The anticipated removal of regulations restricting winter LBO opening hours, coupled with increased availability of floodlit horseracing, which will enable William Hill to take further advantage of extended trading hours for both over the counter and machine business across the enlarged estate.

In the medium term, the Board also believes that more extensive high street distribution will enhance its ability to:

- Leverage investment in new and existing technology within the LBO environment such as mark sense betting slips, self service terminals and tailoring of audio visual information and betting opportunities to local geographic markets.
- Better exploit the growing desire amongst some customers for the benefit of a single account offering across all distribution channels and products, by having the largest and most ubiquitous distribution in the UK. It would also provide William Hill with an enlarged LBO customer base who may also wish to use William Hill's leading telephone and interactive offerings, distribution channels in which Stanley Leisure does not have a strong market position.
- Further enhance the William Hill Group's influence in discussions with government and the Gambling Commission on the taxation and regulation of the UK market and gambling products.
- Be the partner of choice in any cross platform consolidation amongst gaming and betting operators in the UK.
- Take advantage of international opportunities which the Directors believe are increasingly likely to arise as other markets, particularly in Europe, begin to deregulate or adapt to respond to the growing challenges to their, domestic, lottery and pari-mutuel operations from internet fixed odds betting and casino products.
- In the longer term, potentially challenge direct competitors and incumbents for rights to operate and distribute pari-mutuel and lottery type products as and when monopoly licences expire.

LBO profitability

The average profitability per LBO within Stanley's Retail Bookmaking is substantially below that of William Hill's LBOs which is, in part, a result of Stanley's Retail Bookmaking LBOs being on average smaller and less well situated than William Hill's LBOs. However, the Directors of William Hill believe that through sustained investment in, and development of, Stanley's Retail Bookmaking it will be possible to improve operating performance and increase market share. William Hill has significant experience of developing LBOs and is confident it can upgrade and improve the quality and performance of the acquired estate over time.

Integration of Stanley's Retail Bookmaking

William Hill has developed a plan for the integration of Stanley's Retail Bookmaking into William Hill's existing structure following completion of the transaction. It intends to spend the first six to eight weeks following completion further analysing the Stanley's Retail Bookmaking business to refine the details in the plan before commencing integration, subject to appropriate clearance from the OFT.

After the initial review, William Hill will begin to rebrand Stanley's Retail Bookmaking LBOs under the William Hill banner, a more recognisable national betting brand. It is anticipated that the rebranding of the LBOs will take a period of approximately six months from commencement of the exercise.

In conjunction with rebranding, William Hill intends to adapt the services and facilities in the Stanley's Retail Bookmaking LBOs in order to bring these LBOs into line with William Hill's existing LBOs. William Hill will also invest in Stanley's Retail Bookmaking estate to improve the quality of units through refurbishment, re-sites and extensions as local conditions allow.

This investment programme will improve the size, appearance and facilities offered in the acquired LBOs, increase the number of machines across Stanley's Retail Bookmaking estate and harmonise the in-store technology and service offering.

In parallel with the rebranding and refurbishment of LBOs, William Hill intends to extract benefits from the rationalisation of central functions and removing duplicate line management structures.

Competition regulation

William Hill is assuming the UK competition risk in relation to the Acquisition, which will be subject to review by the OFT. The OFT has a non-binding target of making a decision within 40 working days following notification to: clear the Acquisition unconditionally; clear the Acquisition provided that William Hill provides acceptable undertakings in lieu of a reference (e.g. to dispose of LBOs to eliminate local monopolies); or refer the Acquisition to the Competition Commission for further investigation. If the Acquisition is referred to the Competition Commission, the Competition Commission will make a decision within 24 weeks (which can be extended to a total of 32 weeks) whether to clear the Acquisition unconditionally or to impose remedies (which may include divestment remedies). The UK competition process may be delayed if appeals against decisions of the OFT and/or the Competition Commission are brought to the Competition Appeal Tribunal (or beyond).

The Board believes that the Acquisition does not give rise to any competition concerns in the *national* market for betting services (or the LBO segment of that market): in particular, this market is highly competitive, with a significant number of alternative suppliers and vigorous price competition from betting exchanges. The Board expects the OFT to examine whether the Acquisition reduces competition in the supply of betting services through LBOs on a *local basis* in certain areas, although reduced entry barriers over the last two years have prompted the expansion in the number of LBOs, reversing a long running trend of declining LBO numbers. The Board believes that, insofar as any local issues arise notwithstanding the reduced entry barriers, they can be resolved by William Hill selling LBOs up-front and/or by the provision of undertakings in lieu of a reference to the OFT, as described above. As a result, the Board believes that any potential competition issues will not be material in the overall context of the transaction. However, if the transaction is referred to the Competition Commission then William Hill's ability to realise the expected synergies will be delayed until the end of the Competition Commission's review.

Intention to dispose of up to 60 of Stanley's Retail Bookmaking LBOs

William Hill is considering selling up to 60 of Stanley's Retail Bookmaking LBOs, generally in order to reduce the effect of the Acquisition on conditions of local competition in areas where both William Hill and Stanley Leisure have LBOs. William Hill is seeking to enter into agreements to sell some or all of such LBOs prior to Completion.

Information on Stanley's Retail Bookmaking

Stanley's Retail Bookmaking is the fourth largest operator of LBOs in the UK and is also one of the largest operators of LBOs in the Republic of Ireland. Stanley's Retail Bookmaking estate of 624 LBOs comprises 561 LBOs in the UK, 52 in the Republic of Ireland and 11 in the Isle of Man and Jersey, trading under the brand names 'Stanleybet' and 'Stanley Racing'.

The Acquisition does not include Stanley Leisure's telephone, Interactive and international betting operations.

In the year ended 2 May 2004, Stanley's Retail Bookmaking generated earnings before interest, depreciation and amortisation ("EBITDA") of £37.2 million[1].

1 This amount is presented in accordance with the accounting policies of William Hill

Financial information on Stanley's Retail Bookmaking

The combined financial information on Stanley's Retail Bookmaking set out in this letter has, unless otherwise stated, been extracted without material adjustment from the Accountants' Report on Stanley's Retail Bookmaking set out in Part 2 of this document and is presented in accordance with the accounting policies of William Hill. Shareholders are advised to read the whole document and not just rely on the summarised information contained in this letter.

Summary combined financial information relating to Stanley's Retail Bookmaking for the three financial years ended 2 May 2004, is set out in the table below:

	52 weeks ended 28 April 2002	52 weeks ended 27 April 2003	53 weeks ended 2 May 2004
	£ million	£ million	£ million
Turnover	568.4	771.8	1,365.7
Gross Win	117.6	114.8	151.4
EBITDA	26.2	24.3	37.2
Profit Before Tax	21.6	17.2	29.6
Net Assets	127.6	131.8	121.8

Management and employees

Recognising the importance of successful integration to achieving synergies Tom Singer has been promoted to the newly created position of Chief Operating Officer, with full responsibility for the integration programme. Tom has extensive experience of business integration projects from his time with McKinsey. In this role Tom will assume operational responsibility for the retail, telephone and Interactive businesses and information technology. He will have a dedicated team of retail professionals and functional specialists with experience of integrating LBOs into our estate, to manage all aspects of integration. We will be instigating a search for a new Group Finance Director, although in the interim, Tom will retain overall responsibility, and Shai Wasani, currently Business Development Director, will assume some of Tom's responsibilities for the finance function.

David Harding will continue in his role as Chief Executive and retains responsibility for trading, marketing and business development. The creation of the Chief Operating Officer position will allow David to devote more time to the longer-term strategic opportunities, whilst ensuring that focus on integration and delivery of synergies in the near-term is also guaranteed.

As soon as practicable, William Hill's management will work with Stanley's Retail Bookmaking to ascertain where there may be overlap in skills and resource within the Enlarged Group and to ensure that William Hill fully understands the aspirations of the workforce going forward. Where roles may need to change or where roles no longer exist within the Enlarged Group, William Hill will, as part of the integration process described above, inform and consult with those employees likely to be affected and will meet its statutory and contractual obligations to those employees in implementing any changes.

Funding of the Acquisition

The Acquisition will be funded by an increased level of borrowings, provided by amendments to its existing bank facilities or, alternatively, by new bank facilities entered into on 12 May 2005. The new bank facilities incorporate minor amendments to the existing bank facilities put in place in March 2005 for the previously proposed return of capital to allow them to be used to finance the Acquisition.

In March 2005, to facilitate the previously proposed return of capital, and to take advantage of favourable conditions in credit markets, the William Hill Group secured bank facilities of £1.2 billion with a consortium of banks. £465 million of these facilities was used to repay the previous bank facilities, which have since been cancelled, and up to £600 million will become available to fund the Acquisition, if proposed minor amendments to the facilities can be agreed. If such amendments cannot be agreed the new term facilities will become available to fund the Acquisition and repay and cancel the March facilities.

Each of the facilities has been provided on a committed and underwritten basis, subject only to usual conditions, and has a five year term.

Financial effects of the Acquisition

The Acquisition is expected to enhance earnings per share before exceptional items and generate returns in excess of William Hill's cost of capital from 2006, the first full financial year following expected completion. Nothing in this letter should be construed as a profit forecast or be interpreted to mean that the future earnings per share or profits of William Hill will necessarily be greater than the historic published earnings per share.

Impact of the Acquisition on capital structure and proposed special pension contribution

In light of the Acquisition, William Hill will not be proceeding with the return of capital announced on 2 March 2005.

The Directors will review the Company's capital structure with a view to establishing an efficient capital structure for the Enlarged Group taking into account any LBO disposals required. The Directors will outline their proposals for the Company's capital structure, which may include a combination of one-off returns of capital, share buy-backs and dividends, following completion of the Acquisition and after the competition authorities' review process is complete. Once the Company's capital structure review is complete the Board will also propose, for approval by shareholders at the next general meeting after the structure review, a specific restriction on its borrowing powers for inclusion in the William Hill Articles.

The Directors intend to proceed with a special contribution of £40 million to the William Hill Group's defined benefit pension scheme. The contributions will be spread over a period of five years and are designed to eliminate the deficit calculated on a continuing basis by the actuary as at September 2004. The Directors and pension trustee have consulted on this specific proposal and believe it represents an appropriate course of action that properly balances the legitimate interests of shareholders, members and pensioners.

Current trading for William Hill and Stanley's Retail Bookmaking and prospects for the Enlarged Group

William Hill

In the 19 weeks ended 10 May 2005, gross win for the William Hill Group has been level with the corresponding period last year that benefited from favourable sporting results, particularly for horse racing. The comparatives remain tough until the end of June, primarily due to the Euro 2004 football championship that generated £11 million of gross win, but become less demanding from July onwards.

Operating expenses are in line with our expectations, up 7.6 per cent. over the corresponding period last year reflecting normal inflationary pressures, further increases in extended trading, an additional 27 LBOs in the estate, and the introduction of new contractual arrangements for LBO staff with effect from January 2005. These new contractual arrangements are designed to be cost neutral across the year as a whole but have the effect of increasing staff costs in the winter months in exchange for eliminating premium overtime payments that are mainly incurred during the busy summer months.

The William Hill Group is on track in rolling out new technology in its LBOs and has installed EPOS equipment in 250 shops and new text audio-visual displays in 450 LBOs. Whilst it is still early in the roll out programme, the experience to date suggests that potential savings in staff costs due to the introduction of EPOS may exceed initial estimates.

Whilst the William Hill Group is pursuing a number of development opportunities across all three channels, and costs are firmly under control, the out turn for the full year will be influenced by the degree to which sporting results normalise in the coming months.

