



**WILLIAMS F1**

**Williams Grand Prix Holdings PLC**

(a public limited company incorporated in England and Wales and registered under number 7475805)

**Prospectus**

for the offering

of

up to 2,409,383 existing ordinary shares of GBP 0.05

and of

up to 330,000 existing ordinary shares of GBP 0.05  
in connection with an over-allotment option,

both from the holdings of the Selling Shareholders and Over-Allotment Shareholder

of Williams Grand Prix Holdings PLC  
(the “**Company**”)

in connection with the inclusion of the Company’s Shares to trading on the Open Market  
(Entry Standard segment) of the Frankfurt Stock Exchange

each Share having a nominal value of GBP 0.05  
and full dividend rights as of 1 January 2011

of

**Williams Grand Prix Holdings PLC**

German Securities Identification No. (WKN): A1H6VM  
International Securities Identification No. (ISIN): DE000A1H6VM4  
Common Code: 058746738  
Trading Symbol: WGF1

Prospectus dated 7 February 2011

**Sole Global Coordinator and Sole Global Bookrunner**

Bank am Bellevue AG

**Joint Lead and Local Bookrunner Germany**

Baader Bank AG



## IMPORTANT INFORMATION ABOUT THE OFFERING – NOTICE TO INVESTORS

This Prospectus is being furnished by the Issuer in connection with the Offering of up to 2,409,383 existing Shares (the “**Sale Shares**”) and up to 330,000 existing Shares in connection with an over-allotment option (the “**Additional Shares**”) (the Sale Shares and the Additional Shares together comprising the “**Offered Shares**”), from the holdings of the Selling Shareholders and the Over-Allotment Shareholder of Williams Grand Prix Holdings PLC (the “**Issuer**”). The Offering consists of an initial public offering of the Offered Shares in the Federal Republic of Germany, the United Kingdom, Austria and Switzerland as well as private placements of the Offered Shares in certain jurisdictions outside Germany, the United Kingdom, Austria and Switzerland to selected institutional investors. All offers and sales will be made in reliance on Regulation S under the US Securities Act.

Prior to the Offering, there has been no public market for the Shares. The Company intends to include the Offered Shares to trading on the Entry Standard segment of the Open Market of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) which is not defined as an “organised market” or “regulated market” under the European Directive 2001/34/EC.

This document, which constitutes a Prospectus for the purposes of Article 3 of the European Prospectus Directive 2003/71/EC (the “Prospectus Directive”), has been prepared in accordance with the Prospectus Rules of the UK Listing Authority made under section 73A of FSMA and has been approved by the FSA in accordance with section 87A of FSMA and made available to the public in accordance with Rule 3.2 of the Prospectus Rules. The approved Prospectus will be notified by the FSA to the competent authorities in Germany (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*) and Austria (*Finanzmarktaufsicht – FMA*) for passporting in accordance with Article 18 of the Prospectus Directive.

Bank am Bellevue AG, which is regulated by the Swiss Financial Market Supervisory Authority (*Eidgenössische Finanzmarktaufsicht – FINMA*) in Switzerland, and Baader Bank AG, which is regulated by the German Federal Financial Supervisory Authority (*Bundesanstalt für Finanzdienstleistungsaufsicht – BaFin*) and by German Federal Reserve Bank (*Deutsche Bundesbank*) in Germany, are acting exclusively for the Issuer, the Selling Shareholders and the Over-Allotment Shareholder and no-one else in connection with the Offering and the matters described in this document and will not be responsible to anyone other than the Issuer, the Selling Shareholders and the Over-Allotment Shareholder for providing the protections afforded to the clients of Bank am Bellevue AG and Baader Bank AG or for providing advice in relation to the Offering or the contents of this document. For the avoidance of doubt, Bank am Bellevue AG and Baader Bank AG are not acting as sponsor to the Issuer for the purposes of the listing rules made by the FSA under Part VI of FSMA.

The Offered Shares have not been and will not be registered under the U.S. Securities Act or under any securities law of any state or other jurisdiction of the United States and may not be offered or sold in the United States except in transactions exempt from or not subject to the registration requirements of the Securities Act and in compliance with any applicable state securities laws. Accordingly, the Issuer is offering the Shares only outside the United States in offshore transactions within the meaning of and in reliance upon Regulation S. For a summary of restrictions on offers and sales, resales and transfers of the Offered Shares, see also the Section entitled “Offering Restrictions”.

Except in connection with offers and sales of Shares in Germany, the United Kingdom, Austria and Switzerland, no action has been or will be taken in any jurisdiction by the Underwriters, the Issuer, the Selling Shareholders or, as the case may be, the Over-Allotment Shareholder that would permit a public offering of Shares or possession or distribution of this Prospectus or any other publicity materials relating to the Offering in any country or jurisdiction where action for such purpose is required. Accordingly, no Shares may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with applicable laws and regulations (see the Section entitled “Offering Restrictions”).

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## SUMMARY

*This summary should be read as an introduction to this Prospectus. Any decision to invest in the Shares should be based on the consideration of this Prospectus as a whole by the investor. Where a claim relating to the information contained in this Prospectus is brought before a court, the plaintiff investor might, under national legislation of the relevant EEA State, have to bear the costs of translating the Prospectus before the legal proceedings are initiated. Civil liability attaches to those persons who are responsible for the summary, including any translations of the summary, but only if the summary is misleading, inaccurate or inconsistent when read together with other parts of the Prospectus.*

### 1. SUMMARY OF THE BUSINESS

#### *Group Overview*

Sir Frank Williams CBE first entered a car in the Formula One Championship in 1969. In 1977, he established Williams together with co-founder Patrick Head. Since then, Williams has won nine Constructors' Championships and seven Drivers' Championships and become one of the three longest standing Formula One brands, alongside Ferrari and McLaren.

Williams employs some 470 personnel in its Formula One business. The Team is one of the most vertically-integrated of Formula One Teams with first-class design and manufacturing facilities on its 33 hectare site in Oxfordshire, England.

The Group's revenues are currently derived almost exclusively from its Formula One business, including sponsorships, the Team's share of the commercial rights income and the sale of merchandise and licensing arrangements.

The Group aims to develop substantial revenues from exploiting its brand, intellectual property and rapid development skills in projects outside Formula One. The main new business initiative of the Group is WHP, a company specialising in magnetically-loaded composite flywheels which are used as an energy storage device. Initially intended for Formula One, this cutting-edge technology has broad potential application in automobiles, buses and commercial vehicles; subways, trams and trains; and in power generation and related activities.

The Group's aim is to be a Championship-winning Formula One Team and a world-class technology business generating steady returns for shareholders through the economic cycle.

The Issuer is a newly incorporated holding company of the Group.

#### *Competitive Strengths*

The Group has the following competitive strengths:

- A well-known sporting brand based on over 30 years of Formula One racing
- First-class engineering and manufacturing facilities
- Strong expertise in Formula One and related engineering activities
- Expertise in and a culture of rapid development and application of technology
- An experienced and stable management team
- Consistent cost control
- Strong partnerships with leading international companies

#### *Business Strategy*

The Group aims to build on its competitive strengths and develop its performance within Formula One and its returns to investors by implementing the following strategies:

#### *Formula One*

- Being a leading team in the Formula One Championship
- Maintaining a portfolio of world-class, well known partners

- Working with FOTA, the FIA and the Formula One Group of Companies to ensure:
  - the further growth of Formula One so as to increase its geographic presence, live and TV audiences, attractiveness to sponsors and consequently revenues
  - the continuing reduction of costs within Formula One and consequently the Group

*Non-Formula One (New Businesses)*

- Developing WHP and the WTCQ to maximise EBITDA from these businesses
- Establishing a business capable of developing and applying new technologies for commercialisation
- Assessing opportunities of alliances with car manufacturers in the future

*Other*

- Establishing a strong corporate social responsibility programme and establishing The Williams F1 Team Foundation, as one of the world's leading not-for-profit foundations for the promotion of road safety and education through motorsport

## **2. SUMMARY OF THE OFFERING**

The Offering comprises up to 2,739,383 Ordinary Shares consisting of

- up to 2,409,383 Sale Shares from the holdings of the Selling Shareholders; and
- up to 330,000 Additional Shares from the holdings of the Over-Allotment Shareholder, in connection with the Over-Allotment Option (the Sale Shares and the Additional Shares together comprising the “Offered Shares”).

The Selling Shareholders – and the Over-Allotment Shareholder insofar as the Over-Allotment Option is exercised – will receive all the net proceeds from the sale of the Offered Shares. The Company will not receive any proceeds from the sale of the Offered Shares.

The Over-Allotment Shareholder has granted Bank am Bellevue the Over-Allotment Option exercisable by Bank am Bellevue on one occasion within 30 days after the first day of trading in the Shares on the Entry Standard at the Offer Price, solely to cover over-allotments made in connection with the Offering.

The Sale Shares represent up to 24.1% of the Issuer's issued share capital outstanding immediately after the Offering (or up to 27.4% together with the Additional Shares, if the Over-Allotment Option is exercised in full).

The price for the Offered Shares is expected to be between EUR 24.00 and EUR 29.00 per Offered Share. The Offer Price is expected to be set by the Issuer, the Selling Shareholders and the Underwriters upon completion of the Bookbuilding Period on or around 28 February 2011 and will be published on or about 28 February 2011.

The Issuer, the Selling Shareholders, the Over-Allotment Shareholder and the Underwriters have entered into various lock-up arrangements which are summarised in the Section entitled “Offering and Sale – Lock-up” of this document.

## **3. SELECTED FINANCIAL INFORMATION**

*The Issuer was formed on 21 December 2010 in the course of certain restructuring measures as described in the Section entitled “Reorganisation, Acquisitions and Financings” and therefore has no historical financial data within the meaning of Annex I, No. 20.1 of the (EC) Regulation No. 809/2004. The operating business of the Group was and is carried out by Williams and WHP. Williams is a wholly owned direct subsidiary of the Issuer, while WHP is a direct subsidiary of Williams. Williams was during the reporting periods up to and including 31 December 2009 the only significant operating entity of the Group.*

The following table presents certain selected financial data for the periods referenced below. The selected financial data for the 13 month period ended 31 December 2009 and for the financial years ended 30 November 2008 and 2007 are extracted from the audited financial statements of Williams as of and for the 13 month period ended 31 December 2009 and the 12 month periods ended 30 November 2008 and 2007 and the related notes, all prepared in accordance with UK GAAP. The selected financial data for the ten month periods ended 31 October 2010 and 2009 are extracted from the unaudited interim financial statements of Williams as of and for the 10 month periods ended 31 October 2010 and 2009 and were prepared in accordance with UK GAAP.

This selected financial information should be read in conjunction with the information included elsewhere in this Prospectus, including such financial statements and the related notes as well as with the Section entitled "Operating and Financial Review".

All figures in GBP million	Period ended	Period ended		Ten months ended	
	31 December	30 November		31 October	
	2009	2008	2007	2010	2009
	(13 months)	(12 months)	(12 months)	(10 months)	(10 months)
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
<b>Revenue</b> .....	<b>108.3</b>	<b>125.6</b>	<b>66.9</b>	<b>74.2</b>	<b>87.2</b>
Cost of Sales .....	(25.4)	(32.2)	(33.4)	(16.0)	(19.2)
Other Operating Costs.....	(73.3)	(72.1)	(50.9)	(51.0)	(59.1)
<b>EBITDA</b> .....	<b>9.6</b>	<b>21.3</b>	<b>(17.4)</b>	<b>7.2</b>	<b>9.0</b>
Depreciation and amortisation ....	(4.1)	(3.7)	(3.7)	(3.1)	(3.2)
<b>EBIT</b> .....	<b>5.5</b>	<b>17.6</b>	<b>(21.1)</b>	<b>4.1</b>	<b>5.8</b>
Net Financing (Cost) / Income....	(0.9)	(8.4)	(0.3)	(0.4)	0.8
<b>Profit Before Taxation</b> .....	<b>4.6</b>	<b>9.2</b>	<b>(21.4)</b>	<b>3.7</b>	<b>6.6</b>
Minority Interest .....	-	-	-	0.2	-
<b>Profit attributable to</b>					
<b>Equity Holders</b> .....	<b>4.6</b>	<b>9.2</b>	<b>(21.4)</b>	<b>3.9</b>	<b>6.6</b>
	<b>As of</b>	<b>As of</b>	<b>As of</b>	<b>As of</b>	<b>As of</b>
	<b>31 Dec.</b>	<b>30 Nov.</b>	<b>30 Nov.</b>	<b>30 Oct.</b>	<b>30 Oct.</b>
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2010</b>	<b>2009</b>
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Cash .....	13.2	-	-	8.4	0.1
Current Assets					
(Other than Cash).....	21.5	20.8	11.6	42.9	17.1
Fixed Assets .....	37.5	41.0	42.1	36.5	38.0
<b>Total Assets</b> .....	<b>72.3</b>	<b>61.8</b>	<b>53.8</b>	<b>87.8</b>	<b>55.2</b>
Creditors: amounts falling due					
within one year .....	40.4	27.8	26.7	55.1	26.1
Creditors: amounts falling due					
after more than one year .....	3.1	9.7	12.1	-	3.0
Total Shareholders' Funds .....	28.8	24.2	15.1	32.7	26.1
<b>Total Shareholders' Funds &amp;</b>					
<b>Liabilities</b> .....	<b>72.3</b>	<b>61.8</b>	<b>53.8</b>	<b>87.8</b>	<b>55.2</b>

#### **4. CURRENT TRADING AND PROSPECTS**

Since 31 October 2010, Williams finished 6<sup>th</sup> in the Formula One Constructors' Championship.

