

WILLIAM HILL PLC (THE COMPANY)

REMUNERATION COMMITTEE TERMS OF REFERENCE

Constitution

1. The Board has resolved to establish a Committee of the Board to be known as the Remuneration Committee (the **Committee**).

Purpose

2. The Committee has full power and authority to determine and agree with the Board the Company's policy on the remuneration of executive directors, the Chairman and senior management (as defined by the Board) and determine specific remuneration packages (including pension rights) and compensation packages on employment or termination of office for each of the executive directors of the Company and senior management.

Membership

3. The Committee shall be appointed by the Board exclusively from amongst the independent Non-Executive Directors of the Company. The Committee shall consist of at least three members. A quorum shall be two members.
4. The Chairman of the Committee shall be appointed from the members of the Committee by the Board. The Chairman of the Board may be a member of, but not chair, the Committee if he or she was considered independent on appointment as Chairman. The Chairman of the Committee (or another member of it) should be available to answer questions on directors' remuneration principles and practice both at the Annual General Meeting of the Company and, when required, to discuss these with major shareholders or their representatives.
5. Committee members will normally serve for a period of three years extendable by no more than two additional three-year periods, provided the Director still meets the criteria for membership of the Committee, unless the Board otherwise determines.
6. The Chairman and members of the Committee shall be identified in the Board's Remuneration Report to Shareholders.
7. Each member of the Committee shall disclose to the Committee:
 - (a) any personal financial interest (other than as a shareholder) in any matter to be decided by the Committee; or
 - (b) any potential conflict of interest arising from a cross-directorship.

Any such member shall abstain from voting on resolutions of the Committee in relation to which such interest exists and from participating in the discussions concerning such resolutions and (if so required by the Board) shall resign from the Committee.

Meetings

8. Only members of the Committee have the right to attend Committee meetings. However, other individuals such as the Chief Executive; the Group Director HR; General Counsel and Company Secretary and external advisors may be invited to attend for all or part of any meeting as appropriate.
9. The Committee shall appoint the General Counsel and Company Secretary or his or her nominee to be Secretary to the Committee.
10. Meetings may be held by telephone.
11. Meetings shall be held as and when appropriate, but at least annually and usually four times per year, normally before or after regular meetings of the full Board.
12. Papers will normally be circulated at least 4 working days prior to a meeting.
13. Draft minutes of Committee meetings shall be circulated promptly to all members of the Committee and the Chairman of the Board and, once agreed, to all other members of the Board, unless a conflict of interest exists.
14. The Committee Chairman shall report formally to the Board on its proceedings after each meeting.

Authority

15. The Committee is authorised by the Board to investigate any activity within its terms of reference. It is authorised to seek any information it requires from any employee, and all employees are directed to co-operate with any request made by the Committee.
16. The Committee is authorised by the Board to obtain internal or external independent professional advice at the cost of the Company, including obtaining advice from third parties with relevant experience and expertise in connection with the matters within these terms of reference. The Committee shall follow the “Guidelines for Seeking Independent Professional Advice” adopted by the Board.
17. The Committee shall not:
 - (i) discuss, or pass resolutions in respect of, the remuneration of, or the terms of any consultancy agreement with, any Non-Executive Director (other than

the Chairman) which shall be a matter for the Board itself, subject to the provisions of the Articles of Association of the Company;

- (ii) determine any other matter which the Board shall advise the Committee is reserved to be determined by it.

Duties

18. The duties of the Remuneration Committee shall be :

- (a) to determine and agree with the Board, the Company's policy and framework for the remuneration of the Company's Chairman, Chief Executive, the executive directors and such other members of the senior management as it is designated to consider. The remuneration of non-executive directors shall be a matter for the Chairman and the executive members of the Board. No director or manager shall be involved in any decisions as to their own remuneration;
- (b) in determining such policy, take into account all factors which it deems necessary including relevant legal and regulatory requirements, the provisions and recommendations of the UK Corporate Governance Code, Listing Rules of the UK Listing Authority and associated guidance, including the ABI guidelines on policies and practices on executive remuneration. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentive to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company;
- (c) to agree the terms of appointment and termination of any executive director or other members of senior management and establish a policy on directors' contracts and termination arrangements. This should ensure that on termination, any payments made are fair to the individual and to the Company, and that failure is not rewarded and the duty to mitigate loss is fully recognised;
- (d) to approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;
- (e) ensure that the performance-related elements of remuneration form a significant proportion of the total remuneration package of executive directors and should be designed to align their interest with those of shareholders and to give these directors keen incentives to perform at the highest levels;
- (f) to review the design of all share incentive plans for approval by the Board and shareholders. For any such plans, determine each year whether

awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors and other designated senior managers and the performance targets to be used.

- (g) to consult with the Chairman of the Board and/or Chief Executive, as appropriate, about their proposals relating to the remuneration package of other executive directors and senior management including bonuses, incentive payments and share options or other share awards;
- (h) judge where to position the Company relative to other companies. The Committee should be aware what comparable companies are paying and should take account of relative performance. But they should use such comparisons with caution, in view of the risk that they can result in an upward ratchet of remuneration levels with no corresponding improvement in performance;
- (i) be sensitive to the wider scene, including pay and employment conditions elsewhere in the Company and in each of its group undertakings, especially when determining annual salary increases;
- (j) determine the policy for, and scope of, pension arrangements for each executive director and other designated senior executives;
- (k) to agree any shareholding guidelines for executive directors and senior management;
- (l) to agree the policy for authorising claims for expenses from the Chief Executive and Chairman;
- (m) to be responsible for the selection and terms of reference of any external consultants advising the Committee.
- (n) review the terms of executive directors' service agreements from time to time;
- (o) prepare an annual remuneration report to shareholders which will be put to shareholders for approval at the AGM and comply with relevant legal and regulatory requirements;
- (p) keep the Chairman of the Board, if he is not already a member of the Committee, fully informed of its actions; and

- (q) at least once a year, review its own performance, constitution and terms of reference to ensure it is operating at maximum effectiveness and recommend any changes it considers necessary to the Board.
19. In order to carry their duties effectively the Committee shall:
- (a) have access to sufficient resources in order to carry out its duties, including access to HR and the Company Secretariat for assistance as required;
 - (b) call on any Director or employee to be present at a meeting of the Committee as and when required;
 - (c) be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members.

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