Stanley's Retail Bookmaking

In the year ended 2 May 2004, Stanley's Retail Bookmaking generated EBITDA (earnings before interest, tax, depreciation and amortisation) of £37.2 million, although profits are expected to be lower in the year ended 1 May 2005, after adjustment to reflect the application of William Hill's accounting policies and the transfer of certain assets between Stanley's Retail Bookmaking and the rest of the Stanley Leisure Group, due to the effect of unfavourable horseracing and football results. As required by the UK Listing Authority, we have requested confirmations:

(i) from PricewaterhouseCoopers LLP to the effect that our expectations for Stanley's Retail Bookmaking profits for the year ended 1 May 2005 have been properly compiled on the basis stated, and the basis of accounting is consistent with the accounting policies of William Hill; and

(ii) from Citigroup, as our sponsor, to confirm that such expectations have been made with due and careful enquiry.

It has not been possible to complete this work prior to distribution of this document and the reports of PricewaterhouseCoopers LLP and Citigroup will be distributed to Shareholders in advance of the EGM.

Enlarged Group

The Directors believe that, following completion of the Acquisition, the Enlarged Group is well placed to take advantage of opportunities arising from the increased scale of the LBO estate, the significant scope for synergies and the opportunity for improvement in the profitability of Stanley's Retail Bookmaking. The Directors have confidence in the financial and trading prospects of the Enlarged Group for the current financial year.

Irrevocable undertakings

Irrevocable undertakings have been given by Stanley Leisure's chairman, Lord Steinberg, and by Genting in respect of their beneficial holdings of 10.8 per cent. and 20.1 per cent. of Stanley Leisure's issued share capital, respectively, to vote in favour of the Acquisition at the extraordinary general meeting of Stanley Leisure to be called to approve the Acquisition (the "Stanley EGM").

The irrevocable undertaking provided by Genting will cease to be binding if the directors of Stanley Leisure withdraw their recommendation in support of the Acquisition or if a higher offer is received by Stanley Leisure for Stanley's Retail Bookmaking or if any person (other than Genting) announces an intention to make an offer for the entire issued share capital of Stanley Leisure which is not subject to a pre-condition other than the pre-condition that the resolution to approve the Acquisition at the Stanley EGM is not passed by Stanley Leisure's shareholders.

Terms of the Proposed Acquisition

A summary of the key terms and conditions of the Acquisition Agreement and the principal ancillary agreements relating to the Acquisition is set out in Part 4 of this document.

Under the terms of the Acquisition Agreement, William Hill Organization Limited has conditionally agreed to acquire the entire issued share capital of various companies that comprise Stanley's Retail Bookmaking. The total consideration payable to Stanley Leisure on Completion will be approximately £504 million on a cash-free, debt-free basis, subject to adjustment to reflect the working capital position of the business at Completion. Details of how this consideration is treated for the purposes of the unaudited pro forma statement of net assets of the Enlarged Group in Part 3 of this document is set out in Note (iv) to such statement.

William Hill is assuming the UK competition risk in relation to the Acquisition. The Acquisition Agreement is conditional on shareholder approval by both William Hill's and Stanley Leisure's shareholders. In the event that either party's shareholder approval is not obtained by 17 June 2005 (or such other date as the parties may agree) such party shall be required to pay to the other an amount of £9.2 million. Completion of the Acquisition is expected in June 2005.

Under the terms of the Acquisition Agreement, Stanley Leisure has given warranties and indemnities in respect of certain financial, property, licensing, pensions, employees, taxation and other matters, subject to agreed limitations on liability. Stanley Leisure has also agreed to various undertakings in relation to the carrying on of Stanley's Retail Bookmaking business prior to completion of the Acquisition.

To allow William Hill Organization Limited a period of time to undertake the UK competition clearance procedures and to effect the integration of Stanley's Retail Bookmaking into the William Hill Group following competition approval, Stanley Leisure and William Hill Organization Limited have entered into transitional services and licence agreements (further details of which are set out in paragraphs 2 and 3 of Part 4 of this document). These arrangements require Stanley Leisure and the retained Stanley Leisure Group to provide to Stanley's Retail Bookmaking various services and the right to use certain brand names for an interim period after Completion. The Enlarged Group will also be required to provide certain services back to Stanley Leisure and the retained Stanley Leisure Group.

Performance Share Plan

The Company's success is critically dependent on its ability to recruit and retain able executives, and to ensure that their performance-related rewards are attractive relative to market norms. This is consistent with the Company's remuneration policy of linking rewards to performance, and therefore to Shareholders' interests.

The Remuneration Committee ("Committee") has recently undertaken a comprehensive review of the Company's long-term incentive arrangements in the light of the William Hill Group's objectives, and in order to reflect developments in best practice in this area. As a result of this review the Committee is proposing to introduce a new plan – the Performance Share Plan – to replace the current Long Term Incentive Plan.

Shareholder approval for the PSP is being sought under an ordinary resolution to be proposed at the EGM. The Committee believes it is important to implement the PSP now, rather than continue with the current Long Term Incentive Plan for a further year, in view of the forthcoming maturity of the Executive Directors Incentive Plan (which was implemented at the time of the Company's flotation in 2002) and the need to establish long term incentive arrangements which are appropriate to the Enlarged Group. The need to convene the EGM to approve the Acquisition has provided the opportunity to seek shareholder approval for the PSP.

Further information on the PSP is set out in Part 5 of this document, but the key features are as follows:

- For Executive Directors and certain middle and senior managers, it is proposed that the PSP will replace the current Long Term Incentive Plan (under which no grants have been made in 2005).
- Awards will be released after three years to the extent a performance condition is met. The performance condition will be determined by the Committee in relation to each grant. Two separate conditions will apply to awards made in 2005. One-half of the award will be subject to a total shareholder return ("TSR") target relative to the companies ranked 31-100 in the FTSE 100 index provided that an earnings per share ("EPS") underpin is met. The remaining half of the award will be subject to an EPS growth target (which will be calculated excluding exceptional items, extraordinary items and amortisation of goodwill). The Committee considers the use of two conditions, in these proportions, is appropriate. The TSR performance measure is dependent on the Company's relative long-term share price performance, and therefore compares our performance to the market. This is balanced by a key internal measure, EPS growth, which is critical to our long-term success and ties in with the William Hill Group's strategic goals. The Committee may adopt different performance conditions in future years which it considers are no less demanding having regard to the financial circumstances of the William Hill Group at the time.
- There will be no retesting of any performance conditions. The satisfaction of all performance conditions will be verified by independent third parties.
- The Committee intends to make the first awards after the EGM. For the 2005 grant only, awards to Executive Directors will have a value of 300 per cent of base salary (with a lower percentage of salary applying to other participants). The TSR element of these awards will be subject to a stretching performance condition, in that maximum vesting will depend on the Company's TSR performance being at or above the 90th percentile. It is anticipated that future grants will be at lower percentages of base salary, with maximum vesting at or above the 75th percentile.

The Committee believes that Executive Directors should align their interests with those of shareholders by maintaining a significant personal shareholding in the Company. For the PSP awards in 2005 to vest, Executive Directors must hold shares (including any vested rights to acquire shares without payment under the Company's incentive plans) worth 300 per cent. of base salary throughout the three year period; and if this requirement is not met, the award shall lapse pro-rata to the shareholding shortfall.

Action to be taken

You will find enclosed with this document a Form of Proxy for use at the EGM or any adjournment thereof. Whether or not you intend to attend the EGM, you are requested to complete the Form of Proxy in accordance with the instructions printed thereon and to return it to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU as soon as possible, but in any event to be received no later than 11.00 a.m. on 15 June 2005 for the EGM. You should return the Form of Proxy by post (faxes will not be accepted). Alternatively you may appoint a proxy using the internet. Further details are set out in Part 7 of this document.

Further information

Your attention is drawn to the additional information set out in Parts 2 to 6 of this document.

Recommendation

The Directors, who have received financial advice from Citigroup, consider the Acquisition to be in the interests of the Company. In providing advice to the Directors, Citigroup has relied upon the Directors' commercial assessment of the Acquisition.

As the Directors consider the Acquisition to be in the best interests of the Company and its shareholders as a whole, they recommend that the shareholders of the Company vote in favour of the Acquisition. The Directors also consider the Performance Share Plan to be in the best interests of the Company and its shareholders as a whole and recommend that the shareholders of the Company vote in favour of the proposed Performance Share Plan. The Directors intend to vote in favour of both resolutions in respect of their own beneficial holdings.

Yours sincerely

Charles Scott
Chairman

PART 2

ACCOUNTANTS' REPORT ON STANLEY'S RETAIL BOOKMAKING

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31 May 2005

Dear Sirs

Stanley Leisure plc's Retail Bookmaking Operations in Great Britain, Northern Ireland, the Republic of Ireland, Jersey and the Isle of Man

Introduction

We report on the combined financial information set out below. This combined financial information has been prepared for inclusion in the circular dated 31 May 2005 ("the Circular") of William Hill PLC (the "Company").

The companies which, following the Acquisition (as defined in the Circular), will be owned by the Company are collectively referred to throughout this report as Stanley's Retail Bookmaking (as defined in the Circular).

Stanley's Retail Bookmaking did not constitute a statutory sub-group within the Stanley Leisure Group (as defined in the Circular) during the period under review. Accordingly, it has been necessary to compile combined financial information for the purposes of this report.

Basis of preparation

For the purposes of the Acquisition, the management of the Stanley Leisure Group has prepared non-statutory accounts for Stanley's Retail Bookmaking for the three years ended 2 May 2004 which have been audited.

The combined financial information set out below is based on these audited non-statutory accounts of Stanley's Retail Bookmaking for the three years ended 2 May 2004, and has been prepared on the basis set out in note 1.

Although the combined financial information included in this report relates only to the companies making up Stanley's Retail Bookmaking, the results, assets and liabilities and cash flows included in this report are still affected by the financing, taxation and cost allocation arrangements of the Stanley Leisure Group. Accordingly, the results, assets and liabilities and cash flows included in this report may not be representative of those that may arise following the Acquisition.

Responsibility

The non-statutory accounts of Stanley's Retail Bookmaking are the responsibility of the management of the Stanley Leisure Group who prepared them.

The Directors of the Company are responsible for the contents of the Circular in which this report is included.

It is our responsibility to compile the combined financial information set out in our report from the non-statutory accounts, to form an opinion on the combined financial information and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards issued by the Auditing Practices Board. Our work included an assessment of evidence relevant to the amounts and disclosures in the combined financial information. The evidence included that previously obtained by PricewaterhouseCoopers LLP (or by PricewaterhouseCoopers, the predecessor firm of PricewaterhouseCoopers LLP) relating to the audit of the consolidated financial statements of the Stanley Leisure Group. Our work also included an assessment of the significant estimates and judgments made by those responsible for the preparation of the non-statutory accounts of Stanley's Retail Bookmaking and by those responsible for the preparation of the accounting policy adjustments to present the combined financial information in accordance with the accounting policies of William Hill PLC and of whether such accounting policies are appropriate to the circumstances of Stanley's Retail Bookmaking, consistently applied and adequately disclosed.

We planned and performed our work so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the combined financial information is free from material misstatement, whether caused by fraud or other irregularity or error.

Opinion

In our opinion, the combined financial information gives, for the purposes of the Circular, a true and fair view of the state of affairs of Stanley's Retail Bookmaking as at the dates stated and of their combined results, combined recognised gains and losses and combined cash flows for the years then ended.

Combined profit and loss accounts

	Note	52 weeks ended 28 April 2002	52 weeks ended 27 April 2003	53 weeks ended 2 May 2004
		£m	£m	£m
Turnover	2	568.4	771.8	1,365.7
Cost of sales		(478.0)	(678.8)	(1,247.4)
Gross profit	2	90.4	93.0	118.3
Net operating expenses	3	(69.4)	(75.6)	(88.6)
Earnings before interest, tax, depreciation and amortisation (EBITDA)		26.2	24.3	37.2
Depreciation		(5.2)	(6.9)	(7.5)
Operating profit		21.0	17.4	29.7
Profit/(loss) on disposal of fixed assets		0.7	(0.1)	(0.2)
Profit on ordinary activities before interest and tax		21.7	17.3	29.5
Net interest (payable)/receivable	7	(0.1)	(0.1)	0.1
Profit on ordinary activities before tax	4	21.6	17.2	29.6
Tax on profit on ordinary activities	8	(5.9)	(5.2)	(9.2)
Profit on ordinary activities after tax for the financial year	15	15.7	12.0	20.4

The above results are stated on an historical cost basis and are in respect of continuing operations.