This position secured Williams' entitlement to a portion of the 2011 Prize Fund. In other respects trading was as expected and in line with the ten months ended 31 October 2010. The pre-payment of a substantial portion of 2011 sponsorship fees resulted in a stronger cash position as at 31 December 2010.

#### **5. WORKING CAPITAL**

The Issuer is of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least 12 months following the date of this Prospectus.

#### **6. DIVIDEND POLICY**

Subject to the availability of future profits, the Issuer intends to apply part of those profits in investing in the development of its new business activities. If profits are available in the future and subject to the UK Companies Act, the Issuer intends to distribute between 25% and 35% of the annual net profits as dividends. However, there can be no assurance that in the future any dividends in this range or any dividend at all will be distributed or that the Issuer's dividend policy may not be changed.

#### **7. SUMMARY OF RISK FACTORS**

##### ***Risks Relating To The Issuer's Shareholding And Corporate Structure***

- Public shareholders may not be able to determine the outcome of a shareholder vote
- The Issuer is a company incorporated under, and thereby subject to, the laws of England and Wales and investors may encounter difficulties in enforcement against the Issuer and/or members of its Board of Directors or Senior Management

##### ***Risks Relating To The Formula One Industry***

- Risks related to a decline in the popularity of the Formula One Championship
- Formula One may be adversely affected by a deterioration in general economic conditions
- Risks related to the Concorde Agreement
- The cost of being competitive in Formula One may increase
- Risk of change in key management of Formula One
- Risks related to regulatory changes
- Risks related to media regulation
- Risks related to the failure to obtain its entry for the Formula One Championship
- Risks related to rising drivers' fees
- Risks related to accidents or to a terrorist act during a Grand Prix
- Force majeure

##### ***Risks Relating To The Businesses Of The Group***

- The Team faces intense competition and may not be able to compete effectively
- Sponsorship revenues may decrease and sponsorship agreements may be terminated or may not be renewed
- Risks arising from the dependency on large sponsorship agreements and the Concorde Agreement

- Commercial rights income depends on sporting performances and other factors
- Risks arising from sponsorship agreements being dependent on certain drivers
- Risks arising from the non-performance of the Formula One Group of Companies and/or sponsors under commercial rights agreements and sponsorship agreements
- Williams may be unable to develop specific new technologies
- Reliance on key people
- Fraud, misconduct and cheating
- Intellectual property risks
- Risks related to diversification in other business areas and failure of the diversification strategy
- Changes in tax laws or interpretations of tax laws or challenges to interpretations of tax laws may adversely affect the Group's effective tax rates
- The Group is dependent on the continued operation of the Team and facilities
- Risk of death, disability or injuries of drivers
- Risk of insufficient insurance and risk cover

***Market Risks***

- Currency and exchange rate risks
- Interest rate risks

***Risks Relating To The Shares and The Offering***

- Prior to the Offering there has been no public market for the Shares and there can be no assurance that an active market will develop
- The price of the Shares following the Offering may fluctuate considerably
- Sale of substantial number of Shares following the Offering
- The Issuer's ability to pay dividends to its Shareholders is uncertain
- Risks arising from the Shares traded on a stock market not regulated by the EU and national legislation
- Shareholders in countries with currencies other than the Euro face additional investment risk from currency exchange rate fluctuations in connection with their holding of Shares
- If analysts do not publish research or reports about the business of the Issuer or if they downgrade the Shares, the Share Price and trading volume could decline
- Investors may suffer dilution if they are unable to participate in future pre-emptive equity offerings
- Persons holding Shares through Clearstream may have difficulty exercising certain rights as Shareholders and are exposed to risks associated to failures of Vidacos Nominees Ltd. and Citibank N.A., London, England

## RISK FACTORS

*Prospective investors should be aware that an investment in the Shares involves a high degree of risk and should be made only by those with the necessary expertise to appraise the investment. Prior to making an investment decision, prospective investors in the Shares should consider carefully, among other things and in light of their financial circumstances and investment objectives, all the information in this Prospectus and, in particular, the risk factors set forth below. Each of the risks highlighted below could have a material adverse effect on the business, operations, financial condition or prospects of the Issuer and/or the Group, which in turn could have a material adverse effect on the market price of the Shares, the amount of dividend that may be available or the rights of investors in the Shares and, as a result, investors could lose part or all of their investment.*

*The Issuer believes that the factors described below represent the principal risks inherent in investing in the Shares, but this Section is not intended to be exhaustive and an investment in the Shares may be impaired by events the occurrence of which, in the view of the Issuer, is so unlikely that they should not be considered significant risks based on information currently available to the Issuer or which it may not currently be able to anticipate. Additional risks affecting businesses generally, risks not presently known to the Issuer and risks that the Issuer currently believes to be immaterial may also impair the Group's business operations. In addition, if a combination of risks occurs, the effect on the Issuer may be greater than if each risk had occurred independently of each other.*

*Prospective investors should make their own independent assessment of all risk factors and should read the detailed information set out elsewhere in this Prospectus.*

### **I. Risks Relating To The Issuer's Shareholding And Corporate Structure**

#### ***Public Shareholders May Not Be Able To Determine The Outcome Of A Shareholder Vote***

Following the Offering, Sir Frank Williams CBE will control at least 50.1% of the Shares and related voting rights (see the Section entitled "Principal and Selling Shareholders"). As a result, Sir Frank Williams CBE will have at least the voting majority necessary to direct the election of the Board of Directors and to determine other important matters submitted to the vote of the shareholders (including the approval of any payment of final dividends).

Depending on the extent to which the Over-Allotment Option is exercised, Sir Frank Williams CBE, Mr Head, Mr Wolff (through WHL and WIHL) and other Directors (through the WGP Trust) could control or have an interest in over 75% of the Shares and related voting rights (see the Section entitled "Principal and Selling Shareholders"). The decisions of Sir Frank Williams CBE, Mr Head, Mr Wolff and other Directors may be influenced by their interests other than as a shareholder and may be different to the preferences and interests of other shareholders.

In addition, Sir Frank Williams CBE, Mr Wolff, WHL, and WIHL have entered into a Director Nomination Agreement under which Sir Frank Williams CBE will agree to vote in favour of Mr Wolff remaining a Director for as long as Mr Wolff has an interest in 2.5% or more of the issued share capital of the Issuer and Mr Wolff, WHL and WIHL will agree to vote in favour of Sir Frank Williams CBE remaining a Director for as long as Sir Frank Williams CBE has an interest in 2.5% or more of the issued share capital of the Issuer. For further information on the principal shareholders and the Director Nomination Agreement, see the Sections entitled "Principal and Selling Shareholders" and "Board of Directors, Management and Auditors — Conflicts Of Interest and Other Statements — Control Over The Issuer and Its Board Of Directors."

Sir Frank Williams CBE, Mr Head and Mr Wolff are also members of the Board of Directors of the Issuer (see the Sections entitled "Board of Directors, Management and Auditors" and "Principal and Selling Shareholders"). As Directors, Sir Frank Williams CBE, Mr Head and Mr Wolff are under a duty to act in the way they consider would be most likely to promote the success of the Issuer for the benefit of the shareholders as a whole.

***The Issuer Is Incorporated Under, and Subject To, The Laws Of England and Wales and Investors May Encounter Difficulties In Enforcement Against The Issuer and/or Members Of Its Board of Directors or Senior Management***

The Issuer is a company incorporated under the laws of England and Wales and all but one of the members of its Board of Directors and Senior Management are residents of the United Kingdom. Although the Shares will be listed on the Entry Standard in Frankfurt, Germany, the rights of the shareholders of the Issuer will be governed to a large extent by the laws of England and Wales, including the UK Companies Act and other laws and regulations applicable to companies incorporated under the laws of England and Wales. English company law has certain features that differ from German company law: certain of the rights granted, and obligations imposed on, the shareholders and/or the Issuer and/or the members of its Board of Directors under English law, including (*inter alia*) in respect of the transferability of the Shares, the ability of the Issuer to pay dividends, the ability of the shareholders to dismiss the members of the Board of Directors, and the provisions governing takeovers and public offers and the disclosures that may be required to be made by the shareholders and/or the Issuer and/or its subsidiaries may present significant differences with those that would be applicable to a company incorporated in Germany. The protection afforded to the shareholders of the Issuer under English law may not be the same as that afforded to the shareholders of a company incorporated in Germany.

Furthermore, shareholders who hold their Shares through Clearstream will not be entered in the Company's register of members as the holders of those Shares. See the Section entitled "Offering and Sale — Form of the Shares, Settlement and Clearing — Holding of the Shares held through Clearstream." Accordingly, shareholders who hold their Shares through Clearstream may not be able to bring certain claims against the Issuer or the Board of Directors in their own right and it is possible that Vidacos Nominees Ltd., which will be the registered holder of the Shares held through Clearstream, would decline to bring a claim on behalf of the beneficial owners of the Shares.

In addition, it is likely that English courts will usually have jurisdiction over civil proceedings brought by shareholders against the Issuer and/or the members of its Board of Directors or Senior Management. If any such proceedings are brought in courts outside England and Wales, additional costs may be incurred in doing so or in enforcing the foreign court decision. In addition, English courts may reach decisions which may differ from the decisions that would be taken by German courts and there can be no assurance that such English courts would grant the same level of protection to shareholders that German courts would grant to the shareholders of a company incorporated in Germany.

Furthermore, even though both the United Kingdom and Germany are governed by the Council Regulation (EC) No. 44/2001 of 22 December 2000 on jurisdiction and the recognition and enforcement of judgments in civil and commercial matters (European Regulation on jurisdiction and enforcement), it could be difficult for investors to enforce decisions of the courts of Germany against the Issuer and/or the members of its Board of Directors.

Irrespective of jurisdictional issues, English courts will not recognise or enforce provisions of German law or of a German court decision or proceedings that would be deemed to be contrary to public policy (as construed under English law). For example, English courts will not recognise or enforce a judgment given by a German court which is contrary to public policy (as construed under English law), or which is irreconcilable with a judgment given in a dispute between the same parties in the English courts, or which is irreconcilable with a prior German judgment in proceedings between the same parties and involving the same cause of action (provided that the prior judgment is capable of recognition by the English courts) or which is a judgment given in default of the defendant's appearance in court where the defendant was not served with the document instituting proceedings, or with an equivalent document, in such a way as to allow him to arrange for his defence.

As a result, rights and remedies that may be available under the laws of Germany, including under certain securities laws of Germany, might not be available under English law. Further, decisions of German courts may not be enforceable under the laws of England and Wales, if they were contrary to public policy as determined by English courts.

## II. Risks Relating To The Formula One Industry

### *Risks Related To A Decline In The Popularity Of The Formula One Championship*

A significant portion of the revenues of Williams derives from existing and future contracts entered into with the Formula One Group of Companies relating to, *inter alia*, the broadcasting and promotion of the Formula One Championship and the revenues Williams receives depend upon, amongst other things, the continued popularity of the Formula One Championship (see the Section entitled "Industry Overview and Trends — Formula One Industry — Commercial and Regulatory Structure"). In addition to competition from any rival championship and from other forms of motor racing generally, the popularity of Formula One motor racing, and thus the prospects of Williams and, as a result, of the Issuer, may be influenced by, *inter alia*, the availability of alternative forms of entertainment and leisure activities, the general economic climate, public tastes generally and other intangible factors, all of which could change rapidly and cannot be predicted. In particular, the popularity of the Formula One Championship in some key markets is dependent upon the relative success of drivers and the Formula One Teams (including the Team) that have a national connection with those markets. There is no assurance that the Formula One Championship will maintain its audience appeal either globally or in any particular country or that the Formula One Group of Companies will be able to promote the Championship as anticipated. Should the public lose interest in Formula One competition, this could have a material adverse impact on Williams, and as a result, on the Issuer, their respective sources of income, profits, balance sheet and financial position.

### *Formula One May Be Adversely Affected By A Deterioration In General Economic Conditions*

The revenues derived from the centralised management of the Formula One commercial rights by the Formula One Group of Companies and the willingness of its commercial partners to enter into agreements are dependent on general economic conditions. Customer demand may be particularly affected by economic turmoil, such as has been experienced during the current global economic downturn. Any downturn may also result in commercial partners becoming unable to settle their commitments as they fall due. For all of these reasons, an economic downturn could affect Williams' revenues and, as a result, have a material adverse impact on its profits, its balance sheet and its financial position, and as a result, those of the Issuer and on other companies of the Group.

### *Risks Related To The Concorde Agreement*

The Concorde Agreement governs the relationship between FOA, FOWC, the Formula One Teams and the FIA. Under the Concorde Agreement, the Formula One Teams agree to race in the Formula One Championship and make other commitments for the period ending 31 December 2012 when the agreement expires (see the Section entitled "Industry Overview and Trends — Formula One Industry — Commercial and Regulatory Structure").

In return for their commitments and subject primarily to their recent finishing positions in the Constructors' Championship, the Formula One Teams are entitled to receive a proportion of the EBITDA generated by the Formula One Group of Companies (the "**Prize Fund**"). The Team's share of such Prize Fund paid by the Formula One Group of Companies under the Concorde Agreement makes up a significant portion of the total revenues of Williams.

There can be no assurance that, at the end of 2012, the Concorde Agreement will be renewed or replaced or that the terms of any such renewal or replacement will be similar to those of the current agreement. Failure to renew the Concorde Agreement or to procure similar arrangements could have a material adverse impact on Williams, and as a result, on the Issuer, and their respective sources of income, profits, balance sheet and financial position. There can also be no assurance that upon any renewal or replacement of the Concorde Agreement, the Prize Fund will not change. If the Prize Fund were to decrease, such decrease would adversely affect Williams' revenues and, as a result, have a material adverse impact on its profits, its balance sheet and its financial position, and as a result, those of the Issuer.

In addition, the bankruptcy or the insolvency of one or some of the Formula One Group of Companies could prevent the payment of the Prize Fund under the Concorde Agreement, which could have a material adverse impact on Williams, its sources of income, its profits, its balance sheet and its financial position, and as a result, those of the Issuer.

The aggregate size of the Prize Fund derives from the profitability of commercial rights and varies depending on several factors, among which the contracts between the Formula One Group of Companies and third parties such as race promoters and broadcasters which depend in turn on the geographic presence, live and TV audiences of the Formula One Championship races. A deterioration in the commercial terms achieved by the Formula One Group of Companies would affect the aggregate size of the Prize Fund. Should, therefore, the aggregate size of the Prize Fund change, so will the amount payable to the Formula One Teams and, as a result, to the Team. If such aggregate size was therefore to decrease, this could have a material adverse impact on Williams, its sources of income, its profits, its balance sheet and its financial position, and as a result, those of the Issuer.

#### ***The Cost Of Being Competitive In Formula One May Increase***

Notwithstanding the current initiatives relating to the reduction of costs in Formula One (see the Section entitled "Industry Overview and Trends — Formula One Team Association"), there can be no assurance that such initiatives will be successful or renewed in the future. If the Team's competitors in Formula One are able and choose to increase their budgets for *inter alia* car development and drivers, then this could force Williams to increase its own budget in order to remain competitive, which, by increasing its costs, would adversely impact its profits, and as a consequence, its results, its balance sheet and its financial position, and as a result, those of the Issuer.

#### ***Risk Of Change In Key Management Of Formula One***

The commercial success of the Formula One Championship, in particular through broadcasting and promotion of the Formula One Championship by the Formula One Group of Companies is dependent to a considerable extent on the efforts, abilities and reputation of the Formula One Group of Companies' management. If one or more of the key personnel with extensive expertise in those companies' operations were to leave, or if one or more of them decided to reduce or end their professional involvement, the Formula One Group of Companies may have difficulties in replacing them. The loss of key personnel in the management of the Formula One Group of Companies could adversely affect the commercial success of the Formula One Championship and, as a result, have a material adverse impact on the Group's business, its results, its balance sheet and its financial position.

#### ***Risks Related To Regulatory Changes***

Formula One is governed by rigorous, specific and complex laws and regulations, including rules for taking part in competitions and laws relating to the marketing of media rights. Changes in the nature, application or interpretation of applicable laws and regulations could affect Williams' activities and the way Williams is managed or restrict its development, and, as a result, affect the Issuer.

More specifically, the rules, or the fees applicable to Formula One Teams may be changed in such a way that would result in increasing Williams' costs or reducing its competitiveness.

Although Williams attempts to anticipate such changes, this situation could cause an increase in costs and investments involved in managing the Team and/or reduce revenues. As a result, such changes could significantly affect Williams' strategy, activity, outlook, financial position or results, and as a result, those of the Issuer.

#### ***Risks Related To Media Regulation***

Williams receives, through the Concorde Agreement, a portion of the revenue generated from the sale of commercial rights by the Formula One Group of Companies to television broadcasters and other media companies (see the Section entitled "Industry Overview and Trends — Formula One Industry — Commercial and Regulatory Structure"). The television broadcasters and other media companies are subject to regulation by broadcasting, media and competition laws. Such regimes are subject to periodic governmental review and to legislative initiatives which may, in the future, affect the nature of the programming offered by such companies or the means by which such programming is distributed. There can be no assurance that any changes to current legislation or regulation will not adversely affect Williams or its business, and as a result, the Issuer.

### ***Risks Related To The Failure To Obtain Its Entry For The Formula One Championship***

To be able to participate in each year's Formula One Championship, the Team's annual entry must be accepted by the FIA. The Concorde Agreement contains certain attendance and performance criteria that determine the priority in which entries will be accepted by the FIA. If the Team fails to satisfy these criteria, there can be no assurance that it will continue to secure an entry to the Formula One Championship and, as a result, this could have a material adverse effect on Williams' profits, its results, its balance sheet and its financial position, and as a result, those of the Issuer. Additionally, there can be no assurance that the entry criteria applied by the FIA after the expiry of the Concorde Agreement will not change.

### ***Risks Related To Rising Drivers' Fees***

Many sports have seen rapid increases in the fees of athletes. This has also occurred in Formula One. Rising fees for drivers could have a significant impact on Williams' financial position, and as a result, on that of the Issuer.

Williams has a policy of developing at least one highly-talented driver at any one time with a view to mitigating the risks associated with driver wages and also to provide a stream of new talent to the Team and the sport. There is, however, no guarantee that such young drivers will reach the requisite level to become Formula One race drivers.

### ***Risks Related To Accidents or To A Terrorist Act During A Grand Prix***

Formula One Grands Prix are attended by large numbers of spectators throughout the season. The FIA issues from time to time sporting and technical regulations (the "**Sporting and Technical Regulations**"), the purpose of which is to ensure fair competition and make Formula One motor racing safer for, *inter alia*, drivers and spectators.

Williams is exposed to the risk of an accident or a terrorist act during a Grand Prix. For example, certain events could cause fear among spectators leading to lower attendance and give rise to security measures, such as the requirement to run Grands Prix behind closed doors.

Although there have been no fatal accidents to drivers in Formula One since 1994, there have subsequently been fatalities to race marshals at race meetings, and there can be no assurance that fatal accidents will not occur in the future. An accident due to a Formula One car could damage the Formula One image in general and the Group's image in particular, as the case may be, and/or lead to increased security requirements or more stringent safety measures imposed by the FIA on the Formula One Teams, and as a result, an increase in operating costs. The victims of any accident or terrorist act could also attempt to seek compensation from the Formula One Group of Companies and/or the relevant Formula One Team, though Williams maintains insurance policies against this risk. All these events could have a material adverse effect on Williams' business and profits, and as a consequence, its results, its balance sheet and its financial position, and as a result, on those of the Issuer.

### ***Force Majeure***

From time to time a Grand Prix might have to be postponed or cancelled in the event that the Grand Prix cannot be staged. If the postponement or cancellation of a Grand Prix is due to the occurrence of a *force majeure* event, third parties may not be liable to make payments under their contracts with the Formula One Group of Companies. This would in turn have an impact on the EBITDA generated by the Formula One Group of Companies and therefore on the size of the Prize Fund. As a result, the postponement or cancellation of one or more Grands Prix due to one or more *force majeure* events may have a material adverse effect on Williams' expenses and sources of income, and, as a result, its profits, its balance sheet and its financial position and those of the Issuer.

## **III. Risks Relating To The Businesses Of The Group**

### ***The Team Faces Intense Competition and May Not Be Able To Compete Effectively***

Formula One is a competitive and complex sport. A large proportion of Williams' revenues (and as a result, those of the Issuer), in particular the Team's share of the commercial rights income and sponsorship, depends directly or indirectly on the Team's sporting results. This competitiveness and perform-

ance is uncertain by nature, and depends on many factors some of which Williams and the Issuer have limited control over. There is no guarantee that any Formula One Team can remain competitive. If the Team's competitiveness and sporting performance were to decline significantly, this could have a material adverse effect on the sources of income of Williams (and, as a result, those of the Issuer), and as a consequence, on their respective profits, balance sheet and financial position.

***Sponsorship Revenues May Decrease and Sponsorship Agreements May Be Terminated or May Not Be Renewed***

Williams has sponsor partnership contracts with a number of large companies such as AT&T, PDVSA, Randstad and Thomson Reuters. Income from sponsorship agreements makes up a significant portion of the total revenues of Williams. See the Section entitled "Business Description — The Formula One Business Segment — Sources Of Income."

The decision to sponsor a Formula One Team is determined by many factors including the marketing objectives and budget of the sponsor, brand-fit with Formula One and the team in question, the historical and expected sporting performance of the team and the team's choice of drivers. Sponsorship revenues can change significantly from one year to the next. Sponsor partnership contracts are signed for a specific period, and there is a risk that they may be renegotiated or not renewed when they expire. In addition, some sponsor partnership agreements contain a right to terminate in the event that a Formula One Team performs poorly on-track and fails to achieve a particular end-of-season Championship position.

In addition, the sponsors will typically measure advertising exposure, including television viewing figures, to determine future sponsorship commitments. Decreased television viewing figures and/or a decrease in Williams' share of TV coverage could adversely affect the level of funding by some of the Team's sponsors.

With the Bribery Act 2010 expected to come into force in the United Kingdom in 2011, sponsors may decide to restrict or curtail altogether the level of hospitality at Grands Prix that they offer to third parties. This in turn may reduce some of the benefits of sponsoring a Formula One Team and may lead to existing sponsors not renewing their existing sponsor partnership contracts at the end of their term, and may make it more difficult for Williams to attract new sponsors in the future.

To limit the risk of potential dependency on sponsor partnership contracts, Williams has historically aimed at entering into long-term, diversified partnerships. However, there can be no assurance that sponsorship agreements will be renewed or will not be terminated and that replacement sponsors will be found. The non-renewal of some of Williams' sponsorship agreements or their termination could, in the absence of replacement for such sponsor, have a material adverse effect on Williams, its sources of income, its profits, its balance sheet and its financial position, and as a result, on those of the Issuer.

***Risks Arising From the Dependency On Large Sponsorship Agreements and The Concorde Agreement***

The income from the three largest sponsorship agreements with AT&T, PDVSA and Randstad, together with the income under the Concorde Agreement is estimated to represent between 80% and 90% of the Group's contracted income for the financial year ending 31 December 2011.

The termination and/or the non-renewal of any or all of the three largest sponsorship agreements with Williams could, in the absence of the replacement of such sponsors, have a material adverse effect on Williams, its sources of income, its profits, its balance sheet and its financial position, and as a result, on those of the Issuer. In the same way the termination and/or non-renewal of the Concorde Agreement and/or the failure to procure similar arrangements relating to the Team's participation in the earnings generated by the Formula One Group of Companies could have a material adverse impact on Williams, and as a result, on the Issuer, and their respective sources of income, profits, balance sheet and financial position.

***Commercial Rights Income Depends On Sporting Performances and Other Factors***

The share of the commercial rights income that may be allotted to Williams under the Concorde Agreement depends on the Team's recent finishing positions in the Constructors' Championships and

on the historical significance of the Williams name in Formula One (see the Sections entitled "Risk Factors — II. Risks Relating to the Formula One Industry — Concorde Agreement", "Industry Overview and Trends — Formula One Industry — Commercial and Regulatory Structure" and "Business Description — Sources of Income"). Poor sporting performance could therefore adversely affect Williams' commercial rights income, and as a result, have a material adverse effect on Williams' sources of income, its profits, its balance sheet and its financial position, and as a consequence, on those of the Issuer.

#### ***Risks Arising From Sponsorship Agreements Being Dependent On Certain Drivers***

The current sponsorship of the Team by PDVSA is linked with the Team's appointment of Pastor Maldonado as one of its race drivers. In the event that Mr Maldonado's contract is terminated or Mr Maldonado is otherwise excluded by the Team from participating as its race driver at Grands Prix and no replacement driver is agreed with PDVSA, the current sponsorship agreement with the Team may be terminated by PDVSA.

The termination of PDVSA's or any future sponsorship agreement with Williams could, in the absence of the replacement for such sponsor, have a material adverse effect on Williams, its sources of income, its profits, its balance sheet and its financial position, and as a result, on those of the Issuer.

#### ***Risks Arising from the Non-Performance of The Formula One Group Of Companies And/Or Sponsors Under Commercial Rights Agreements And Sponsorship Agreements***

The main sources of income of the Group are derived from the commercial rights income under the Concorde Agreement and the income from sponsorship agreements. There is a risk that any of the contractual partners under the sponsorship agreements and/or the Formula One Group of Companies under the Concorde Agreement do not fulfil their obligations under these agreements at all or only in part and as a result, the income under one or more sponsorship agreements and/or the Concorde Agreement decreases or is not realised at all. The reasons for such non-performance of any sponsor and/or the Formula One Group of Companies could include insolvency, illiquidity, changes in legislation or disputes over the rights and obligations under the agreements. Non-performance by one or more sponsors and/or non-performance of the Formula One Group of Companies could affect Williams' revenues and, as a result, have a material adverse impact on its profits, its balance sheet and its financial position, and as a result, those of the Issuer.