The combined financial information above is affected by the financial, taxation and cost allocation arrangements of the Stanley Leisure Group and therefore may not be representative of future results.

Combined balance sheets

	Note	As at 28 April 2002	As at 27 April 2003	As at 2 May 2004
	£m	£m	£m	
Fixed assets				
Intangible assets – goodwill	9	95.6	97.9	97.9
Tangible assets	10	42.9	45.3	43.7
		138.5	143.2	141.6
Current assets				
Debtors	11	4.1	2.9	2.2
Cash at bank and in hand	12	4.6	3.4	4.5
		8.8	6.3	6.7
Creditors: amounts falling due within one year	13	(18.4)	(16.8)	(26.0)
Net current liabilities		(9.6)	(10.5)	(19.3)
Total assets less current liabilities		128.9	132.7	122.3
Provision for liabilities and charges	14	(1.3)	(0.9)	(0.5)
Net assets		127.6	131.8	121.8
Invested capital	15	127.6	131.8	121.8

Combined cash flow statements

	Note	52 weeks ended 28 April 2002	52 weeks ended 27 April 2003	53 weeks ended 2 May 2004
		£m	£m	£m
Net cash inflow from operating activities	16	23.3	25.1	44.4
Returns on investments and servicing of finance	17	(0.1)	(0.1)	0.1
Taxation		(6.2)	(6.6)	(6.4)
Capital expenditure and financial investment	17	(6.2)	(9.2)	(6.4)
Acquisitions	17	—	(0.8)	-
Net cash inflow before financing		10.8	8.4	31.7
Financing	17	(0.4)	(0.2)	-
Movement in Stanley Leisure Group funding balances		(17.5)	(9.3)	(29.9)
(Decrease)/increase in cash in the year	18	(7.1)	(1.1)	1.8

Combined statements of total recognised gains and losses

	Note	52 weeks ended 28 April 2002	52 weeks ended 27 April 2003	53 weeks ended 2 May 2004
		£m	£m	£m
Profit the financial year		15.7	12.0	20.4
Currency translation differences on foreign currency net investments	15	(0.1)	1.4	(0.4)
Total recognised gains relating to the year		15.6	13.4	20.0

Notes to the combined financial information

1. Basis of preparation and accounting policies

Basis of preparation

The combined financial information incorporates the assets, liabilities and results of Stanley's Retail Bookmaking presented in accordance with William Hill accounting policies, which have been applied consistently.

Stanley's Retail Bookmaking (as defined in the Circular) does not constitute a separate legal group, and therefore it is not meaningful to show share capital or an analysis of reserves for Stanley's Retail Bookmaking. The net assets of Stanley's Retail Bookmaking are represented by the cumulative investment of Stanley Leisure Group in Stanley's Retail Bookmaking, which is shown as "Invested capital".

All non-trading transactions between Stanley's Retail Bookmaking and other companies in the Stanley Leisure Group have been reflected as movements in Invested capital.

The Invested capital comprises:

(a) loans due to and from other Stanley Leisure Group companies referred to throughout this report as the "Net Stanley Leisure Group funding balances"; and

(b) share capital and reserves of Stanley's Retail Bookmaking, referred to throughout this report as "Aggregated share capital and reserves of Stanley's Retail Bookmaking".

The combined financial information reflects overheads (including management charges) and tax charges actually incurred in the relevant years by the companies within Stanley's Retail Bookmaking. Accordingly:

- as the combined financial information has not been adjusted for any differences which may exist between amounts charged to Stanley's Retail Bookmaking for services provided by other Stanley Leisure Group companies and the costs which would have been incurred by Stanley's Retail Bookmaking had it not been part of the Stanley Leisure Group, the overheads reflected in the combined financial information may not be representative of future costs; and
- the tax charge included in the combined financial information reflects the aggregate of the tax charges actually incurred by those companies making up Stanley's Retail Bookmaking. These tax charges reflect benefits, reliefs or charges which arose as a result of membership of a Stanley Leisure tax group. Also, tax liabilities which may arise from the separation of Stanley's Retail Bookmaking from Stanley Leisure tax groups have not been reflected in the combined financial information. The tax position shown by the combined financial information is therefore not necessarily representative of the tax position of Stanley's Retail Bookmaking under the ownership of the Company.

Accounting convention

The combined financial information for each of the three years ended 2 May 2004 has been prepared in accordance with the historical cost accounting convention, in accordance with applicable United Kingdom accounting standards and company law except as set out below in respect of intangible fixed assets and in accordance with the following accounting policies.

Revenue recognition and turnover

In accordance with Application Note G to Financial Reporting Standard 5 'Reporting the substance of transactions', revenue is recognised under an exchange transaction with a customer, when, and to the extent that, Stanley's Retail Bookmaking obtains the right to consideration in exchange for its performance.

Turnover is the revenue resulting from exchange transactions under which Stanley's Retail Bookmaking supplies to customers the services that it is in business to provide as set out below.

In the case of the licensed betting office ("LBO") business (including fixed odds betting terminals ("FOBTs") and other numbers bets), turnover represents the gross takings receivable from customers in respect of individual bets placed, on events that have occurred by the year end.

In the case of amusement with prizes machines ("AWPs") turnover represents the net winnings (excluding VAT) from customers on gaming activity completed by the year end.

Amounts received from customers in respect of events or gaming activity that have not occurred at the year end are held within accruals and deferred income.

Intangible fixed assets

Intangible assets represent licence value and goodwill. Licences that are purchased as part of a business cannot be measured reliably and are therefore subsumed within purchased goodwill in accordance with paragraph 13 of FRS10 'Goodwill and Intangible Assets'.

The Companies Act 1985 requires goodwill and intangible assets to be amortised over a finite period. It is considered that the Stanley's Retail Bookmaking intangible assets have an indefinite life due to: the fact that Stanley's Retail Bookmaking is a significant operator in a well established market; the proven and sustained demand for bookmaking services; the operation of current law that acts as a barrier to entry for new entrants and Stanley's Retail Bookmaking's track record of successfully renewing its betting permits and licences.

Consequently, it is considered that to amortise these assets would not provide a true and fair view and so the combined financial information departs from this specific requirement of the Companies Act 1985. If this departure from the Companies Act 1985 had not been made, the profits for the financial years would have been reduced by amortisation. The amount of this amortisation cannot be quantified because of the indefinite life of these assets.

The non-amortisation of the intangible assets means that they are subject to annual impairment testing in accordance with FRS10 and FRS11 'Impairment of Fixed Assets and Goodwill'.

Tangible fixed assets

Tangible fixed assets are stated in the balance sheet at cost, less provision, if any, for impairment together with additions at cost, less cumulative depreciation.

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	– 50 years
Long leasehold properties	– 50 years
Short leasehold properties	– over the unexpired period of the lease
Fixtures, fittings and equipment and motor vehicles	– variable between 3 and 10 years

Tax

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between Stanley's Retail Bookmaking's taxable profits and its results as stated in the combined financial information that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the combined financial information.

Deferred tax is not recognised when fixed assets are sold and it is more likely than not that the taxable gain will be rolled over, being charged to tax only if and when the replacement assets are sold.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

Foreign exchange

Transactions denominated in foreign currencies are translated into sterling at the rate ruling at the date of the transaction or at an average rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates ruling at that date. Translation differences arising are dealt with in the profit and loss account.

The results of foreign subsidiaries are translated into sterling at the average rates of exchange and the assets and liabilities at closing rates of exchange. Differences arising from the retranslation of opening net assets and from translating results at average rates and assets and liabilities at closing rates are reported in the statement of total recognised gains and losses.

Pensions

The employees of Stanley's Retail Bookmaking are members of two pension schemes operated by Stanley Leisure plc, a defined contribution scheme and a defined benefit scheme.

For the defined contribution scheme the amount charged to the profit and loss account represents the contributions payable for the year.

The defined benefit scheme provides benefits based on final pensionable earnings and contributions to the scheme are determined by a qualified independent actuary on the basis of triennial valuations, using the attained age valuation method. The financial effects of pension arrangements are shown in the financial statements of Stanley Leisure plc. Stanley's Retail Bookmaking is unable to identify its share of the scheme's underlying assets and liabilities on a consistent and reliable basis. Therefore it has taken advantage of the exemption allowed by FRS 17 and has accounted for the scheme on a defined contribution basis.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the periods of the leases. Benefits received and receivable as an incentive to sign an operating lease are similarly spread on a straight-line basis over the lease term, except where the period to the review date on which the rent is first expected to be adjusted to the prevailing market rate is shorter than the full lease term, in which case the shorter period is used.

2. Segmental information and gross win

Substantially all of Stanley's Retail Bookmaking's turnover, profit on ordinary activities before tax and operating net assets arise within the UK, Republic of Ireland and Jersey, and therefore segmental information by geographical location is not presented.

	2002	2003	2004
	£m	£m	£m
Turnover	568.4	771.8	1,365.7
Gross win	117.6	114.8	151.4
GPT, duty, levies, VAT and other cost of sales	(27.2)	(21.8)	(33.1)
Gross profit	90.4	93.0	118.3

3. Net operating expenses

	2002	2003	2004
	£m	£m	£m
Administrative expenses	70.0	76.2	89.2
Other operating income	(0.6)	(0.6)	(0.6)
	69.4	75.6	88.6

Other operating income represents rents receivable.

4. Profit on ordinary activities before taxation

	2002	2003	2004
	£m	£m	£m
Profit on ordinary activities before taxation is stated after charging/ (crediting) the following:			
Depreciation:			
– owned assets	5.0	6.9	7.5
– assets held under finance lease agreements	0.2	—	—
Operating lease charges:			
– land and buildings	4.5	4.8	5.7
– other (including AWPs and FOBTs)	2.3	3.7	7.0
(Profit)/ loss on disposal of tangible fixed assets	(0.7)	0.1	0.2
Betting tax, gross profits tax, betting levies and gaming duty	27.0	21.3	29.5
Auditors' remuneration			
– statutory audit fees	0.1	0.1	0.1

5. Staff costs

The average monthly number of persons employed, including directors, during 2004 was 3,079 (2003: 3,052; 2002: 3,027) all of whom were engaged in the administration and provision of betting services. Their aggregate remuneration comprised:

	2002	2003	2004
	£m	£m	£m
Wages and salaries	33.1	36.2	42.5
Social security costs	2.5	3.0	3.5
Other pension costs (note 21)	0.6	0.7	0.7
	36.2	39.9	46.7

6. Directors' remuneration

Directors' remuneration and pension provision were provided by a number of companies within the Stanley Leisure Group, including non-Stanley's Retail Bookmaking operations. It has not been possible to identify the proportion of Directors' remuneration relating to Stanley's Retail Bookmaking and accordingly no disclosure of remuneration is provided in this report.