#### ***Williams May Be Unable to Develop Specific New Technologies***

The Sporting and Technical Regulations change from year to year, often introducing radical new technologies on a short timeframe. For example, in 2011 the teams will be allowed to operate a Kinetic Energy Recovery System (KERS), which is a hybrid power system that recovers energy in braking, stores it in batteries and then applies it through the engine. The rules will also permit a moveable rear wing that will (under specific conditions) allow a following car to reduce drag and thereby improve its overtaking capabilities. In December 2010, new powertrain regulations were announced for 2013. These will introduce a radically different engine with a larger KERS hybrid system, which must be developed within two years. Such changes in rules create the need for the rapid development and application of new technologies by Williams and partners such as Cosworth. There is a risk that Williams and/or its partners will not be able to develop competitive solutions or that others will be more effective in so doing. This could result in a loss of competitiveness. If the Team's competitiveness and sporting performance were to decline significantly, this could have a material adverse effect on the sources of income of Williams (and, as a result, those of the Issuer), and as a consequence, on their profits, their balance sheet and their financial position.

#### ***Reliance On Key People***

The Group's success is dependent to a large extent on the efforts, abilities and reputation of its Directors, its management team, its drivers and its sporting and technical staff and the Group's ability to continue to attract, motivate and retain highly qualified personnel. If one or more of the key personnel with extensive expertise in the Group's operations were to leave, or if one or more of them decided to reduce or end their involvement with the Group, the Group may have difficulties in replacing them.

In addition, the Team's drivers and sporting and technical staff generally travel together in one or more groups to and from races. In the event of an accident (e.g. a plane crash), large parts of the Group's staff could be affected which could have an adverse effect on the Group's operations.

The loss of key personnel or the failure to attract and motivate them could adversely affect the Team's sporting performance, the development of new businesses, the Team's ability to attract sponsors and to meet its targets and, as a result, have a material adverse impact on the Group's business, its results, its balance sheet and its financial position.

### ***Fraud, Misconduct and Cheating***

Employees or drivers of a Formula One Team may engage in conduct that causes the Team to be subject to criminal, civil or sporting sanctions. If a member of the Team were involved in a doping incident, a fraud, misconduct or a cheating incident, this could damage Williams' image and popularity, which may make the Team less attractive and risk the termination of important contracts (including sponsorship agreements). Such conduct could also result in the FIA imposing a fine on the Team or suspending or even disqualifying the Team from further participation in the Formula One Championship and, as a result, could have material adverse effect on Williams' profits and, as a consequence, its results, its balance sheet and its financial position and as a result, those of the Issuer.

### ***Intellectual Property Risks***

Mastering technology is key to the success of a Formula One Team. Due to the fact that the Formula One industry does not necessarily result in widely distributed products where counterfeiting of technologies can be easily identified and because patenting a technology requires filing a detailed description of the patented intellectual property and technology, the Group generally protects its Formula One intellectual property through confidentiality, including with its employees and subcontractors, and not by seeking to patent it, thereby preventing the direct disclosure of critical aspects of the technology it develops and uses to its competitors in the Formula One Championship and retaining its competitive advantages as a Formula One Team. In addition, operating a Formula One Team requires extensive know-how which does not fulfil the conditions to be covered by patent protection. However, there can be no assurance that third parties, such as the employees of Williams or subcontractors involved in the development of the Team's Formula One cars, will not breach their confidentiality undertakings and that, as a result, a leak of intellectual property to the Team's competitors will not occur and Williams' technology will not be used by competing Formula One Teams. If such a leak were to occur, Williams might not – or not immediately – become aware of such breach and the resulting leak, and, as a result, might not be in a position to defend its rights before a court and prevent such unauthorised use of a proprietary technology, which could result in the Team performances decreasing compared to other Formula One Teams, which could in turn have a material adverse impact on Williams' ability to meet its targets and as a result, on its business, its results, its balance sheet and its financial position, and as a consequence, on those of the Issuer. Even if the Group was to be aware of such breach and/or leak, due to the fact that the relevant technologies are not protected by patents, it may not be in a position to demonstrate that it created the technology or initiate court proceedings to prevent the use and/or counterfeiting of its technology. Breaches of confidentiality undertakings usually result in an award of damages as opposed to the specific remedies available in the case of patented technologies and damages might not prove an adequate remedy in an industry such as Formula One where technology is key to the success of a team.

In connection with the new businesses of the Group, WHP in addition to confidentiality obligations also protects its intellectual property by applying for patents. However, such patents have a finite life. Despite the existing protections, WHP's patented technologies may suffer from counterfeiting. Applications infringing WHP's rights under such patented technologies may be developed and used by third parties, which might induce lengthy legal actions during which WHP's ability to develop new products and applications and to generate revenues could be adversely affected.

Furthermore, the Williams brand is important for generating a large proportion of the Group's revenues. Despite the existing protections, the Williams brand may suffer from counterfeiting. Products featuring such brand may be distributed through parallel networks. Counterfeiting and parallel distribution could damage Williams brand image and, as a result, its sources of income, its profits, its balance sheet and its financial position and, as a consequence, those of the Issuer.

### ***Risks Related To Diversification In Other Business Areas and Failure Of The Diversification Strategy***

The Group has actively started to diversify its business (see the Section entitled "Business Description—The Non-Formula One Business Segment"). The aim is to develop new recurrent revenues that are less exposed to uncertain sporting performance. The Issuer can give no guarantee that these activities will be successful.

In addition, the ability of WHP to deliver long-term growth depends in part on the commercialisation of new technology. A central aspect of WHP's growth strategy is to create technologically advanced products through internal research and development and/or acquisitions, to protect proprietary technology from unauthorized use and to expand the markets for new technology. The key to WHP's success will be its ability to commercialise the technology that it has developed and demonstrate the enhanced value its technology brings to its customers' operations. The technology upon which WHP is relying for purposes of developing its MLC flywheel could prove to be incapable of being commercialised because of technical or economic problems or other competing technical solutions which are preferred by the market. If such was the case, this could lead to an increase in research and development expenses, or even the loss of the amounts invested and of the expected revenues from such businesses, and, as a result, have a material adverse effect on the Group's profits, and as a consequence, its results, its balance sheet and its financial position.

### ***Changes In Tax Laws or Interpretations Of Tax Laws or Challenges To Interpretations Of Tax Laws May Adversely Affect The Group's Effective Tax Rates***

Changes in the Group's tax rates, in particular for corporation tax, could affect future results of operations. The Group's future effective tax rates could be unfavourably affected by changes in tax laws or the interpretation of tax laws and, as a consequence, have a material adverse effect on the Group's profits, and as a consequence, its results, its balance sheet and its financial position.

Williams qualifies for Research & Development ("R&D") tax credits under the prevailing UK corporation tax regime. As a result it has built up a trading loss for corporation tax purposes of GBP 83.5 million as at 31 December 2009. This may be used to offset future trading profits arising from the same trade of Williams. The R&D tax legislation is currently under review by the UK government and UK R&D tax legislation may change in the future. While any future change in tax legislation is not expected to impact the brought forward losses of Williams, such future changes may prevent continued build up of losses. Such future changes of UK R&D tax legislation could have a material adverse effect on the Group's profits, and as a consequence, its results, its balance sheet and its financial position.

The Group relies upon generally accepted interpretations of tax laws in the countries in which it operates. The Group cannot be certain that these interpretations are accurate or that the responsible local tax authority is in agreement with its views. Challenges by local tax authorities may lead to an imposition of additional taxes that the Group does not currently pay or collect, or to a loss or reduction to tax assets, which could have a material adverse effect on the Group's profits, and as a consequence, its results, its balance sheet and its financial position.

### ***The Group Is Dependent On The Continued Operation of The Team And Facilities***

The Group's design and production activities take place at facilities owned by Williams or at facilities belonging to its suppliers. These facilities may be subject to disruption for a variety of reasons, including work stoppages, fire, energy shortages, flooding or other natural disasters. There can be no assurance that alternative capacity would be available in future if a major disruption were to occur or that, if it were available, it could be obtained on favourable terms. A disruption in such circumstances could have a material adverse effect on the Group's business and profits, and as a consequence, its results, its balance sheet and its financial position.

A mechanical failure or disruption affecting any major operating area may result in a disruption to the Group's ability to provide effective support to the Team, and standby capacity may not be available. The potential impact of any disruption would depend on the nature and extent of the damage caused to such facility.

### ***Risk Of Death, Disability or Injuries Of Drivers***

To the extent that financial results of Williams and its franchise value are dependent on the Team's sporting performance and success, the likelihood of achieving such success could be substantially reduced by the death, the disability or serious or untimely injuries to the drivers. There can be no assurance that the drivers will not sustain death, disability or serious or untimely injuries, preventing them from participating in one or more future Grands Prix.

In addition, given the limited number of drivers, Williams might have difficulties finding a replacement driver. Although the Team employs a test driver, the restrictions on testing agreed to by all Formula One Teams may mean that such driver has insufficient experience to race competitively (see the Section "Industry Overview and Trends — The Formula One Teams Association"). The Team may alternatively choose to employ a more experienced driver on a temporary basis although the cost of doing so may be expensive. There can be no assurance that Williams will be able to find a replacement driver at short notice and on acceptable financial terms or who would deliver the same performance as the existing drivers and the replacement of a driver may result in an increase in salary expense for Williams. Furthermore, the integration of a replacement driver into the Team and his acquaintance with the car would necessarily take some time, during which the Team might be seriously prevented from performing as expected. This could have a material adverse impact on Williams, its sources of income, its profits, its balance sheet and its financial position, and as a result, those of the Issuer.

### ***Risk Of Insufficient Insurance and Risk Cover***

While the Group maintains insurance covering various risks and in such amounts as it believes reasonable, such insurance may not be sufficient to cover losses in certain circumstances which could have a material adverse effect on its business, its results, its balance sheet and its financial position.

Also, changes in regulations or an increase in claim events, particularly in the event of an accident, resulting in increased premiums, could have a material adverse effect on the Group's profits, its results, its balance sheet and its financial position.

## **IV. Market Risks**

### ***Currency and Exchange Rate Risks***

The Group's main facilities are located in the United Kingdom. As a consequence, its costs and assets are predominantly denominated in pound sterling, while its revenues are denominated in a combination of US dollars, euro, Qatari riyal and pound sterling. The exchange rates between some of these currencies, such as the euro, sterling, Qatari riyal and US dollar, have fluctuated significantly in the past and are likely to do so in the future.

In the financial statements of the Issuer and of its subsidiaries, local currency revenues are translated into pound sterling based on the prevailing exchange rate at the date of the transaction. The functional currency used in the financial statements of the Issuer and of its subsidiaries is pound sterling, so the translation effect that such fluctuations have had in the past, and may have in the future, could have a material adverse effect on the revenues of the Issuer, and, as a consequence, on its profits, its results, its balance sheet and its financial position. It may also affect the comparability of the Group's results between financial reporting periods.

The Group incurs currency transaction risks primarily on sponsorship revenues and commercial rights income, as a large part of them are denominated in US dollars or euros. Changes in exchange rates can reduce the value of the Group's assets and revenues and increase liabilities and costs, despite contracts to achieve an economic hedge. Accordingly, appreciation of the pound sterling against these currencies, in particular against the US dollar, reduces revenues.

### ***Interest Rate Risks***

The Group's interest-rate risk relates mainly to liabilities bearing interest at variable rate.

As at 31 December 2010, the total gross borrowings attracting interest at variable rates (usually LIBOR plus a fixed margin) of Williams (which is the main trading company of the Group) was GBP 2.4 million (see the Section entitled "Reorganisation, Acquisitions and Financings").

There can be no assurance that, notwithstanding the use of hedging instruments, fluctuation in interest rates will not have a material adverse impact on the revenues, profits or balance sheets of Williams and/or its other subsidiaries in the future and as a result on their financial positions.

## **V. Risks Relating To The Shares and The Offering**

### ***Prior To The Offering There Has Been No Public Market For The Shares and There Can Be No Assurance That An Active Market Will Develop***

The Shares have not been previously listed and, prior to the Offering, there has been no public market for any of the Shares. As a consequence, there can be no assurance that an active trading market will develop after this Offering or that the market price for the Shares will not decline below the Offer Price. The Offer Price will be the result of negotiations between the Issuer, the Selling Shareholders and the Underwriters and may not be indicative of the market price of the Shares after listing.

The Shares are expected to be listed according to the Entry Standard of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*). However, a listing according to the Entry Standard of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) does not guarantee that an active and liquid market for the Shares will develop and be sustained following the Offering or in the future. In this respect, after the Offering, up to 27.4% only of the share capital of the Issuer will be in public hands if the Over-Allotment Option is exercised in full. If no active and liquid market for the Shares develops, shareholders could have difficulties selling their Shares and the market price for the Shares could decline below the Offer Price. In the past, the prices of shares offered publicly for the first time have been subject to considerable fluctuations that may not have reflected the business or financial success of the particular company.

### ***The Share Price Of The Shares Following The Offering May Fluctuate Considerably***

In recent years, the stock markets have experienced significant fluctuations that often have had nothing to do with the results of the companies whose shares have been traded thereon. Market fluctuations and economic conditions (in particular given the current financial crisis) may increase the volatility of the Shares. The market for the Shares may be influenced by economic and market conditions and, to varying degrees, interest rates, currency exchange rates and inflation rates in other European and other industrialised countries.

As a result, the price of the Shares following the Offering may be highly volatile. Factors that may affect the share price include but are not limited to:

- developments that impact the financial results of the Group and fluctuations in the financial results of the Group;
- changes in market expectations about the valuation of the Group;
- investors' assessments of the Issuer and/or the Group as well as changes in the valuation of automobile manufacturers or other companies or Formula One racing teams;
- investors' perception as to the success and impact of this Offering and the strategy described in this Prospectus;
- changes in general conditions in the economy or the financial markets and other developments affecting the Issuer, its subsidiaries or its competitors; and
- potential litigation or regulatory action involving the Issuer and/or its subsidiaries or industry sectors influencing the businesses of the Issuer and/or its subsidiaries.

There can be no assurance that events in Germany, the United Kingdom, Austria, Switzerland, Europe or elsewhere will not cause market volatility or that such volatility will not adversely affect the price of the Shares or that economic and market conditions will not have any other adverse effect.

Due to the special nature of the business of Williams, which until recently has principally been dedicated to managing a Formula One Team, the Share price may be substantially influenced by non-economic factors. Some future shareholders may acquire the Shares with a background that may be based on their support for the Team or their interest in Formula One as a sport rather than on the business and revenues of the Issuer. Such shareholders may react differently to the average shareholder in

an average listed company with respect to certain events (e.g. they may be emotionally attached to a particular driver).

### ***Sale Of Substantial Number Of Shares Following The Offering***

Sales of a substantial number of Shares in the public market following the Offering, or the perception that these sales could occur, could adversely affect the prevailing market price for the Shares and materially impair the Group's future ability to raise capital through offerings of the Shares or securities relating to the Shares. Upon completion of the Offering, the Issuer will have a total of up to 10,000,000 Shares in issue, of which up to 2,739,383 Shares (Offered Shares) will be freely tradeable. 6,910,617 Shares of the remaining Shares (other than the Offered Shares) are subject to a lock-up of 180 days after the first day of trading. Out of the remaining Shares, 350,000 Shares held by the WGP Trust are subject to a lock-up of 18 months. After these respective periods expire, these Shares may be sold in the public market. If a large number of Shares is sold in the public market at once, the market price of the Shares could fall significantly.

### ***The Issuer's Ability To Pay Dividends To Its Shareholders Is Uncertain***

The ability of the shareholders to receive dividends depends on and is restricted by a number of factors, including, but not limited to, the following:

- the progress of the business;
- the Issuer's distributable reserves; and
- restrictions contained in any future financing arrangements of the Issuer and/or its subsidiaries, including Williams.

As a matter of English law, the Issuer can pay dividends only to the extent that it has distributable reserves available. As at 31 October 2010, Williams had distributable reserves in an amount equal to GBP 32,537,278.

There can be no assurance that distributable reserves will be available in any given fiscal year. Even if there are sufficient distributable reserves available, the Directors may not recommend a dividend and/or the shareholders may decide not to approve a dividend for a variety of reasons.

Any of these factors, individually or in combination, might prevent the Issuer from paying dividends. Since the Issuer's ability to pay dividends is dependent on such factors, an investment in the Shares may not be suitable for all investors, in particular those with fixed or low incomes who rely on investment income to cover living expenses.

For further details on the dividend policy, see the Section entitled "Dividends and Dividend Policy."

### ***Risks Arising From The Shares Traded on A Stock Market Not Regulated By The EU And National Legislation***

In Europe, there are two ways to access the capital market. Securities can be admitted to and traded at EU-regulated markets (defined as "organised markets" or "regulated markets" under the European Directive 2001/34/EC and as defined in respective national legislation, such as Section 2, paragraph 5 of the German Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*)) or, alternatively, securities can be traded on stock markets which are regulated by the stock exchanges themselves ("stock exchange-regulated markets"). The organised markets or regulated markets are governed by national securities laws. In Germany, the "organised" or "regulated markets" are governed, *inter alia*, by the German Securities Trading Act. The stock exchange-regulated markets are generally governed by private law, with only limited application of the statutory provisions of the German Securities Trading Act, such as a prohibition of insider trading and market abuse. The German stock exchange-regulated markets are established in accordance with Section 48 of the German Stock Exchange Act (*Börsengesetz*) and governed by private law of the respective stock markets' General Terms and Conditions.

Entry Standard as a segment of the Open Market at Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is a stock exchange-regulated market and therefore not an "organised market" or "regulated market" as defined under the European Directive 2001/34/EC and Section 2 paragraph 5 of the

German Securities Trading Act. Certain German legislation relating to the holding and trading of securities is not applicable to shares which are traded on stock exchange-regulated markets. In particular, the provisions in the German Securities Trading Act regarding the notification, publication and transmission of inside information by an issuer and the provisions in the German Securities Trading Act relating to notification, publication and transmission of changes in the percentage of voting rights are not applicable to shares being traded at Entry Standard, and therefore will not be applicable to the Issuer. For the same reason – Entry Standard being not an “organised” or “regulated market” – the German Securities Acquisition and Takeover Act (*Wertpapierübernahmegesetz – WpÜG*) is not applicable to shares being traded at Entry Standard, and therefore not applicable to the Issuer. However, the Issuer is currently subject to the provisions of the UK City Code on Takeovers and Mergers, see the Section entitled “Description of the Issuer, The Share Capital and the Shares – Takeover Controls and Obligations to make an Offer – City Code on Takeovers and Mergers”. Further, the European Regulation (EC) No. 1606/2002 which prescribes the application of international accounting standards for issuers listed at “organised” or “regulated markets” is not applicable for issuers listed at Entry Standard. Therefore, issuers listed at Entry Standard can apply the respective national accounting rules. Accordingly, the Issuer intends to prepare its accounts and reports in accordance with UK GAAP.

The listing and trading of the Issuer’s shares at Entry Standard and the non-application to the Issuer of certain German legislation relating to the holding and trading of securities may lead to a lack of information for Shareholders regarding, *inter alia*, the shareholdings of other Shareholders, in particular major Shareholders and/or controlling Shareholders, certain inside information that may have an influence on the Share price. Shareholders of the Issuer, and in particular minority Shareholders, are not protected by the provisions of the German Securities Acquisition and Takeover Act, such as the obligation of controlling shareholders to make a mandatory offer to the outstanding shareholders. The application of UK GAAP by the Issuer may lead to a lack of information for the Shareholders in comparison to international accounting standards and/or might not be customary to investors from outside of the United Kingdom and may result in a lack of information for such investors.

***Shareholders In Countries With Currencies Other Than The Euro Face Additional Investment Risk From Currency Exchange Rate Fluctuations In Connection With Their Holding Of Shares***

The Issuer reports in pound sterling. The Shares will be denominated in pound sterling, although prices for the Shares will be quoted only in Euros on the Entry Standard. An investment in Shares therefore will expose the investor to foreign currency rate risk.

Any future payments of dividends on the Shares will be denominated in pound sterling. Shareholders holding their Shares through Clearstream will in general receive payments on any future dividends in Euros. The foreign currency equivalent of any dividend paid on the Shares (in pound sterling or Euros) or of any amount received in connection with any sale of the Shares (in Euros) could be adversely affected by the depreciation of the pound sterling or the Euro against such other currency.

***If Analysts Do Not Publish Research or Reports About The Business Of The Issuer or If They Downgrade The Shares, The Share Price and Trading Volume Could Decline***

The trading market for the Shares will be influenced by the equity research and reports that industry or securities analysts publish about the Group or its business. The Issuer does not control these analysts. If one or more of the analysts who may cover the Issuer downgrade the Shares, the price of the Shares would be likely to decline. If one or more of these analysts cease coverage of or fail to publish reports regularly on the Group, the Shares could lose visibility in the market, which in turn could cause the trading volume in the Shares or their price to decline.

***Investors May Suffer Dilution If They Are Unable To Participate In Future Pre-Emptive Equity Offerings***

Under English law, shareholders usually have pre-emption rights to subscribe on a pro rata basis for cash issues of new shares. In the event that the Issuer was to carry out such issues in the future, certain shareholders may not be able to participate in such issue and would accordingly have their percentage interest in the Issuer diluted.

***Persons Holding Shares Through Clearstream May Have Difficulty Exercising Certain Rights As Shareholders and Are Exposed To Risks Associated To Failures Of Vidacos Nominees Ltd. and Citibank N.A., London, England***

Registered title to the Shares held through Clearstream (including the Offered Shares) will be held by Vidacos Nominees Limited ("**Vidacos Nominees Ltd.**"), a wholly-owned subsidiary of Citibank N.A., London, England on behalf of Clearstream.

Accordingly, investors holding their Shares through Clearstream (including the Offered Shares) will not (i) be entered in the Issuer's register of members, (ii) receive physical delivery of definitive certificates evidencing their interest in the Shares or (iii) be considered the registered holders of the Offered Shares in accordance with the laws of England and Wales. Accordingly, such persons will not necessarily be considered as shareholders for the purpose of the laws of England and Wales in respect of the Shares they hold through Clearstream.

Instead, Vidacos Nominees Ltd. will be entered in the Issuer's register of members as the registered holder of such Shares and will, for the purpose of the laws of England and Wales, be considered as having legal title to the Shares.

Accordingly, in order to exercise voting rights in relation to their Shares, investors who hold their Shares through Clearstream must, or must instruct the Clearstream participant which holds such Shares on their behalf to, send an instruction order to Clearstream in respect of the exercise of the voting right. Clearstream will then notify Vidacos Nominees Ltd. of the number of votes cast for or against the relevant resolution and Vidacos Nominees Ltd. will in turn exercise such voting rights through CREST as the registered holder of the Shares. Vidacos Nominees Ltd. may be prepared to grant or pass on written letters of representation to the investors holding their Shares through Clearstream enabling such investors to attend and speak at a general meeting and to vote the Shares in which they are interested.

In addition, rights and entitlements attached to the Shares under the laws of England and Wales, including rights and entitlements to distributions, to information, to make choices and elections and to call for, attend and vote at meetings will be passed on through Clearstream in the form in which they are received by Vidacos Nominees Ltd. together with any amendments and additional documentation necessary to effect such passing-on. See also the Section entitled "Risk Factors — I. Risks Relating To The Issuer's Shareholding and Corporate Structure — The Issuer Is A Company Incorporated Under, and Thereby Subject To, The Laws Of England and Wales and Investors May Encounter Difficulties In Enforcement Against The Issuer In Germany." All distributions will be made to Vidacos Nominees Ltd., in the first instance, as the registered holder of the Shares, which will, in turn, pass them through Clearstream participants to investors holding their Shares through Clearstream. In the case of cash distributions, these will be passed on by Vidacos Nominees Ltd. in the currency in which they were paid (subject to shareholders having elected to receive distributions in another currency).

As a result, investors holding their Shares through Clearstream are exposed to the risk of failure by Vidacos Nominees Ltd. to perform, or of untimely performance by Vidacos Nominees Ltd. of, instructions received from Clearstream or CREST. Additionally, the deadlines applicable for voting instructions to be sent and the record dates to be counted as a shareholder for the purpose of voting and receiving distributions may vary from those applicable to registered holders.

In addition, as Vidacos Nominees Ltd., a company incorporated in England and Wales, will be the sole registered holder (in the Issuer's register of members) of the Shares held through Clearstream, only Vidacos Nominees Ltd. will have legal title to Shares pursuant to the laws of England and Wales. While the Shares held by Vidacos Nominees Ltd. are segregated from its other assets and liabilities, should Vidacos Nominees Ltd. become insolvent, investors holding their Shares through Clearstream are nevertheless also exposed to the risk that their Shares could be seized by the creditors of Vidacos Nominees Ltd. or sold at a discount to indemnify such creditors.

## GENERAL INFORMATION

### Responsibility for the Content of this Prospectus

The Directors, whose names appear on page 72, and the Issuer accept responsibility for the information contained in this document. To the best of the knowledge of the Directors and the Issuer (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.

### Industry and Market Data

Information regarding markets, market size, market share, market position, growth rates and other industry data pertaining to the business of the Group contained in this Prospectus consists of estimates based on data reports compiled by professional organisations and analysts, on data from other external sources, and on the Group's knowledge of sales and markets. None of the Issuer, any of its subsidiaries, the Selling Shareholders, or the Over-Allotment Shareholder, as the case may be, intend, nor assume any obligations, to update industry or market data set out in this Prospectus. Also, behaviour, preferences and trends in the marketplace tend to change. As a result, prospective investors should be aware that data in this Prospectus and estimates based on that data may not be reliable indicators of future results.

### Forward-looking Statements

This Prospectus and other publicly available documents concerning the Group, including statements under the Sections entitled "Summary", "Risk Factors", "Operating and Financial Review" and "Business Description" and other sections of this Prospectus may contain, and the Group's officers and representatives may from time to time make, statements that are, or may be deemed to be, forward-looking statements. These statements are not historical facts but instead represent the Group's belief regarding future events many of which, by their nature, are inherently uncertain and outside the Group's control.