7. Net interest (payable)/receivable

	2002	2003	2004
	£m	£m	£m
Interest receivable:			
Interest receivable	—	—	0.1
Interest payable and similar charges			
Interest on bank overdrafts	(0.1)	(0.1)	—
Net interest (payable)/receivable	(0.1)	(0.1)	0.1

8. Tax on profit on ordinary activities

The tax charge comprises:

	2002	2003	2004
	£m	£m	£m
UK corporation tax at 30 per cent.	5.5	4.7	8.1
Adjustment in respect of prior years	(0.2)	—	0.4
Overseas tax	0.6	0.7	0.9
Total current tax charge	5.9	5.4	9.4
Deferred tax – origination and reversal of timing differences (note 14)	—	(0.2)	(0.2)
Total tax on profit on ordinary activities	5.9	5.2	9.2

The tax charge for the year differs from the standard rate of UK corporation tax. The differences are explained as follows:

	2002	2003	2004
	£m	£m	£m
Profit on ordinary activities before taxation	21.6	17.2	29.6
Tax on profit on ordinary activities at standard UK corporation tax rate of 30 per cent.	6.4	5.1	8.9
Accelerated capital allowances	—	0.2	0.2
Adjustment in respect of prior years	(0.2)	—	0.4
Disallowable expenses	0.1	0.4	0.2
Benefit of lower overseas tax rates	(0.4)	(0.3)	(0.3)
Total current tax charge	5.9	5.4	9.4

Stanley's Retail Bookmaking earns its profits primarily in the UK; therefore the tax rate used for tax on profit on ordinary activities is the standard rate for UK corporation tax, currently 30 per cent.

9. Intangible fixed assets – goodwill

	£m
Cost and net book value:	
At 29 April 2001 and 28 April 2002	95.6
Additions	0.4
Acquisition of subsidiary undertaking (note 22)	1.5
Exchange rate movements	0.4
At 27 April 2003 and 2 May 2004	97.9

10. Tangible fixed assets

	Land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
	£m	£m	£m	£m
Cost:				
At 29 April 2001	18.7	44.4	0.8	63.9
Additions	1.3	6.3	—	7.6
Disposals	(0.6)	(0.1)	(0.3)	(1.0)
At 28 April 2002	19.4	50.6	0.5	70.5
Accumulated depreciation:				
At 29 April 2001	2.4	20.0	0.3	22.7
Charge for the year	0.6	4.4	0.2	5.2
Disposals	—	(0.1)	(0.2)	(0.3)
At 28 April 2002	3.0	24.3	0.3	27.6
Net book value:				
At 28 April 2002	16.4	26.3	0.2	42.9
At 29 April 2001	16.3	24.4	0.5	41.2

	Land and buildings	Fixtures, fittings and equipment	Motor vehicles	Total
	£m	£m	£m	£m
Cost:				
At 28 April 2002	19.4	50.6	0.5	70.5
Additions	0.9	8.2	—	9.1
Acquisition of subsidiary undertaking	—	0.1	—	0.1
Disposals	(0.2)	(0.3)	(0.4)	(0.9)
Exchange rate movements	0.5	0.3	—	0.8
At 27 April 2003	20.6	58.9	0.1	79.6
Accumulated depreciation:				
At 28 April 2002	3.0	24.3	0.3	27.6
Charge for the year	0.7	6.1	0.1	6.9
Disposals	(0.1)	(0.1)	(0.3)	(0.5)
Exchange rate movements	—	0.3	—	0.3
At 27 April 2003	3.6	30.6	0.1	34.3
Net book value:				
At 27 April 2003	17.0	28.3	—	45.3
At 28 April 2002	16.4	26.3	0.2	42.9

	Land and buildings	Fixtures, fittings and equipment	Motor vehicles	Assets in the course of construction	Total
	£m	£m	£m	£m	£m
Cost:					
At 27 April 2003	20.6	58.9	0.1	—	79.6
Additions	1.7	5.0	—	0.2	6.9
Disposals	(0.3)	(0.8)	(0.1)	—	(1.2)
Exchange rate movements	(0.2)	(0.3)	—	—	(0.5)
At 2 May 2004	21.8	62.8	—	0.2	84.8
Accumulated depreciation:					
At 27 April 2003	3.6	30.6	0.1	—	34.3
Charge for the year	0.6	6.9	—	—	7.5
Disposals	(0.1)	(0.4)	(0.1)	—	(0.6)
Exchange rate movements	—	(0.1)	—	—	(0.1)
At 2 May 2004	4.1	37.0	—	—	41.1
Net book value:					
At 2 May 2004	17.7	25.8	—	0.2	43.7
At 27 April 2003	17.0	28.3	—	—	45.3

The net book value of land and buildings comprises:

	2002	2003	2004
	£m	£m	£m
Freehold	10.3	10.6	10.4
Long leasehold	1.7	1.5	1.4
Short leasehold	4.4	4.9	5.9
	16.4	17.0	17.7

Amounts in respect of motor vehicles include assets at a cost of £nil (2003: £0.1m; 2002: £0.5m) and accumulated depreciation of £nil (2003: £0.1m; 2002: £0.3m) for vehicles held under finance lease arrangements.

11. Debtors

	2002	2003	2004
	£m	£m	£m
Other debtors	2.4	1.9	0.9
Prepayments	1.7	1.0	1.3
	4.1	2.9	2.2

12. Cash at bank and in hand

	2002	2003	2004
	£m	£m	£m
Cash at bank and in hand	4.6	3.4	4.5

13. Creditors: amounts falling due within one year

	2002	2003	2004
	£m	£m	£m
Bank overdrafts	1.0	0.8	0.1
Trade creditors	0.7	1.8	2.5
Finance lease creditors	0.2	—	—
Corporation tax	6.3	5.3	8.5
Other taxation including social security	2.2	3.0	4.4
Other creditors	1.0	—	0.8
Accruals and deferred income	7.0	5.9	9.7
	18.4	16.8	26.0

14. Provision for liabilities and charges – deferred tax

	2002	2003	2004
	£m	£m	£m
Accelerated capital allowances	1.3	0.9	0.5
Movement in the year:			
At beginning of year	1.3	1.3	0.9
Amount credited to profit and loss account (note 8)	—	(0.2)	(0.2)
Amounts transferred from Stanley Leisure plc	—	(0.2)	(0.2)
At end of year	1.3	0.9	0.5

15. Invested capital

	Note	2002	2003	2004
		£m	£m	£m
Opening balance		129.6	127.6	131.8
Profit for the financial year		15.7	12.0	20.4
Movement in Net Stanley Leisure Group funding balances		(17.5)	(9.3)	(29.9)
Exchange rate movements		(0.2)	1.5	(0.5)
Closing balance		127.6	131.8	121.8
Comprising:				
– Net Stanley Leisure Group funding balances		(42.4)	(51.7)	(81.6)
– Aggregated share capital and reserves of Stanley's Retail Bookmaking		170.0	183.5	203.4
Invested capital		127.6	131.8	121.8

16. Reconciliation of operating profit to net cash inflow from operating activities

	2002	2003	2004
	£m	£m	£m
Operating profit	21.0	17.4	29.7
Depreciation	5.2	6.9	7.5
(Increase)/decrease in debtors	(1.5)	1.2	0.7
(Decrease)/increase in creditors	(1.4)	(0.4)	6.5
Net cash inflow from operating activities	23.3	25.1	44.4

17. Analysis of cash flows and net funds

	2002	2003	2004
	£m	£m	£m
Returns on investments and servicing of finance:			
Interest received	—	—	0.1
Interest paid	(0.1)	(0.1)	—
Net cash (outflow)/inflow	(0.1)	(0.1)	0.1
Capital expenditure and financial investment:			
Purchase of fixed assets	(7.6)	(9.5)	(6.9)
Sale of tangible fixed assets	1.4	0.3	0.5
Net cash outflow	6.2	(9.2)	(6.4)
Acquisitions:			
Purchase of subsidiary undertaking	—	(0.9)	—
Net cash acquired with subsidiary undertaking	—	0.1	—
Net cash outflow	—	(0.8)	—
Financing:			
Loan repayment	(0.2)	—	—
Finance lease repayment	(0.2)	(0.2)	—
Net cash outflow	(0.4)	(0.2)	—

	29 April 2001	Cash flow	28 April 2002
	£m	£m	£m
Analysis of net funds			
Cash at bank and in hand	11.0	(6.4)	4.6
Overdrafts	(0.3)	(0.7)	(1.0)
	10.7	(7.1)	3.6
Bank loans	(0.2)	0.2	—
Finance leases	(0.4)	0.2	(0.2)
Total	10.1	(6.7)	3.4

	28 April 2002	Cash flow	Acquisition	27 April 2003
	£m	£m	£m	£m
Analysis of net funds				
Cash at bank and in hand	4.6	(1.3)	0.1	3.4
Overdrafts	(1.0)	0.2	—	(0.8)
	3.6	(1.1)	0.1	2.6
Finance leases	(0.2)	0.2	—	—
Total	3.4	(0.9)	0.1	2.6

	27 April 2003	Cash flow	2 May 2004
	£m	£m	£m
Analysis of net funds			
Cash at bank and in hand	3.4	1.1	4.5
Overdrafts	(0.8)	0.7	(0.1)
Total	2.6	1.8	4.4

18. Reconciliation of net cash flow to movement in net funds

	2002	2003	2004
	£m	£m	£m
(Decrease)/increase in cash in the year	(7.1)	(1.1)	1.8
Cash outflow from decrease in debt	0.4	0.2	—
Change in net funds resulting from cash flows	(6.7)	(0.9)	1.8
Net cash acquired with subsidiary undertaking	—	0.1	—
	(6.7)	(0.8)	1.8
Opening net funds	10.1	3.4	2.6
Closing net funds	3.4	2.6	4.4

19. Financial commitments

Stanley's Retail Bookmaking had capital commitments as follows:

	2002	2003	2004
	£m	£m	£m
Contracted but not provided for	6.1	1.5	0.7

Stanley's Retail Bookmaking had annual commitments under non-cancellable operating leases which fall due as follows:

	2002		2003		2004	
	Land and buildings	Other	Land and buildings	Other	Land and buildings	Other
	£m	£m	£m	£m	£m	£m
Payments due within one year for leases which expire:						
Within one year	0.3	2.3	0.3	4.9	0.2	0.9
Between two and five years	0.7	0.1	0.9	0.2	1.0	3.8
After five years	3.0	—	3.3	—	3.6	—
Total	4.0	2.4	4.5	5.1	4.8	4.7

20. Contingent liabilities

Stanley's Retail Bookmaking acts as a joint guarantor in respect of a revolving credit facility arranged with a consortium of banks for the benefit of Stanley Leisure plc. At 2 May 2004 the outstanding loan was £215.0m (2003: £165.5m; 2002: £183.5m).

21. Pensions

The employees of Stanley's Retail Bookmaking are members of two pension schemes operated by Stanley Leisure plc, a defined contribution scheme and a defined benefit scheme.

In respect of the defined contribution scheme, the pension cost charge represents contributions payable to the scheme and amounted to £0.5m (2003: £0.5m; 2002: £0.4m)

The defined benefit scheme provides benefits based on final pensionable earnings and contributions to the scheme are determined by a qualified independent actuary on the basis of triennial valuations, using the attained age valuation method. The pension cost charge for 2004 in respect of this scheme was £0.2m (2003: £0.2m; 2002: £0.2m). The financial effects of pension arrangements are shown in the financial statements of Stanley Leisure plc. The net FRS 17 pension liability of the scheme at 2 May 2004 was £3.3m (2003: £5.5m; 2002: £2.3m). Stanley's Retail Bookmaking is unable to identify its share of the scheme's underlying assets and liabilities on a consistent and reliable basis. Therefore it has taken advantage of the exemption allowed by FRS 17 and has accounted for the scheme on a defined contribution basis.

22. Acquisitions

During the year ended 27 April 2003 Stanley's Retail Bookmaking acquired all of the issued share capital of Concession Bookmakers Limited and Racing Services (Birmingham) Limited for total cash consideration of £1.6m, of which £0.7m was deferred.

The following table sets out the book value of identifiable assets and liabilities acquired and their fair value to Stanley's Retail Bookmaking:

	Book value	Fair value adjustments	Fair value
	£m	£m	£m
Fixed assets			
Intangible	—	1.5	1.5
Tangible	0.1	—	0.1
Current assets			
Cash	0.1	—	0.1
Total assets	0.2	1.5	1.7
Creditors			
Creditors and accruals	(0.1)	—	(0.1)
Total liabilities	(0.1)	—	(0.1)
Net assets	0.1	1.5	1.6
Satisfied by:			
Cash			0.9
Deferred consideration			0.7
			1.6

The fair value adjustment to intangible fixed assets represents licence value.