These statements may address, among other things, the Group's financial condition, results of operations, prospects, strategies, dividend policy and business, including its strategy for growth, product development, regulatory approvals and market position. All statements other than statements of historical facts are, or may be deemed to be, forward-looking statements.

Forward-looking statements are statements of future expectations that are based on management's current views and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in such statements, including those discussed elsewhere in this Prospectus and in the Group's other public filings, press releases, oral presentations and discussions. Forward-looking statements may include, among other things, discussions concerning the potential exposure of the Group to market risks, as well as statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions.

Forward-looking statements in this Prospectus may be identified by the use of forward-looking terminology, including the words "anticipate", "aim", "believe", "continue", "could", "estimate", "expect", "goals", "intend", "may", "objectives", "outlook", "plan", "probably", "project", "risks", "seek", "shall", "should", "target", "will" or "would" or, in each case, their negative or other variations or comparable terminology or by discussions of strategies, plans, objectives, targets, goals, future events, intentions or beliefs.

Forward-looking statements, as they relate to events, and depend on circumstances that may or may not occur in the future, involve known and unknown risks and uncertainties. Forward-looking statements are not guarantees of future performance. Prospective investors should not place undue reliance on these forward-looking statements.

Each forward-looking statement is only made as of the date of the specific statement and none of the Issuer, any of its subsidiaries, the Selling Shareholders or the Over-Allotment Shareholder or the Underwriters, as the case may be, intend, nor assume any obligation (and expressly disclaims any such obligations to), to update or revise forward-looking statements as a result of new information, future

events or otherwise, except as required by the Prospectus Rules, or otherwise required by law or regulations.

Many factors may cause the results of operations, financial condition, and dividend policy of the Issuer and/or the Group and the development of the industries in which the Group compete to differ materially from those expressed or implied by forward-looking statements, including the risks and others described in the Section entitled "Risk Factors" are not exhaustive. Other sections of this Prospectus describe additional factors that could adversely affect the results of operations, financial condition, and dividend policy of the Issuer and/or any of its subsidiaries and/or the Group and the development of the markets in which the Group operates. You are urged to read the Sections of this Prospectus entitled "Risk Factors", "Operating and Financial Review" and "Industry Overview and Trends" for a more complete discussion of the factors that could affect the future performance of the Group and the industry in which it operates. New risks can emerge from time to time, and it is not possible to predict all such risks, or to assess the impact of all such risks on the business of the Group or the extent to which any risks, or combination of risks and other factors, may cause actual results to differ materially from those contained in any forward-looking statements.

Given these risks and uncertainties, prospective investors should not rely on forward-looking statements as a prediction of actual results and the Group's results could differ materially from the forward-looking statements contained in this Prospectus or other publicly available documents concerning the Group.

### **Third Party Information**

The information on:

- (i) page 47 under "Industry Overview and Trends — Formula One Industry — Background to Formula One" extracted from the FOM's annual F1 global broadcast report;
- (ii) page 49 under "Industry Overview and Trends — Formula One Industry — Formula One Teams Association and Resource Restriction Agreement" extracted from the April and November 2010 D&B F1 Indices;
- (iii) page 59 under "Business Description — The Non-Formula One Business Segment — Williams Technology Centre In Qatar" extracted from MEED Issue No 25 18-24 June 2010 – Rail investment gathers steam in the GCC – <http://www.meed.com/sectors/transport/rail/rail-investment-gathers-steam-in-the-gcc/3007250>. article;
- (iv) page 61 under "Business Description — Business Strategy — Formula One — Working with FOTA, the FIA and the Formula One Group of Companies to ensure the further growth of Formula One so as to increase its geographic presence, live and TV audiences, attractiveness to sponsors and consequently revenues" extracted from FOM's annual F1 global broadcast report; and
- (v) page 61 under "Business Description — Business Strategy — Formula One — Working with FOTA, the FIA and the Formula One Group of Companies to ensure the continuous reduction of costs in Formula One and thereby ensuring the continuous reduction of costs within Williams" extracted from *Les Echos*, no 20131, 14 March 2008;

has been accurately reproduced, and, as far as the Issuer is aware and is able to ascertain from information published by such third parties, no facts have been omitted which would render the reproduced information inaccurate or misleading.

### **Presentation of Financial and other Information**

Pursuant to the Reorganisation, on 7 February 2011, all the shares in Williams (the main trading and former parent company of the Group) were purchased by the Issuer from Williams' then shareholders in return for which those shareholders were allotted new shares in the Issuer. Since such date, Williams has been a wholly-owned subsidiary of the Issuer and the Issuer has been the holding company of the Group. See the Section entitled "Reorganisation, Acquisitions and Financings — Acquisitions and Reorganisation."

The Issuer was formed on 21 December 2010 and therefore has no historical financial data within the meaning of Annex I, No. 20.1 of the (EC) Regulation No. 809/2004. The operating business of the Group was and is carried out by Williams and WHP.

Williams is a wholly owned direct subsidiary of the Issuer, while WHP is a direct subsidiary of Williams.

Unless otherwise indicated, financial information contained in this Prospectus has been prepared in accordance with UK GAAP.

Williams was during the reporting period until 31 December 2009 the only significant operating entity of the Group.

Williams currently holds 78% of WHP which it acquired in two stages: 40% on 28 March 2008 and an additional 38% on 23 April 2010. Prior to Williams' acquisition of the additional 38% of WHP, WHP was treated as immaterial to the results of Williams. Therefore, WHP was consolidated in the interim financial statements of the Group as at 31 October 2010 for the first time. Hence in order to present the business, financial condition and results of operations for the last three financial years in relation to the business of the Group, the Issuer has prepared financial statements of Williams as of and for the period ended 31 December 2009 and the years ended 30 November 2008 and 2007, all prepared in accordance with UK GAAP. Furthermore, consolidated interim financial information for the 10 month period ended 31 October 2010 prepared under UK GAAP has been presented for Williams and also for WHP as derived from both these companies' individual interim financial statements as of and for the 10 month period ended 31 October 2010 with comparative information as at 31 October 2009.

This Prospectus contains certain historical financial information taken from the audited financial statements of Williams for the 13 month period ended 31 December 2009 and the 12 month period ended 30 November 2008 and 2007, prepared in accordance with UK GAAP.

Until the 12 month period ended 30 November 2008, the accounting reference date of Williams was 30 November. Due to the reporting requirements and rules under the Resource Restriction Agreement executed in 2009, the Company in accordance with section 392 of the UK Companies Act changed its accounting reference date to 31 December in the financial period ended 31 December 2009. Such change was approved by the Board of Directors on 24 August 2009.

The financial statements and financial information contained elsewhere in this Prospectus should be read in conjunction with the relevant reports of the independent auditor of the Issuer and Williams.

The financial statements of Williams for the period ended 31 December 2009 and for the years ended 30 November 2008 and 2007 included in this Prospectus have been audited by Grant Thornton UK LLP, independent accountants, as stated in their report appearing herein.

Certain numbers set out in this Prospectus have been subject to rounding adjustments. Accordingly, amounts shown as totals in tables or elsewhere may not be an arithmetic aggregation of the numbers which precede them. In addition, certain percentages presented in the tables in this Prospectus reflect calculations based upon the underlying information prior to rounding and, accordingly, may not conform exactly to the percentages that would be derived if the relevant calculation were based upon the rounded numbers.

#### **Documents Available for Inspection**

For the duration of the validity of this Prospectus, copies of the following documents will be available for inspection during normal business hours on any weekday (Saturday, Sundays and public holidays excepted) at the Issuer's premises at Station Road, Grove, Wantage, Oxfordshire OX12 0DQ:

- (i) the Articles of Association of the Issuer;
- (ii) the reports by Grant Thornton UK LLP set out in the F-pages of this Prospectus;
- (iii) the audited financial statements of Williams as at and for the 13 month period ended 31 December 2009 and the financial years ended 30 November 2008 and 30 November 2007; and

- (iv) the unaudited interim financial statements of Williams as at and for the 10 month periods ended 31 October 2010 and 31 October 2009.

Future annual reports and interim reports of the Issuer will be available at its premises and at the offices of the paying agent named in this Prospectus. See the Section entitled "Paying Agent".

### Notices and Information Policy

According to the Articles of Association of the Issuer, notices to shareholders may validly be (i) sent in hard copy by post or other delivery service or (ii) sent in electronic form or (iii) made available on a website. For additional details on notices, see the Sections entitled "Description Of The Issuer, The Share Capital And The Shares — Notices" and "— Shareholders' Meetings — Notice Of General Meetings."

The Issuer publishes financial information and press releases in the electronic media on its website at <http://www.attwilliams.com>.

Any notices containing or announcing amendments or changes to the terms of the Offering or to this Prospectus will be announced through electronic media and, if required, published in the form intended for prospectuses, i.e. on the website of the Issuer with a printed version available at the offices of the Underwriters, Bank am Bellevue AG, Seestraße 16, CH-8700 Küsnacht/Zurich, Switzerland, and Baader Bank AG, Weihenstephaner Straße 4, 85716 Unterschleißheim, Germany.

### Exchange Rates

The following table sets forth for the period indicated certain information regarding the noon buying rate for pounds sterling, as reported by the Bank of England (the "Noon Buying Rate") expressed as Euro per GBP 1.00. This rate may differ from the actual rates used in the preparation of the financial statements and other financial information appearing in this Prospectus. We make no representation that the pound sterling or Euro amounts referred to in this Prospectus have been, could have been or could, in the future, be converted into Euros or pound sterling, as the case may be, at any particular rate, if at all. On 21 January 2011, the Daily Average Interbank Rate between the pound sterling and the Euro was 1.1845 EUR = GBP 1.00.

<u>Year</u>	<u>Period End</u>	<u>Average<sup>(1)</sup></u>	<u>High</u>	<u>Low</u>
2005.....	1.46160	1.45997	1.51240	1.40570
2006.....	1.48060	1.46606	1.49920	1.42430
2007.....	1.39990	1.47054	1.52960	1.38550
2008.....	1.21230	1.28333	1.41040	1.15410
2009.....	1.11130	1.12181	1.2120	1.01950
2010.....	1.16750	1.16605	1.23910	1.09250
2011 (through 21 January).....	1.18450	1.18627	1.20690	1.15610
<u>Month</u>				
July 2010.....	1.1996	1.19725	1.2333	1.1717
August 2010.....	1.2217	1.21371	1.2279	1.1954
September 2010.....	1.1617	1.19435	1.2219	1.1565
October 2010.....	1.1507	1.14201	1.1676	1.1180
November 2010.....	1.1815	1.16758	1.1892	1.1340
December 2010.....	1.1675	1.18140	1.1997	1.1581
January 2011 (through 21 January).....	1.1845	1.18627	1.2069	1.1561

(1) With respect to each year, the average of the daily Interbank Rates during such year. With respect to each month, the average of the daily Interbank Rates for each business day during the relevant month. With respect to the period from 1 January through 21 January 2011, the average of the daily Interbank Rates for each business day during the period.

Fluctuations in the exchange rate between pound sterling and the Euro in the past are not necessarily indicative of fluctuations that may occur in the future.

## **Stabilisation**

In connection with the Offering, Bank am Bellevue AG, Switzerland, (the "**Stabilisation Agent**") or any person acting on its behalf may over-allot or effect transactions with a view to supporting the market price of the Shares at a level above that which might otherwise prevail but in doing so the Stabilisation Agent shall act as principal and not as agent of the Issuer. However there is no assurance that the Stabilisation Agent (or persons acting on its behalf) will undertake any such stabilisation activities. Such transactions may be effected on the Entry Standard or, but with respect to over-allotment only, in the over-the-counter market or otherwise, and shall be carried out in accordance with applicable rules and regulations. Such stabilisation may begin on or after the date on which adequate public disclosure of the final terms of the Offering is made and, if begun, may be discontinued at any time without prior notice and will in any event be discontinued 30 calendar days following the commencement of trading in the Offered Shares on the Entry Standard. The Stabilisation Agent may not acquire Shares at a price exceeding the Offer Price.

## **REASONS FOR THE OFFERING AND USE OF PROCEEDS**

### **Reasons for the Offering**

The Issuer and the Selling Shareholders are seeking a listing and making the Offering in order to create a public market for the Shares. Further, it is the intention of Mr Head, one of the Selling Shareholders, to retire in the course of 2011 and therefore he wishes to sell the majority of his shareholding in the Issuer. For further details of the intended retirement of Mr Head please see the Section entitled “Board of Directors, Management and Auditors – Board of Directors – Existing Directors”.

In addition, the Directors believe that the Offering and the listing will position the Group for its next stage of development, assist in attracting, retaining and incentivising senior management, raise its profile and provide it with a more flexible structure for future growth. It is also the Directors’ view that the listing will enable the Group to continue to compete in Formula One as an independent team as it has done since 1977.

### **Use of Proceeds**

The Issuer will not receive any proceeds from the Offering as only the Sale Shares and the Additional Shares will be sold to potential investors. The Selling Shareholders and the Over-Allotment Shareholder, as applicable, will receive such proceeds.

## OFFERING STATISTICS

Mid point of the Offer Price range .....	EUR 26.50 per Share
Number of Shares being offered by the Selling Shareholders <sup>(1)</sup> .....	2,409,383
Number of Shares being offered in the Offering <sup>(2)</sup> .....	2,739,383
Number of Shares subject to the Over-Allotment Option .....	330,000
Number of Shares in issue following the Offering .....	10,000,000
Percentage of issued share capital being offered in the Offering <sup>(2)</sup> .....	27.39 per cent
Market capitalisation of the Issuer at the Offer Price <sup>(3)</sup> .....	EUR 265 million

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(1) Excludes Additional Shares under the Over-Allotment Option.

(2) Includes Additional Shares under the Over-Allotment Option.

(3) On the basis of the Offer Price at the mid-point of the Offer Price range the market capitalisation of the Issuer at any given time will depend on the market price of the Shares at that time. There can be no assurance that the market price of a Share will be equal to or exceed the Offer Price.

## EXPECTED TIMETABLE FOR THE OFFERING

Each of the times and dates below is subject to change without further notice. References to a time of day are to Frankfurt time (CET) (unless stated otherwise).

7 February 2011	Approval of the Prospectus by the FSA
	Notification of the Prospectus by the FSA to the German Federal Financial Supervisory Authority ( <i>Bundesanstalt für Finanzdienstleistungsaufsicht</i> – “ <b>BaFin</b> ”)
	Notification of the Prospectus by the FSA to the Austrian Financial Markets Supervisory Authority ( <i>Finanzmarktaufsicht</i> – “ <b>FMA</b> ”)
9 February 2011	Publication of the Prospectus as approved by the FSA and notified to BaFin and FMA on the Issuer’s website
9 February 2011	Start of marketing (road show)
12.00 noon on 9 February 2011	Beginning of Bookbuilding Period
12.00 noon on 28 February 2011	End of Bookbuilding Period
1 March 2011	Publication of final Offer Price
9.00 am on 2 March 2011	Listing and trading in Offered Shares commence
2 March 2011 (before noon) <sup>(1)</sup>	Offered Shares credited to CREST accounts
3 March 2011 <sup>(1)</sup>	Offered Shares credited to Clearstream accounts

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(1) Or as soon as practicable thereafter. No temporary documents of title will be issued.

This Prospectus will be published on the Issuer’s website at <http://www.attwilliams.com>. In addition, free copies of the printed Prospectus will be available beginning on 10 February 2011 during regular business hours at the offices of the Underwriters, Bank am Bellevue AG, Seestraße 16, CH-8700 Küsnacht/Zurich, Switzerland, and Baader Bank AG, Weihenstephaner Straße 4, 85716 Unterschleißheim, Germany.

Any notices containing or announcing amendments or changes to the terms of the Offering or to this Prospectus will be announced through electronic media and, if required, published in the form intended for prospectuses, i.e. on the website of the Issuer with a printed version available at the offices of the Underwriters.

## **DIVIDENDS AND DIVIDEND POLICY**

All Offered Shares will have the same dividend rights as other Shares. The Offered Shares will be entitled to dividends paid, if any, for and as from the financial year ending 31 December 2011 for which a dividend may be paid in 2012 and thereafter.

Subject to the availability of future profits, the Issuer intends to apply part of any such profits in investing in the development of its new business activities. If profits are available in the future, the Issuer intends to distribute between 25% and 35% of the annual net profits attributable to equity holders as dividends. However, there can be no assurance that in the future any dividends in this range or any dividend at all will be distributed or that the Issuer's dividend policy may not be changed.

The Board of Directors may revisit the Issuer's dividend policy from time to time.

The declaration of future dividend payments will depend on the performance, financial position and future prospects of the Issuer and/or the Group and other relevant factors, including, cash flow, tax and other legal considerations. Further, the Issuer and/or its subsidiaries, including Williams, may be restricted from paying dividends under future financing arrangements. The Issuer can provide no assurance that it will declare and pay any dividends in the future. See the Sections entitled "Risk Factors — I. Risks Relating To The Issuer's Shareholding and Corporate Structure" and "— V. Risk Factors Relating To The Shares And The Offering — The Issuer's Ability To Pay Dividends To Its Shareholders Is Uncertain" for a discussion of certain of the risk factors that may prevent the distribution of dividends.

Any dividends paid will not be subject to any deduction or withholding in respect of UK Tax. See the Section entitled "Certain Tax Considerations — United Kingdom Tax Considerations".

See also the Section entitled "Description Of The Issuer, The Share Capital and The Shares — Net Profits and Dividends" which describes the provisions of the Articles of Association relating to the payment of dividends and dividend allocation.

The Issuer was incorporated on 21 December 2010. Since such date, the Issuer has not distributed any dividends.

Over the last five years, Williams, the main trading and former parent company of the Group, has not distributed any dividends.

## CAPITALISATION AND INDEBTEDNESS

The following tables set forth the Group's capitalisation and indebtedness as at 31 December 2010 (based on unaudited management accounts of the Group).

The information in the following tables has been extracted from the unaudited management accounts of the Group for 31 December 2010. The information contained within these statements has been prepared in accordance with UK GAAP.

These tables should be read in conjunction with the information included elsewhere in this Prospectus, including the Section entitled "Operating and Financial Review" as well as the financial statements of Williams and the related notes.

<i>(£ in millions)</i>	<b>31 Dec. 2010</b> <i>(unaudited)</i>
<b>Shareholders' Equity*</b>	
Share Capital** .....	0.1
<b>Total Capital and Reserves .....</b>	<b>0.1</b>
<b>Total capitalisation .....</b>	<b>0.1</b>

\* Shareholders' Equity does not include the Profit and Loss Reserve or Minority Interest.

\*\* On 7 February 2011, the share capital of the Issuer increased to GBP 0.5 million in the course of the Reorganisation. For further details of the Reorganisation see the Section entitled "Reorganisation, Acquisitions and Financings".

<i>(£ in millions)</i>	<b>31 Dec. 2010</b> <i>(unaudited)</i>
<b>Total current debt.....</b>	<b>0</b>
Secured .....	0
Unsecured .....	0
Guaranteed.....	0
Non-guaranteed .....	0
<b>Total non-current debt.....</b>	<b>2.4</b>
Secured .....	2.4
Unsecured .....	0
Guaranteed.....	0
Non-guaranteed .....	0
<b>Total indebtedness .....</b>	<b>2.4</b>

<i>(£ in millions)</i>	<b>31 Dec. 2010</b> <i>(unaudited)</i>
Cash.....	27.2
Current portion of non-current debt .....	0
Other current financial debt .....	0
<b>Current financial debt .....</b>	<b>0</b>
<b>Net current financial liquidity/(debt) .....</b>	<b>27.2</b>
Non-current bank debt .....	(2.4)
Other non-current debt .....	0
Non-current financial indebtedness .....	0
<b>Net cash .....</b>	<b>24.8</b>

There was no significant contingent or conditional indebtedness on a consolidated basis as at 31 December 2010.

Total indebtedness includes secured borrowings of GBP 2.4 million. These borrowings are secured by a legal charge over the freehold property owned by Williams in favour of Barclays Bank plc. In addition a fixed and floating charge in favour of Barclays Bank plc is held over all assets, present and future.

There has been no material change in the Group's capitalisation or indebtedness, except as set out, since 31 October 2010.

## **WORKING CAPITAL STATEMENT**

The Issuer is of the opinion that the Group has sufficient working capital for its present requirements, that is, for at least the 12 months following the date of publication of this Prospectus.

## **SIGNIFICANT CHANGES**

There has been no significant change in the financial or trading position of the Group since 31 October 2010, being the end of the last financial period for which financial information of Williams, the main trading and former parent company of the Group, has been published.

There has also been no significant change in the financial or trading position of the Issuer since its incorporation on 21 December 2010.

## MATERIAL INTERESTS

Sir Frank Williams CBE, one of the members of the Board of Directors, holding directly 5,670,000 Shares representing 56.7% of the issued share capital of the Issuer as at 7 February 2011, is selling up to 640,000 Shares under the Offering.

Mr Head, one of the members of the Board of Directors, holding directly 2,350,000 Shares representing 23.5% of the issued share capital of the Issuer as at 7 February 2011, is selling up to 1,769,383 Shares under the Offering.

Mr Wolff, one of the members of the Board of Directors, holding indirectly (through WHL and WIHL) 1,630,000 Shares representing 16.3% of the issued share capital of the Issuer as at 7 February 2011, is selling in the event of the exercise of the Over-Allotment Option up to 330,000 Shares under the Offering.

The Selling Shareholders have entered into the WHL Agreement with WHL whereby, dependent on the success of the Offering, they may become obliged to transfer (in the ratio 70:30 as between them) up to the value of 228,130 Shares in Shares and/or cash to WHL (provided always that Sir Frank Williams CBE will not be required to transfer any Shares if that would result in his holding of Shares falling beneath 50.1% of the issued share capital of the Issuer). Dependent on the outcome of the Offering, it is possible that up to 240,670 Shares may be transferred by WHL to the Selling Shareholders (in the ratio 70:30 as between them).

The Underwriters being parties to the Underwriting Agreement (see the Section entitled "Offering and Sale — Underwriting") and/or certain of their affiliates and/or certain related companies have provided and/or may, in the future, provide various banking, financing, investment, commercial or other services to the Issuer and/or its subsidiaries, their shareholders, the members of their board of directors and/or senior management, for which they have received or may receive a fee.

See also the Sections entitled "Principal and Selling Shareholders" (for additional information on the current shareholders of the Issuer and past shareholders of its principal subsidiary Williams), "Offering and Sale — Offering", (for a description of the Underwriting Agreement and the Over-Allotment Option granted by the Over-Allotment Shareholder to the Managers) and "Risk Factors — I. Risks Relating To The Issuer's Shareholding and Corporate Structure" (for a discussion of the risks associated with the Issuer's shareholding structure).

## REORGANISATION, ACQUISITIONS AND FINANCINGS

### Reorganisation

Until 7 February 2011, Williams was the main trading and parent company of the Group. Prior to, and in connection with, the Offering, the shareholders of Williams decided to reorganise the Group. On 7 February 2011, the shareholders of Williams sold all their shares in Williams to the Issuer in return for which such shareholders were allotted new shares in the Issuer. As a result, all the former shareholders of Williams became shareholders of the Issuer. Additional information on the former shareholders of Williams and the shareholders of the Issuer is available under the Section entitled "Principal and Selling Shareholders" (the "**Reorganisation**"). The Issuer did not assume any other material obligations than those described above in connection with the Reorganisation.

As a result, since 7 February 2011, the Issuer has become the parent company of the Group, owning directly 100% of the issued share capital of Williams and WGP Trustees. Williams in turn holds 78% of the issued share capital of WHP and 100% of the issued share capital of Engineering Designs Limited, a dormant subsidiary, and is the sole member of The Williams F1 Team Foundation.

Additional information relating to the incorporation of the Issuer and the structure of the Group are available under the Sections entitled "Description Of The Issuer, The Share Capital and The Shares — General Corporate Information" and "— Capital Structure."

### Acquisitions

Except as set forth below, the Group has not carried out any material acquisition over the past three years.

#### *Investments Made Over The Period Covered By The Historical Financial Statements*

In March 2008, Williams acquired 40% of the issued share capital of WHP. Under the terms of the transaction, Williams was permitted to appoint two directors to the board of directors of WHP and to be provided with regular financial information concerning the company. See the Sections entitled "Business Description — The Non-Formula One Business Segment — Williams Hybrid Power."

#### *Current Investments*

On 23 April 2010, Williams acquired an additional 38% of the issued share capital of WHP, thereby increasing its interest to 78%. WHP was consolidated in the interim financial statements of the Group as of 31 October 2010 for the first time. Previously, whilst Williams held only 40% of the issued share capital of WHP, Williams had no control over WHP and WHP was treated as immaterial to the results of Williams. The aggregate acquisition price that was paid for such investment did not have a material impact on Williams' balance sheet or income statement. Williams currently controls WHP's board although the minority shareholders have certain minority shareholder protection rights (including protection against future funding of WHP resulting in further dilution of the shareholdings of the minority shareholders).

In addition, on 28 October 2009 Williams entered into a Corporate Research Agreement with Qatar Foundation for Education, Science and Community Development with respect to the Williams Technology Centre in Qatar (WTCQ). See the Sections entitled "Material Contracts" and "Business Description — The Non-Formula One Business Segment — Williams Technology Centre In Qatar."

#### *Investments Already Approved*

As of the date of this Prospectus, no investments have already been firmly decided upon by the Issuer and/or its subsidiaries.

However, Williams has a discretionary option, exercisable at any time in 2012, to acquire the remaining 22% of the issued share capital of WHP.