No reorganisation costs have been incurred in respect of these transactions.

23. Related party transactions

Amounts totalling £0.3m (2003: £0.6m; 2002: £0.9m) were charged to Stanley's Retail Bookmaking by Stanley Leisure plc in respect of head office premises costs, insurance and other group administration costs.

Yours faithfully

PricewaterhouseCoopers LLP

PART 3

UNAUDITED PRO FORMA STATEMENT OF NET ASSETS OF THE ENLARGED GROUP

The unaudited pro forma financial information set out below has been prepared to illustrate the effect on the consolidated net assets of William Hill and its subsidiaries as if the Acquisition had occurred on 28 December 2004. The adjustments are based on the assets and liabilities of Stanley's Retail Bookmaking at 2 May 2004. The actual net assets acquired will be those of Stanley's Retail Bookmaking at the date control of Stanley's Retail Bookmaking unconditionally passes to William Hill and these may differ to those set out below. In addition the financing amounts will be dependent on the amount of debt outstanding at the date of the financing. The unaudited pro forma financial information has been provided for illustrative purposes only and, because of its nature, may not give a true picture of the financial position of the Enlarged Group.

The unaudited pro forma statement of net assets of the Enlarged Group set out below is based on the balance sheet of William Hill which has been extracted, without material adjustment, from the audited consolidated balance sheet of William Hill as at 28 December 2004 and the aggregated net assets of Stanley's Retail Bookmaking as at 2 May 2004 extracted from the Accountants' Report set out in Part 2 of this document.

		Adjustments			
	William Hill £'m Note (i)	Stanley's Retail Bookmaking £'m Note (ii)	Financing £'m Note (iii)	Acquisition £'m Note (iv)	Pro forma Enlarged Group £'m
Fixed assets					
Intangible assets-goodwill	736.2	97.9	—	367.9	1,202.0
Tangible assets	119.0	43.7	—	—	162.7
Investments	2.9	—	—	—	2.9
	858.1	141.6	—	367.9	1,367.6
Current assets					
Stocks	0.3	—	—	—	0.3
Debtors: amounts recoverable within one year	15.4	2.2	—	—	17.6
Debtors: amounts recoverable after one year	6.5	—	—	—	6.5
Cash at bank and in hand	60.5	4.5	487.4	(489.7)	62.7
	82.7	6.7	487.4	(489.7)	87.1
Creditors: amounts falling due within one year	(203.6)	(26.0)	—	—	(229.6)
Net current liabilities	(120.9)	(19.3)	487.4	(489.7)	(142.5)
Total assets less current liabilities	737.2	122.3	487.4	(121.8)	1,225.1
Creditors: amounts falling due after more than one year	(447.7)	—	(487.4)	—	(935.1)
Provisions for liabilities and charges	—	(0.5)	—	—	(0.5)
Net assets excluding pension liability	289.5	121.8	—	(121.8)	289.5
Pension liability	(38.5)	—	—	—	(38.5)
Net assets including pension liability	251.0	121.8	—	(121.8)	251.0

Notes

(i) The net assets of William Hill have been extracted without material adjustment from the audited consolidated financial statements of that group as at 28 December 2004.

(ii) The net assets of Stanley's Retail Bookmaking have been extracted without adjustment from the Accountants' Report set out in Part 2 of this document as at 2 May 2004.

(iii) The financing reflects the drawdown under the new facility of £489.7m which was used for the acquisition of Stanley's Retail Bookmaking (refer to note (iv) below). In respect of the new facility, fees of £2.3m have been netted off against the amount drawn down, resulting in net cash received of £487.4m and an additional creditor due after more than one year of £487.4m.

(iv) The total net consideration (used in the pro-forma) of £489.7m comprises:

- o the payment of £504.0m for the issued share capital of the entities making up Stanley's Retail Bookmaking;
- o plus the payment of other transaction costs of £5.0m;
- o less the net current liabilities of Stanley's Retail Bookmaking of £19.3m. This is based on the net liabilities at 2 May 2004. The actual net liabilities and hence the actual net consideration will be calculated on the basis of completion accounts drawn up on the date control of Stanley's Retail Bookmaking unconditionally passes to William Hill.

  An adjustment has been made to reflect pro forma goodwill of £367.9m arising on the acquisition of Stanley's Retail Bookmaking calculated on the basis of total net consideration paid of £489.7m less the value of net assets of Stanley's Retail Bookmaking of £121.8m at 2 May 2004.

(v) No adjustment has been made to reflect any fair value adjustments to the assets and liabilities of Stanley's Retail Bookmaking as at 2 May 2004.

(vi) No account has been taken of trading or other transactions of William Hill or Stanley's Retail Bookmaking since 28 December 2004 and 2 May 2004 respectively, to the date of this document.

Deloitte.

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The Directors
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London N22 7TP

Citigroup Global Markets Limited
Citigroup Centre
Canada Square
London E14 5LB

31 May 2005

Dear Sirs

William Hill PLC (the "Company")

We report on the unaudited pro forma combined net assets statement (the "pro forma financial information") set out in Part 3 of the Class 1 Circular issued by the Company dated 31 May 2005 (the "Circular") issued by the Company. The pro forma financial information has been prepared for illustrative purposes only to provide information about how the proposed acquisition by William Hill Organization Limited of Stanley's Retail Bookmaking (as defined in the Circular) might have affected the financial information presented.

Responsibilities

It is the responsibility solely of the Directors of the Company to prepare the pro forma financial information in accordance with paragraph 12.29 of the Listing Rules of the UK Listing Authority (the "Listing Rules").

It is our responsibility to form an opinion, as required by the Listing Rules, on the pro forma financial information and to report our opinion to you. We do not accept any responsibility for any reports previously given by us on any financial information used in the compilation of the pro forma financial information beyond that owed to those to whom our reports were addressed by us at the dates of their issue.

Basis of opinion

We conducted our work in accordance with the Statements of Investment Circular Reporting Standards and the Bulletin 1998/8 "Reporting on pro forma financial information pursuant to the Listing Rules" issued by the Auditing Practices Board in the United Kingdom. Our work, which involved no independent examination of any of the underlying financial information, consisted primarily of comparing the unadjusted financial information with the source documents, considering the evidence supporting the adjustments and discussing the pro forma financial information with the Directors of the Company.

Our work has not been carried out in accordance with auditing or other standards and practices generally accepted in the United States or other jurisdictions and accordingly should not be relied upon as if it had been carried out in accordance with those standards and practices.

Opinion

In our opinion:

(a) the pro forma financial information has been properly compiled on the basis stated;

(b) such basis is consistent with the accounting policies of the Company; and

(c) the adjustments are appropriate for the purposes of the pro forma financial information as disclosed pursuant to paragraph 12.29 of the Listing Rules.

Yours faithfully

Deloitte & Touche LLP
Chartered Accountants

PART 4

SUMMARY OF THE TERMS OF THE ACQUISITION

1. The Acquisition Agreement

(a) Sale and purchase

Under the Acquisition Agreement, WHO has conditionally agreed to acquire and the Sellers have conditionally agreed to sell the entire issued share capital of the various companies that comprise Stanley's Retail Bookmaking.

(b) Conditions

Completion is subject to the satisfaction of the following conditions:

(i) the approval of the Acquisition by William Hill Shareholders (for which purpose the EGM has been convened by the notice set out in Part 7 of this document);

(ii) the approval of the Acquisition by the shareholders of Stanley Leisure;

(iii) there not having occurred, since the date of the Acquisition Agreement, a Material Adverse Change; and

(iv) either the Irish Competition Authority having determined pursuant to the relevant Irish competition legislation that the Acquisition may go ahead, or a period of one month after the "appropriate date" (as defined in the relevant Irish competition legislation) having passed without the Irish Competition Authority having informed the parties of any such determination.

William Hill is assuming the UK competition risk in relation to the Acquisition as described in Part 1 of this document.

In the event that either party's shareholder approval (as described at paragraphs 1(b)(i) or (ii) above) is not obtained by 17 June 2005 (or such other date as agreed between the parties) such party shall be required to pay to the other compensation of £9,200,000.

(c) Consideration

The total consideration payable in cash on Completion will be £504 million, subject to adjustments made by Stanley Leisure (acting reasonably and in good faith) on a pound for pound basis to take account of the estimated levels of cash, external debt, and working capital of Stanley's Retail Bookmaking as at Completion.

The cash consideration payable at Completion will also be adjusted on a pound for pound basis after Completion to reflect the difference between the estimated and actual levels of cash, external debt, and working capital. These further adjustments will be initially based upon completion accounts prepared within 40 business days after Completion by Stanley's Retail Bookmaking (with all reasonable assistance provided by the Stanley Leisure Group as shall be required by WHO or its accountants). If Stanley Leisure disagrees with the adjustments and the matter cannot be resolved between the parties, an independent firm of internationally recognised chartered accountants will be appointed to determine such adjustments. The time at which such further adjustments are finally determined will depend on whether or not the adjustments are disputed. Any amount due from Stanley Leisure to WHO (or vice versa) in respect of such adjustments shall be subject to interest at National Westminster Bank plc's base rate for the period from Completion to the date of payment of the final adjustment.

(d) Pre-Completion Undertakings

Stanley Leisure has agreed to procure that prior to Completion each company in Stanley's Retail Bookmaking carries on its business only in the ordinary and usual course and is subject to certain other restrictions on the conduct of the business of Stanley's Retail Bookmaking.

(e) Termination

WHO has the right to terminate the Acquisition Agreement at any time before Completion if any of the following occur:

(i) there is a material adverse change to the business, operations or financial condition to Stanley's Retail Bookmaking;

(ii) there is a material breach of any of the warranties given by Stanley Leisure;

(iii) there is any event, circumstance or occurrence which, if the warranties were repeated at any time before Completion by reference to the facts and circumstances then existing, would constitute a material breach of any of the warranties given by Stanley Leisure; or

(iv) there is any material breach or non-fulfilment by the Sellers of any of their material obligations under the Acquisition Agreement.

(f) Warranties and Indemnities

Stanley Leisure has given certain warranties that are typically obtained for a transaction of this nature relating to the business and assets of Stanley's Retail Bookmaking, including warranties concerning details of the shares that are the subject of the Acquisition, accounts and other financial information, indebtedness, litigation and compliance with laws, intellectual property and information technology, property, licences and permits, employees, pensions and taxation. The warranties are subject to certain limitations (including a de minimis deduction of £75,000 in respect of each claim or group of related claims and a threshold level of £7,500,000 before claims can be made (save in the case of claims under the financial warranties where the threshold is set at £5 million)) and the liability of Stanley for breach of warranty is capped at £500 million.

Under the Acquisition Agreement, Stanley Leisure will indemnify WHO for any liabilities and costs incurred by WHO or any member of the Enlarged Group relating to or arising from the invalidity of any betting office licences or bookmakers permits, various pension and employee related matters, a dispute between Stanley Racing Limited, Gamestec Leisure Limited and Rank Leisure Machines Limited (described in paragraph (b) of Part 6 below) and the operation by any company within Stanley's Retail Bookmaking prior to Completion of any businesses other than the licensed betting office business undertaken by the Stanley Leisure Group. The liability of Stanley Leisure under these indemnities is uncapped.

The Sellers have also agreed to indemnify WHO under a separate deed in respect of certain taxation liabilities of Stanley 's Retail Bookmaking attributable to the period prior to Completion, subject to certain standard conditions and exclusions.

(g) Restrictive Covenant

Subject to certain exceptions, the Sellers have agreed that for a period of 2 years following Completion the Stanley Leisure Group will be restricted from, *inter alia*, carrying on or being interested in the ownership or operation of a licensed betting office which is located in the United Kingdom, Republic of Ireland, the Channel Island of Jersey or the Isle of Man and from soliciting certain employees of Stanley's Retail Bookmaking.

2. Transitional Services Agreement ("TSA")

The TSA will take effect from Completion and will cover:

(i) the provision of certain services by members of the Stanley Group to the Enlarged Group (including information technology, general office, finance, and employee benefit and services, the lease of office space and the implementation of an IT segregation plan) for up to 18 months after Completion (to be extended to 2 years from Completion if within the initial 18 months the Acquisition is referred to the Competition Commission or any undertakings are accepted or any order is made in respect of the Acquisition by the OFT); and

(ii) the provision of certain services by the Enlarged Group to members of the Stanley Group after Completion (including odds compilations, information technology and finance services). These will be provided for varying periods up to a maximum of 2 years from Completion.

The fees for the services will be limited to the costs incurred by the other party in the provision of the services, plus VAT. The liability of each party under the TSA has been capped at £1.5 million.

3. Transitional Licence Agreement ("TLA")

The TLA will take effect from Completion and will provide for the grant by Stanley Leisure to WHO and each of the companies in Stanley's Retail Bookmaking of an exclusive licence to use the relevant Stanley registered trade marks for activities relating to the operation, management, promotion and administration of Stanley's Retail Bookmaking LBOs. WHO will be permitted to use such trade marks only to the same extent and in the same manner that such trade marks were used in the 12 months prior to Completion. The licence will be royalty-free and will take effect in the UK, Jersey, the Isle of Man and the Republic of Ireland.

The term of the TLA, unless terminated for one of the specified termination events, is between 12 and 30 months, the exact term to be determined by competition issues concerning the Acquisition.

PART 5

SUMMARY OF WILLIAM HILL PERFORMANCE SHARE PLAN

This Part sets out further information on the operation of the PSP. For the purposes of this Part 5 references to "shares" shall mean "Ordinary Shares" as defined in Part 8.

1. Eligibility and grant procedure

Executive Directors and middle and senior management of the William Hill Group may be invited to participate in the PSP at the discretion of the Remuneration Committee (the "Committee"). No awards will be made to executives within six months of their anticipated retirement. In determining the size and other terms of an award made within three years of anticipated retirement, the Committee will have regard to the relevant executive's ability to contribute to the achievement of the performance conditions attached to the award.

Awards can be granted within eight weeks of any of the following: the EGM approving the PSP; the announcement of the Company's results for any period; or the occurrence of exceptional circumstances justifying the grant of awards. No payment is required for the grant of awards. No invitations to participate in the PSP may be made more than ten years following the date on which it is approved by shareholders.

2. Value of awards

Award levels will be determined by the Committee in relation to each grant. The Committee's intention is that certain awards made in 2005 (which will be subject to a more stringent performance condition, as described below) will have a value of 300 per cent. of base salary, but that awards made in 2006 and subsequent years will be at a lower percentage of base salary. However, the Committee has power in exceptional circumstances (such as the recruitment of an executive director) to make share awards up to a maximum value of 300 per cent. of base salary in future years.

3. Performance conditions

The vesting of awards is dependent on the Company's performance over a three year period, by reference to performance conditions set by the Committee. Awards made in 2005 will be subject to two separate performance conditions. There will be no retesting of any performance conditions.

The vesting of one-half of the 2005 awards will depend on William Hill's total shareholder return ("TSR") relative to the companies ranked 31-100 in the FTSE 100 index at the beginning of the performance period. TSR is a means of comparing companies' long term share price performance, on the basis that dividends and distributions in respect of a company's shares are treated as reinvested at the date of payment. Each performance period will commence with effect from the start of the financial year in which the grant falls, and will end three years later. For these purposes TSR performance of all relevant companies will be averaged over the three months immediately before the start and end of the performance period.

The vesting of the remaining half of the 2005 awards will depend on the Company's real earnings per share ("EPS") (which will be calculated excluding exceptional items, extraordinary items and amortisation of goodwill), measured in terms of the compound annual real growth in EPS achieved over the three financial years commencing with the year in which the grant falls.

The Committee may adopt different performance conditions in future years which it considers to be no less demanding having regard to the William Hill Group's financial circumstances at the time.

4. Vesting schedule

For 2005 awards, no part of the TSR element will vest unless the Company's compound real EPS growth over the performance period is at least 3 per cent. per annum. Provided this underpin is achieved, this element will vest in full if the Company's TSR is at or above the 90th percentile; 35 per cent. of this element will vest if the Company's TSR is at the median; there will be straight line pro-rata vesting if the Company's TSR falls between the median and the 90th percentile. No vesting will occur if the Company's TSR is below the median.

Awards made in subsequent years will be at a lower percentage of base salary. The TSR element of future awards will vest in full if the Company's TSR is at or above 75th percentile; 35 per cent. of this element will vest if the Company's TSR is at median; there will be straight line pro-rata vesting if the Company's TSR falls between these points. No vesting will occur if TSR is below median.

For the EPS element of the award the Committee will determine from time to time the real EPS growth level required for threshold and maximum awards. Initially this element will vest in full if the Company's compound annual real growth in EPS is equivalent to 12 per cent. per annum; 10 per cent. of this element will vest if compound annual real growth in EPS is equivalent to 4 per cent. per annum; this element will vest on a straight line basis for compound annual real growth in EPS between 4 per cent. and 12 per cent. per annum. No part of this element will vest for compound annual real growth in EPS below 4 per cent. per annum. The Committee has determined these initial threshold and maximum vesting levels on the basis of its assessment of stretching EPS performance and appropriate external advice. The Committee considers that the achievement of compound annual real EPS growth of 12 per cent. per annum is a suitably demanding target for maximum vesting having regard to the William Hill Group's current financial circumstances.

The Committee believes that the Executive Directors should align their interests with those of Shareholders by maintaining a significant personal shareholding in the Company. For the PSP awards in 2005 to vest, Executive Directors must hold shares (including any vested rights to acquire shares without payment under the Company's incentive plans) worth 300% of base salary throughout the three year period; and if this requirement is not met, the award shall lapse pro-rata to the shareholding shortfall.

The Committee will determine at the time of grant whether those shares which vest on satisfaction of performance conditions are released immediately, or at a time of the participant's choice in a period set by the Committee (not exceeding seven years from the vesting date).

5. Cessation of employment

Awards to executives who leave at any time prior to vesting will lapse unless they leave by reason of death, disability, retirement (either at or after normal or agreed retirement date), or in other circumstances at the discretion of the Remuneration Committee ("good leavers").

Awards for good leavers will vest at the normal vesting date to the extent that the performance conditions are met, but will normally be pro-rated on the basis of actual service. The Committee may, at its discretion, release shares early having regard to performance achieved to the date of leaving, subject normally to scaling-down as described above.

6. Change of control

In the event of a change of control, performance targets are tested either (i) by reference to target outcome at the time of the change of control, or, (ii) (in relation to EPS element of the award) by reference to what the Committee considers would vest at the normal vesting date. The Committee will scale down the vesting level of both elements having regard to the time that has elapsed between the grant of the award and the date of change of control unless the Committee considers that to do so would not reflect participants' contribution to the creation of shareholder value over the period prior to change of control.

Any internal reorganisation to create a new holding company will not result in the accelerated vesting of awards which will be replaced by awards over shares in the new holding company unless the Committee determines otherwise.

7. Adjustment of awards

If there is a variation in the share capital of the Company (including without limitation a capitalisation issue, rights or bonus issue or sub-division or consolidation of share capital, or a reduction of capital, or in the event of a demerger or payment of a special dividend), the shares under award may be adjusted to reflect that variation.

8. Rights attaching to shares

A participant will not have any voting or dividend rights prior to the vesting of the award. All shares allotted under the PSP will carry the same rights as any other issued ordinary shares in the Company and application will be made for the shares to be listed by the UK Listing Authority and traded on the London Stock Exchange.

Benefits received under the PSP are not pensionable and may not be assigned or transferred except on a participant's death.

9. Alterations to the PSP

In addition to the Committee's powers to vary performance conditions described above, it will have authority to amend the rules of the PSP, provided that no amendment to the advantage of participants or eligible employees may be made to provisions relating to the key features of the PSP without the prior approval of shareholders in general meeting unless the amendment is minor and made to benefit the administration of the PSP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment. Key features are: who can be a participant, the limits on the number of shares which can be issued under the PSP, the basis for determining a participant's entitlement to shares, and the terms on which they can be acquired, and the provisions relating to adjustments in the event of a variation in the Company's share capital.

Additional schedules to the rules can be established to operate the PSP outside the UK. These schedules can vary the rules of the PSP to take account of any securities, exchange control or taxation laws or regulations.

10. Limits on the issue of shares

The PSP will be subject to the limit that, in any ten-year period, not more than 10 per cent of the issued ordinary share capital of the Company from time to time may be issued or issuable under all the Company's share plans. The Committee will adopt appropriate policies to ensure that sufficient shares are available for these plans throughout the ten-year period, and may purchase shares in the market if desirable. The Committee may use treasury shares for the purposes of the PSP, and transfers of such shares will count towards this percentage limit.

Where awards are granted over existing shares, these will be held in a discretionary employee benefits trust. The trust will also have the facility to subscribe for new shares within the limit referred above. The trust will not in any event hold more than 5 per cent of the Company's issued share capital. Transfers of shares from such a trust will not count towards the percentage limit described above.

In limited circumstances, the Committee may elect to satisfy awards by making a cash payment equal to the value of the shares which would otherwise be transferred.

PART 6

ADDITIONAL INFORMATION

1. Responsibility

The Directors of William Hill, whose names are set out in paragraph 2(a) below, accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors (who have taken all reasonable care to ensure that such is the case), the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.

2. Directors of the Company and other interests and Directors' service agreements

(a) Directors of the Company

The names and principal functions of the Directors of the Company are as set out below:

Charles Scott	Chairman
David Harding	Chief Executive
Tom Singer	Chief Operating Officer
David Allvey	Independent Non-Executive Director
David Edmonds, CBE	Independent Non-Executive Director
Barry Gibson	Senior Independent Non-Executive Director

all of Greenside House, 50 Station Road, Wood Green, London N22 7TP.

(b) Directors' and other interests

(i) As at 25 May 2005 (the latest practicable date prior to the publication of this document), the interests of the Directors (all of which are beneficial) in Ordinary Shares and which:

- (a) have been notified by each Director to the Company pursuant to section 324 or 328 of the Companies Act, or
- (b) are required, pursuant to section 325 of the Companies Act, to be entered in the register of Directors' interests maintained pursuant to section 329 of the Companies Act, or
- (c) are interests of a person connected with a Director within the meaning of section 346 of the Companies Act which would, if the connected person was a Director, be required to be disclosed under (i) or (ii) above, and the existence of which is known to, or could with reasonable diligence be ascertained by, that Director are as follows:

Director	**Number of Ordinary Shares**
David Allvey	13,333
David Edmonds	—
Barry Gibson	15,556
David Harding	50,000
Charles Scott	85,817
Tom Singer	26,009

The interests of the Directors amount in total to 190,715 Ordinary Shares representing approximately 0.048 per cent. of the issued share capital of William Hill as at 25 May 2005 (excluding treasury shares), the latest practicable date prior to the publication of this document.

(ii) In addition to their having an interest in 190,715 Ordinary Shares as at the date referred to in paragraph 2(b)(i) above, details of William Hill options outstanding for Executive Directors under the William Hill Group's long-term share incentive schemes are as follows (all such options being granted on a nil cost basis):

Name of Director	Scheme	No. of Ordinary Shares under Option	Exercise Price	Date from which exercisable	Expiry Date
David Harding	Executive Director Incentive Plan (EDIP)	855,556	Nil	June 2004 (366,666 shares)	June 2007
				June 2005 (488,890 shares)	June 2008
	Long-term Incentive Plan (LTIP)	81,508	Nil	March 2007	March 2014
Tom Singer..............	EDIP	427,778	Nil	June 2004 (183,333 shares)	June 2007
				June 2005 (244,445 shares)	June 2008
	LTIP	48,090	Nil	March 2007	March 2014
	SAYE	5,277	180p	August 2005	February 2006
	SAYE	2,073	457p	August 2008	February 2009

Save as set out above, no Director (nor any person connected with them) has any interests (beneficial or non-beneficial) in the share capital. Save as set out above, no Director (nor any person connected with them) holds an interest in any other securities of the William Hill Group.

(c) Directors' service agreements

Details of each Director's service contract are contained in the William Hill 2004 annual report and accounts, save that

(i) the appointment of Barry Gibson and David Allvey as non-executive directors of William Hill has been extended by an additional three years, such extended appointments to remain on the same terms as applied previously to their appointments, pursuant to letter agreements entered into between William Hill and Barry Gibson and William Hill and David Allvey dated 12 April 2005; and

(ii) as set out in the paragraph entitled "Management and Employees" in Part 1 of this document, Tom Singer has been promoted to the newly created position of Chief Operating Officer and his salary increased with effect from 19 May 2005 from £260,000 per annum to £330,000 per annum as a result.

(d) Directors' interests in transactions

No Director has or has had any interest in any transaction which is or was unusual in its nature or conditions or significant to the business of any member of the William Hill Group and which was effected by any member of the William Hill Group during the current or immediately preceding financial year, or which was effected during an earlier financial year and remains in any respect outstanding or unperformed.

3. Substantial Shareholdings

As at 25 May 2005 (the last practicable date prior to the publication of this document) the Company was aware of the following persons who were, directly or indirectly, interested in three per cent. or more of the issued share capital of William Hill:

Name	Current holding of Ordinary Shares	Per cent. of issued share capital of William Hill
Fidelity.........	55,429,293	14.06
Barclays.........	48,077,952	12.19
Legal & General.........	13,928,542	3.30
MFS Investments	13,052,430	3.09

Save as disclosed above, William Hill is not aware of any person who is, or will be, immediately following the Acquisition directly or indirectly, interested in three per cent. or more of the Company's issued share capital.

4. Litigation

(a) The William Hill Group

Except as set out below, no member of the William Hill Group is or has been engaged in, nor (so far as William Hill is aware) has pending or threatened, any legal or arbitration proceedings which may have or have had in the recent past (including at least the 12 months preceding the date of this document) a significant effect on the financial position of the William Hill Group, other than the following proceedings:

(i) the William Hill Group is currently involved in litigation with the British Horseracing Board (the "BHB") concerning the alleged infringement of the BHB's database rights from the William Hill Group's use of lists of runners and riders on the internet for the purposes of accepting bets on horse races taking place in England, Scotland and Wales. On the basis that the William Hill Group did not accept the BHB's position with respect to its intellectual property rights, it did not apply for a licence for its use of such rights. In February 2001, judgement was given against the William Hill Group in the Chancery Division of the High Court, and the Court ordered (a) an enquiry into damages, (b) an injunction restraining the William Hill Group from infringing BHB's database rights, (c) an order that the William Hill Group pay the BHB's costs of litigation (to be assessed by the Court if not agreed between the William Hill Group and the BHB) and (d) that the William Hill Group make an interim payment of £100,000 in respect of the BHB's costs. William Hill has since paid costs to the BHB of £217,711.59 with interest of £7,072.10 as assessed by a costs judge. At that time, without accepting the BHB's claim to data rights, the William Hill Group entered into a licence for the provision of pre-race data on its online operation. As a result the enquiry into damages was stayed. Following an appeal to the Court of Appeal in respect of the judgement of the High Court, the Court of Appeal referred the matter to the ECJ for clarification. The Court of Appeal also lifted the injunction as a result of William Hill entering into the licence. The ECJ ruling was received on 9 November 2004 and its interpretation of legal issues supported the position of the William Hill Group. The case will now be referred back to the Court of Appeal and is expected to be heard in June 2005;

(ii) the Italian Olympic Committee ("Coni") licences betting on sporting events under its control in Italy. It has commenced proceedings in Rome in July 2002 against William Hill alleging that William Hill's internet betting offering breaches Italian licensing laws regulating betting activity. Similar claims have been made against other major UK bookmaking companies that offer internet betting services accessible in Italy. William Hill does not hold a licence from Coni, and has not applied for one. Coni claims that William Hill must pay a fee and a percentage of its revenue to Coni and that William Hill is liable in damages although Coni has never properly calculated the basis for quantifying the damages, which is one basis on which William Hill has opposed Coni's claim) and is in breach of regulations that also have criminal sanctions. A further hearing was held on 1 June 2004 and the parties have now entered a period of evidence gathering. A hearing has been set for June 2005 for final pleadings. The claim is being vigorously defended by the William Hill Group in respect of both quantum and liability. The primary argument relied upon by the William Hill Group is that the Italian legislation, which confers an effective monopoly, is incompatible with Article 49 of the European Convention, which provides for a freedom to provide services across the European Union provided that restrictions are not justified in the interests of national social policy or consumer protection. In this regard, the William Hill Group lodged a complaint with the European Commission in late 2003 relating to the failure of Italy, Germany and the Netherlands to comply with European Community law in the context of betting; and

(iii) proceedings have been commenced in Belgium, and threatened (or possibly already commenced) in France and Germany, against seven operators of internet sports betting websites based in various European jurisdictions, by Real Madrid Football Club and five of its most high profile players, Ronaldo, David Beckham, Raul, Zinedine Zidane and Luis Figo. The defendants include William Hill, Ladbrokes and Sportingbet. The claims relate to the use of the name and image of the club and each of the players on the websites. Damages (along with injunctive relief to restrain further use of the names and images) are claimed in varying amounts:

- in Belgium, €4 million for Real Madrid and €1 million for each player for "damage resulting from the use of their right to name and an image", such amounts to be subject to change during the proceedings; €1 million, for Real Madrid for the use of its name; and €50,000 for each unauthorised use of the name of the club or one of the players;

- in France €1.02 million to Real Madrid in respect of alleged trademark infringements; €50,000 for each future unauthorised use of the name and image of the players.

The William Hill Group believes it has meritorious defences and such proceedings will be vigorously defended. The William Hill Group does not anticipate that the outcome of these proceedings, either individually or in aggregate, will have a material adverse effect upon the William Hill Group's consolidated financial condition, results of operations or cash flow.

(b) Stanley's Retail Bookmaking

Except as set out below, no member of Stanley's Retail Bookmaking is or has been engaged in, nor (so far as the Directors are aware) has pending or threatened, any legal or arbitration proceedings which may have or have had in the recent past (including at least 12 months preceding the date of this document) a significant effect on the financial position of Stanley's Retail Bookmaking, other than the threat of legal action against Stanley Racing Limited in relation to an FOBT hire agreement with Rank Leisure Machine Services ("RLMS"). In June 2004, Stanley Racing Limited gave notice to terminate the agreement because of a breach by RLMS in assigning/sub-contracting the contract upon the sale of its machines business to Gamestec Leisure Limited. RLMS and Gamestec are threatening to issue proceedings for breach of contract and damages. They allege their loss is around £3million. Stanley Leisure's legal advisors have advised that Stanley Racing Limited is in a strong position and are confident that Stanley Racing Limited would win any legal proceedings should they be instituted by RLMS/Gamestec.

5. Material Contracts

(a) William Hill

Save for the contracts described below, no contracts (not being contracts entered into in the ordinary course of business) have been entered into by a member of the William Hill Group (i) within the two years preceding the date of this document which are material or (ii) which contain any provisions under which any member of the William Hill Group has any obligations or entitlements which are or may be material to the William Hill Group as at the date of this document:

(i) Existing and New Bank Facilities:

An existing bank facility (the "Existing Bank Facility") was entered into by William Hill on 2 March 2005 with, amongst others, Allied Irish Banks, p.l.c., Banc of America Securities Limited, Barclays Capital, HSBC Bank PLC, Lloyds TSB Bank PLC and The Royal Bank of Scotland plc as mandated lead arrangers and Lloyds TSB Bank plc as agent. A portion of the funds drawn down from the Existing Bank Facility were applied towards the repayment of amounts outstanding under earlier credit facilities made available to the Group. The balance was to be available to fund, amongst other things, a proposed reduction of capital. The Existing Bank Facility has been guaranteed by William Hill and certain subsidiaries of William Hill and is unsecured.

(A) General

The facilities constituted by the Existing Bank Facility comprise a multicurrency term loan facility ("Facility A") in the amount of £600 million, and a multicurrency revolving loan facility ("Facility B") in the amount of £600 million. William Hill is required to repay Facility A on 2 March 2010. The commitment under Facility B is required to be repaid on 2 March 2010. The proceeds of Facility A and Facility B are available for the general corporate purposes of the Group.

It is proposed to have the underlying documentation relating to the Existing Bank Facility amended so that Facility A becomes available to be drawn in the same circumstances as outlined below for the new Facility A.

(B) Interest rate; fees

Advances under Facility A and advances under Facility B initially bear interest at a rate equal to the London interbank offered rate ("LIBOR") plus a margin. This margin will vary with the financial performance of the Group but may not be reduced to less than 0.40 per cent. per annum nor increased to more than 0.75 per cent. per annum. A commitment fee is payable on undrawn commitments under Facility A and Facility B.

(C) Prepayments

William Hill must, if required by a two-thirds majority of lenders, prepay all indebtedness under the Existing Bank Facility on the occurrence of any change of control of William Hill. Optional prepayments are permitted without premium or penalty.

(D) Certain covenants

The Existing Bank Facility contains numerous operating and financial covenants, including, requirements to maintain: minimum ratios of EBITDA to net interest, and maximum ratios of net debt to EBITDA. In addition, the Existing Bank Facility includes, without limitation, covenants relating to: limitations on disposals (with exceptions including, without limitation, disposals of business or assets not exceeding individually in any financial year 15 per cent. of consolidated earnings before interest and taxes); limitations on change of business; limitations on mergers and other corporate reconstructions; and limitations on subsidiary financial indebtedness.

(E) Events of Default

The Existing Bank Facility contains events of default customary for facilities of this type.

At present, the balance of the Existing Bank Facility is not available to be drawn upon to fund the Acquisition. It is proposed that William Hill will use reasonable endeavours to secure a number of minor amendments to the underlying documentation relating to the Existing Bank Facility to enable that facility to be drawn upon for this purpose.

To the extent that William Hill is unable to secure appropriate amendments to the underlying documentation relating to the Existing Bank Facility, William Hill proposes to refinance all amounts which are outstanding in respect of the Existing Bank Facility, and fund the Acquisition, with a new bank facility.

For this purpose, a new bank facility (the "New Bank Facility") was entered into by William Hill on 12 May 2005 with Allied Irish Banks, p.l.c., Banc of America Securities Limited, Barclays Capital, HSBC Bank plc, Lloyds TSB Bank PLC and The Royal Bank of Scotland plc as mandated lead arrangers and Lloyds TSB Bank PLC as agent. If the appropriate amendments to the Existing Bank Facility are obtained, the New Bank Facility will not be drawn and will be cancelled. However, if the amendments to the Existing Bank Facility cannot be obtained, the Existing Bank Facility will be cancelled and (subject only to satisfaction of usual conditions) the New Bank Facility will be available for drawing.

The principal commercial and operational terms of the New Bank Facility are in all material respects equivalent to those contained in the Existing Bank Facility, save that Facility A under the New Bank Facility may be drawn upon towards funding the Acquisition.

There are a number of conditions precedent which are required to be satisfied before the New Bank Facility can be drawn, including, without limitation, the requirement that the Existing Bank Facility be prepaid in full and cancelled. As with the Existing Bank Facility, the New Bank Facility has been guaranteed by William Hill and certain subsidiaries of William Hill and is unsecured.

The New Bank Facility also contains events of default customary for facilities of this type however a clean-up period of 90 days is permitted in respect of certain defaults arising by reason of the integration of Stanley's Retail Bookmaking into the William Hill Group.

(ii) the agreements described in Part 4 of this document.

(b) Stanley's Retail Bookmaking

Stanley's Retail Bookmaking has not entered into any contracts outside the ordinary course of business (i) within the two years preceding the date of this document which are, or may be, material; or (ii) (regardless of when entered into) which contain provisions under which any member of Stanley's Retail Bookmaking has an obligation or entitlement which is material to Stanley's Retail Bookmaking as at the date of this document.

6. Significant changes

(a) There has been no significant change in the financial or trading position of William Hill since 28 December 2004, the date to which the William Hill Group prepared its last audited accounts.

(b) Save for the unfavourable horse racing and football results, there has been no significant change in the financial or trading position of Stanley's Retail Bookmaking since 2 May 2004, the date to which the combined financial information relating to Stanley's Retail Bookmaking in Part 2 of this document was drawn up.

7. Working Capital

The Company is of the opinion that, following Completion and taking into account the bank and other facilities available to the Enlarged Group, the Enlarged Group has sufficient working capital for its present requirements, that is for at least twelve months from the date of publication of this document.

8. Consents

Citigroup has given and not withdrawn its written consent to the issue of this document and the references to its name in the form and context in which it is included.

Deloitte & Touche LLP has given and not withdrawn its written consent to the inclusion in this document of references to its name in the form and context in which it is included.

PricewaterhouseCoopers LLP has given and not withdrawn its written consent to the inclusion in this document of reference to its name in the form and context in which it is included.

9. Documents available for inspection

Copies of the following documents may be inspected at the offices of Freshfields Bruckhaus Deringer, 65 Fleet Street, London EC4Y 1HS, during usual business hours on any weekday (Saturdays, Sunday and public holidays excepted), for a period of 14 days from the date of this document:

(a) the memorandum and articles of association of William Hill in their current form;

(b) the audited consolidated accounts of William Hill for the financial periods ended 28 December 2004 and 30 December 2003;

(c) the Accountants' Report prepared by PricewaterhouseCoopers LLP on Stanley's Retail Bookmaking, a copy of which is set out in Part 2 of this document;

(d) statements signed by PricewaterhouseCoopers LLP setting out the adjustments made by them in arriving at the figures in their report on Stanley's Retail Bookmaking;

(e) the letter of Deloitte & Touche LLP regarding the pro forma statement of net assets set out in Part 3 of this document;

(f) the draft rules of the William Hill Performance Share Plan summarised in Part 5 of this document (and such document shall also be made available for inspection at the offices of Freshfields Bruckhaus Deringer, 65 Fleet Street, London EC4Y 1HS, during usual business hours on any weekday (Saturdays, Sunday and public holidays excepted) until the close of the EGM and made available at the New Connaught Rooms, Covent Garden Exhibition Centre, 61-65 Great Queen Street, London WC2B 5DA for at least 15 minutes prior to and during the EGM);

(g) copies of the Directors' service contracts and letters of appointment referred to in paragraph 2(c) of this Part 6;

(h) the written consents of Citigroup, Deloitte & Touche LLP and PricewaterhouseCoopers LLP referred to in paragraph 8 of this Part 6;

(i) the material contracts referred to in paragraph 5 of this Part 6; and

(j) the irrevocable undertakings given by Lord Steinberg and by Genting referred to in the paragraphs headed "Irrevocable undertakings" in Part 1; and

(k) this document.

PART 7

NOTICE OF EXTRAORDINARY GENERAL MEETING

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of shareholders of William Hill PLC (the "Company") will be held at the New Connaught Rooms, Covent Garden Exhibition Centre, 61-65 Great Queen Street, London WC2B 5DA on 17 June 2005 at 11.00 a.m. for the purpose of considering and, if thought fit, passing the following resolutions which will be proposed as Ordinary Resolutions:

Ordinary Resolutions

1. THAT the acquisition of Stanley's Retail Bookmaking, upon the terms and conditions of the share purchase agreement dated 16 May 2005 (as summarised in the circular to shareholders of the company dated 31 May 2005) and the documents annexed thereto and the documents in the agreed terms referred to therein produced at the meeting and marked "A" and signed by the Chairman for the purpose of identification only (the "Acquisition Agreement"), be and is hereby approved and the Board of Directors of the Company (or any duly authorised committee thereof) be and is hereby authorised to do, approve and execute all acts, things and documents as may be necessary or desirable in order for the Company and its subsidiary undertakings to complete and give effect to the transactions and arrangements contemplated by the Acquisition Agreement and make such non-material amendments, variations, modifications or revisions to the terms of the Acquisition Agreement as the Board of Directors of the Company (or any duly authorised committee thereof) thinks necessary or desirable and to take such actions as it thinks fit at any time in the future to enforce, settle or compromise any of the Company's rights pursuant to the Acquisition Agreement.

2. THAT the William Hill Performance Share Plan (a copy of which is produced to the meeting and marked "B" and signed by the Chairman for the purpose of identification only and features of which are summarised in the circular to Shareholders dated 31 May 2005) be and is hereby approved and adopted and the Directors be and are hereby authorised to take all such steps as they consider necessary or desirable to give the same effect.

By Order of the Board

Helen Grantham

Secretary

31 May 2005

Registered Office:
Greenside House
50 Station Road
Wood Green
London N22 7TP

Notes:

(a) The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members entered in the register of members of the Company at 11.00 a.m. on 15 June 2005, or if this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be entitled to attend and vote at the meeting in respect of the number of ordinary shares registered in their name at that time. Changes to the entries in the register of members after 11.00 a.m. on 15 June 2005 or, if this meeting is adjourned, in the register of members 48 hours before the time of any adjourned meeting, shall be disregarded in determining the rights of any person to attend or vote at the meeting.

(b) The accompanying proxy form invites members to vote in one of three ways: "for", "against" and "vote withheld". Please note that a "vote withheld" has no legal effect and will count neither for nor against a resolution.

(c) A member entitled to attend and vote at the extraordinary general meeting may appoint a proxy (who need not be a member of the Company) to attend and, on a poll, to vote on his or her behalf. Lodging a form of proxy will not prevent a member from attending the meeting and voting in person. In order to be valid an appointment of proxy must be returned by one of the following methods:

- sending the Form of Proxy enclosed with this document by post or (during normal business hours only) by hand to Capita Registrars, Proxy Department, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4TU not less than 48 hours before the time of the meeting; or
- electronically, by logging on to Capita Registrars' website at www.capitaregistrars.com. Members' IVC numbers (the code number printed on a member's admission card/form of proxy) will be required. Full details of the procedure are given on the website. The proxy appointment and/or voting instructions must be received by the Company's registrars not later than 11.00 a.m. on 15 June 2005.
- in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below.

To appoint a proxy or to give or amend an instruction to a previously appointed proxy via the CREST system, the CREST message must be received by the issuer's agent Capita Registrars (under CREST participant ID RA10) by not later than 11.00 a.m. on 15 June 2005. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message. After this time any change of instructions to a proxy appointed through CREST should be communicated to the proxy by other means. CREST Personal Members or other CREST Sponsored Members, and those CREST Members who have appointed voting service provider(s), should contact their CREST sponsor or voting service provider(s) for assistance with appointing proxies via CREST. For further information on CREST procedures, limitations and system timings, please refer to the CREST Manual. We may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

PART 8

DEFINITIONS

The following definitions shall apply to words and phrases used in this document except where the context requires otherwise:

"Acquisition"	the proposed acquisition by William Hill Organization Limited of the entire issued share capital of Stanley's Retail Bookmaking pursuant to the Acquisition Agreement;
"Acquisition Agreement"	the agreement dated 16 May 2005 between the Sellers and William Hill Organization Limited, as summarised in Part 4 of this document;
"AWPs"	amusements with prizes machines;
"Board" or "Directors"	the directors of William Hill, whose names are set out in paragraph 2(a) of Part 6 of this document;
"Business Day"	a day (excluding Saturday or Sunday or public holidays in England and Wales) on which banks generally are open for business in the City of London for the transaction of normal banking business;
"Capita Registrars"	a trading division of Capita IRG Plc, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU;
"Chairman"	Charles Scott;
"Citigroup"	Citigroup Global Markets Limited;
"Companies Act"	the Companies Act 1985, as amended;
"Completion"	completion of the Acquisition Agreement in accordance with its terms;
"CREST"	the system for the paperless settlement of trades in securities and the holding of uncertificated securities operated by CRESTCo in accordance with the Uncertified Securities Regulations 2001;
"CRESTCo"	CRESTCo Limited, the operator of CREST;
"CREST Shareholders"	Shareholders holding in uncertificated form in CREST;
"EBITDA"	earnings before interest, taxes, depreciation and amortisation;
"Enlarged Group"	William Hill PLC and its subsidiary undertakings as enlarged by the Acquisition;
"EPOS"	electronic point of sale;
"Executive Directors"	David Harding and Tom Singer;
"Form of Proxy"	the Form of Proxy for use at the EGM;
"FOBTs"	terminals that allow betting office customers to bet on a variety of random number generated events;
"Genting"	the Genting Berhad group consisting of Genting International plc and its subsidiaries;
"Holder"	a registered holder and includes any person(s) entitled by transmission;
"Listing Rules"	the rules and regulations made by the UK Listing Authority pursuant to section 74 of the Financial Services and Markets Act 2000, as amended from time to time;
"LBO"	licensed betting office;
"LTIP"	the William Hill PLC Long Term Incentive Plan;
"Material Adverse Change"	any event, circumstance, occurrence, or state of affairs or any combination thereof which is, or is reasonably likely to be, materially adverse to the business, operations, or financial condition or results of the companies of Stanley's Retail Bookmaking taken as a whole in any of the jurisdictions in which such companies operate excluding any resulting from the Acquisition or from changes generally

	applicable to the industries in which the business of Stanley's Retail Bookmaking operates or to the economy of a relevant jurisdiction generally;
"Non Executive Directors"	Charles Scott, David Allvey, David Edmonds and Barry Gibson;
"OFT"	the Office of Fair Trading;
"Ordinary Shares"	ordinary shares with a nominal value of 10 pence each in the share capital of William Hill;
"Performance Share Plan" or "PSP"	the William Hill Performance Share Plan, a summary of which is set out in Part 5 of this document;
"Sellers"	Stanley Leisure plc and Stanley Overseas Holdings Limited and "Seller" means one of them;
"Shareholder(s)"	Holder(s) of Ordinary Shares;
"Share Option Plan"	William Hill PLC Savings Related Share Option Plan;
"Stanley Leisure"	Stanley Leisure plc;
"Stanley Leisure Group"	Stanley Leisure plc and its subsidiary undertakings;
"Stanley's Retail Bookmaking"	Stanley Racing Holdings Limited, Stanley Racing (Ireland) Limited, Phonethread Limited and L. Stanley (I.O.M.) Limited and their subsidiary undertakings which together own the licensed betting office business undertaken by the Stanley Leisure Group in Great Britain, Northern Ireland, the Republic of Ireland, Jersey and the Isle of Man;
"UK" or "United Kingdom"	the United Kingdom of Great Britain and Northern Ireland;
"uncertificated" or "in uncertificated form"	when used in relation to shares, recorded on the relevant register as being held in uncertificated form in CREST and title to which, by virtue of the Uncertified Securities Regulations 2001, may be transferred by means of CREST;
"William Hill" or the "Company"	William Hill PLC, incorporated and registered in England and Wales under the Companies Act with registered number 4212563;
"William Hill Articles"	the current articles of association of William Hill;
"William Hill Group"	William Hill and its subsidiary undertakings;
"William Hill Organization Limited" or "WHO"	William Hill Organization Limited, a wholly owned subsidiary of the Company, incorporated and registered in England and Wales under the Companies Act with registered number 0278208;
"William Hill Shareholder"	a holder of Ordinary Shares; and

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