## **Financing**

### ***Current Financing***

As of the date of this Prospectus, Williams' borrowing facilities are:

- an uncommitted bank overdraft facility of GBP 5,000,000, repayable on demand; this facility carries interest of 2.5% over currency base rate (such facility is used for working capital purposes and is drawn upon from time to time depending on working capital requirements); at the date of this Prospectus, the outstanding balance was GBP nil;
- an uncommitted money market loan facility of GBP 5,000,000 repayable on demand; this facility carries interest at 2.15% over currency LIBOR (such facility is used for working capital purposes and is drawn upon from time to time depending on working capital requirements); at the date of this Prospectus, the outstanding balance was GBP nil; and
- a term loan facility of USD 7,500,000; this loan was agreed in August 2010 and is repayable in three instalments of USD 2,500,000 in each of June 2013, June 2014 and June 2015; at 31 October 2010, the outstanding balance was GBP nil (2009: GBP nil); at the date of this Prospectus, the outstanding balance was USD 3,750,000; this facility carries interest at 3.5% over US LIBOR.

All the facilities are with Barclays Bank plc and are secured by a legal charge over the freehold property owned by Williams. A fixed and floating charge in favour of Barclays Bank plc is held over all assets, present and future. See the Section entitled "Business Description — Personnel, Site and Facilities — Site and Facilities."

For additional information on the Group's borrowings, see note 12 – "Creditors: amounts falling due within one year" and note 13 – "Creditors amounts falling due after more than one year" to the 2009 financial statements of Williams.

### ***Financing Of Investments Already Approved***

In the event that Williams decides to exercise its option to acquire the 22% stake in WHP, such investment may be financed by a loan and/or with its own funds.

Costs arising in connection with the Corporate Research Agreement with Qatar Foundation for Education, Science and Community Development with respect to the WTCQ may be financed by the term loan facility referred to above and/or from Williams' own funds.

## SELECTED FINANCIAL INFORMATION

The selected financial information set out below should be read in conjunction with Williams' financial statements set out in the Section "Financial Information" of this Prospectus, which are prepared in accordance with UK GAAP. The selected consolidated results for the 13 month period ended 31 December 2009, and the financial years ended 30 November 2008 and 2007 and the selected balance sheet information as at 31 December 2009, 30 November 2008 and 2007 set out below are extracted without material adjustment from the Section "Financial Information" of this Prospectus.

<u>All figures in GBP million</u>	<b>Period ended 31 December 2009 (13 months)</b>	<b>Period ended 30 November 2008      2007 (12 months) (12 months)</b>		<b>Ten months ended 31 October 2010      2009 (10 months) (10 months)</b>	
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
<b>Profit and Loss Account</b>					
<b>Revenue</b> .....	<b>108.3</b>	<b>125.6</b>	<b>66.9</b>	<b>74.2</b>	<b>87.2</b>
Cost of Sales .....	(25.4)	(32.2)	(33.4)	(16.0)	(19.2)
Other Operating Costs.....	(73.3)	(72.1)	(50.9)	(51.0)	(59.1)
<b>EBITDA</b> .....	<b>9.6</b>	<b>21.3</b>	<b>(17.4)</b>	<b>7.2</b>	<b>9.0</b>
Depreciation and amortisation ....	(4.1)	(3.7)	(3.7)	(3.1)	(3.2)
<b>EBIT</b> .....	<b>5.5</b>	<b>17.6</b>	<b>(21.1)</b>	<b>4.1</b>	<b>5.8</b>
Net Financing (Cost) / Income....	(0.9)	(8.4)	(0.3)	(0.4)	0.8
<b>Profit Before Taxation</b> .....	<b>4.6</b>	<b>9.2</b>	<b>(21.4)</b>	<b>3.7</b>	<b>6.6</b>
Minority Interest .....	-	-	-	0.2	-
<b>Profit attributable to Equity Holders</b> .....	<b>4.6</b>	<b>9.2</b>	<b>(21.4)</b>	<b>3.9</b>	<b>6.6</b>
	<b>As at 31 Dec. 2009</b>	<b>As at 30 Nov. 2008</b>	<b>As at 30 Nov. 2007</b>	<b>As at 30 Oct. 2010</b>	<b>As at 30 Oct. 2009</b>
<b>Balance Sheet</b>	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
<b>Fixed Assets</b> .....	<b>37.5</b>	<b>41.0</b>	<b>42.1</b>	<b>36.5</b>	<b>38.0</b>
Current Assets					
(Other than Cash).....	21.5	20.8	11.6	42.9	17.1
Cash .....	13.2	-	-	8.4	0.1
<b>Total Assets</b> .....	<b>72.3</b>	<b>61.8</b>	<b>53.8</b>	<b>87.8</b>	<b>55.2</b>
Creditors: amounts falling due within one year .....	40.4	27.8	26.7	55.1	26.1
Creditors: amounts falling due after more than one year .....	3.1	9.7	12.1	-	3.0
Total Shareholders' Funds .....	28.8	24.2	15.1	32.7	26.1
<b>Total Shareholders' Funds &amp; Liabilities</b> .....	<b>72.3</b>	<b>61.8</b>	<b>53.8</b>	<b>87.8</b>	<b>55.2</b>

## OPERATING AND FINANCIAL REVIEW

*The following discussion and analysis of the Issuer's financial condition and results of operations should be read in connection with the financial statements, which have been prepared in accordance with UK GAAP and are included in the Section "Financial Information" of this Prospectus. This discussion contains forward-looking statements, which are based on assumptions about the future business of the Group that involve risks and uncertainties. The actual results of the Group may differ materially from those anticipated in these forward-looking statements. Factors that may cause such a difference include, but are not limited to, those outlined in the Section entitled "Risk Factors".*

*The Issuer was formed on 21 December 2010 in the course of certain restructuring measures as described in the Section entitled "Reorganisation, Acquisitions and Financings" and therefore has no historical financial data within the meaning of Annex I, No. 20.1 of the (EC) Regulation No. 809/2004. The operating business of the Group was and is carried out by Williams and WHP. Williams is a wholly owned direct subsidiary of the Issuer, while WHP is a direct subsidiary of Williams.*

*During the reporting period ended 31 December 2009, Williams was the only significant operating entity of the Group.*

*Williams currently holds 78% of WHP which it acquired in two stages: 40% on 28 March 2008 and an additional 38% on 23 April 2010. Prior to Williams' acquisition of the additional 38% of WHP, WHP was treated as immaterial to the results of Williams. Therefore, WHP was consolidated in the interim financial statements of the Group as at 31 October 2010 for the first time. Hence in order to present the business, financial conditions and results of operations for the last three financial years in relation to the business of the Group, the Issuer has prepared audited financial statements of Williams as at and for the years ended 31 December 2009 and 30 November 2008 and 2007, all prepared in accordance with UK GAAP. Furthermore, consolidated interim financial information for the 10 month period ended 31 October 2010 under UK GAAP has been presented for Williams and also for WHP as derived from both these companies' individual interim financial statements as of and for the 10 month period ended 31 October 2010 with comparative information as at 31 October 2009.*

### **Overview**

Williams is the main trading company of the Group and a wholly owned subsidiary of the Issuer.

The principal activity of Williams is the design and construction of Formula One cars and participation in Formula One racing events throughout the world.

Williams continues to seek opportunities to diversify its business and commercialise the intellectual property generated through its Formula One activities. To this end it has invested in a subsidiary, WHP, and established a branch, WTCQ, during 2010.

The financial information provided for the period from 1 December 2006 to 31 December 2009 shows the Williams business only. The financial information for the 10 month period ended 31 October 2010 includes the set up costs of the WTCQ together with consolidated results of WHP.

In recent years the Formula One industry and therefore the Formula One Teams have adopted a series of technical changes and adapted to a changing economic environment and also the negotiation of the current Concorde Agreement. These changes to the Formula One industry have not only affected the revenues but also the cost base of the Formula One Teams. In 2008 for example, the Formula One Teams agreed to limit testing and to extend engine life and to reduce engine supply costs from 2009. Certain of these together with other cost reduction measures were incorporated into the Resource Restriction Agreement signed in 2009. The Group therefore believes that these changes need to be taken into consideration when comparing the financial results of the Group.

## **Key Factors affecting the Results of Operations**

The core Formula One operations represent the majority of the Williams financial results for the period from 1 December 2006 to 31 October 2010.

The key factors impacting the revenue are:

- variation in the commercial rights income received from the Formula One Group of Companies. Changes may be due to a change in Williams' relative position in the Formula One Constructors' Championship or to changes in the profitability of the Formula One Group of Companies; and
- variation in sponsorship income due to additional sponsors joining the team or existing sponsors not renewing contracts.

Costs of the Formula One business are built up from:

- purchase of engines, fuel and tyres;
- driver salaries;
- raw materials and bought in parts;
- employment costs of staff; and
- track testing.

Many of the costs directly related to Formula One activities have been limited through team agreements to restrict on-track testing and through the Resource Restriction Agreement. In particular, the Resource Restriction Agreement limits the number of staff and the amount of external expenditure and capital expenditure on Formula One chassis activities. For further information on the Resource Restriction Agreement, see the Section entitled "Industry Overview and Trends – Formula One Industry – Resource Restriction Agreement".

### *Revenue*

Revenue includes income received from sponsors and the Formula One Group of Companies as commercial rights holder in respect of the Formula One business. It also includes other Formula One related income such as Conference Centre events fees, merchandising and licensing income and other ancillary income. From 1 January 2010 revenue also includes grant receipts from the Qatar Foundation in respect of the Williams Technology Centre in Qatar and from 23 April 2010 includes revenue from WHP. A breakdown of net turnover by business area has not been included as the Issuer deems that it is immaterial in assessing net turnover at the current stage of development of the new business areas.

### *Cost of Sales*

Cost of sales includes all costs of raw materials and bought in parts for construction of the Formula One cars.

### *Other Operating Costs*

Other operating costs includes the full employment costs of all staff and directors, driver salaries and bonuses, costs of freight and travel to race and test events, sponsor servicing costs, insurance premiums and all other general overhead costs.

### *Depreciation*

Depreciation remained stable throughout the period, reflecting the continuing pattern of investment in property, plant and equipment required to support the production and development activity of Williams and WHP. There were no material changes in depreciation policy throughout the period.

### *Net Financing (Cost) / Income*

Net Financing (Cost) / Income includes interest payable on short and long term borrowings, interest receivable on short term deposits and uncrystallised foreign exchange movements on non-GBP borrowings at the balance sheet date.

### **Critical Accounting Policies**

The financial statements of Williams were prepared in accordance with UK GAAP.

For a discussion of the main accounting policies, please refer to the financial statements of Williams.

Certain accounting policies require management judgement in selecting appropriate assumptions for calculating financial estimates which inherently contain some degree of uncertainty. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. These factors form the basis of the carrying value of assets and liabilities. Any subsequent changes are accounted for in the Income Statement at the time such information becomes available.

### *Inventories*

Under UK GAAP, inventories are valued at the lower of cost and net realisable value. The majority of inventories are raw materials and spare parts which are consumed during the year. As these assets are not held for resale they have a net realisable value of zero and are charged to the Income Statement at the time of purchase.

A small quantity of team merchandise is held for resale. This is accounted for as a current asset at cost less any impairment loss.

### *Research and Development Costs*

All research and development costs are charged to the income statement as incurred. In the opinion of management, it is not possible to make a reasonable assessment of future cash generation of research and development assets that can form a reliable basis for capitalisation.

### *Leasing*

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to Williams. All other leases are classified as operating leases. Williams has entered into operating leases for a significant proportion of its specialist IT hardware to facilitate regular upgrades as technology improves. Rentals payable under operating leases are charged to the income statement on a straight line basis over the term of the relevant lease. Williams does not receive incentives to enter into operating leases.

### *Deferred Tax*

At 31 December 2009, Williams was carrying approximately GBP 83.5 million in brought forward trading losses. These arose largely as a result of the research and development tax credit legislation operating in the UK. In the opinion of management, Williams will continue to accrue such tax credits in excess of its trading profits chargeable to corporation tax while this legislation remains unchanged. As such Williams does not recognise a deferred tax asset on temporary differences arising from the difference between the tax base and accounting base of assets and liabilities as the management does not believe this will be crystallised in the foreseeable future.

For additional information on deferred taxation within the Group, see note 7 – “Taxation on Ordinary Activities” to the 2009 financial statements of Williams.

### *Derivatives*

From time to time the Group enters into foreign exchange derivatives contracts to manage its exposure to exchange rate risk. These are recorded in the notes to the financial statements at a fair value calcu-

lated by Barclays Bank plc. UK GAAP does not require derivatives to be recognised in the balance sheet.

#### *Change In Accounting Reference Date*

Until the 12 month period ended 30 November 2008, the accounting reference date of Williams was 30 November. Due to the reporting requirements and rules under the Resource Restriction Agreement executed in 2009, the Company changed its accounting reference date to 31 December in the financial period ended 31 December 2009. See the Section entitled "Industry Overview and Trends — Formula One Industry — Formula One Teams Association and Resource Restriction Agreement."

#### **Financial Results From Operations**

The table below presents selected income statement and balance sheet information for Williams as of and for the 13 month period ended 31 December 2009 and as at and for the 12 month period ended 30 November 2008 and 2007.

<u>All figures in GBP million</u>	<b>Period ended</b>	<b>Period ended</b>		<b>Ten months ended</b>	
	<b>31 December</b>	<b>30 November</b>	<b>2007</b>	<b>31 October</b>	<b>2009</b>
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2010</b>	<b>2009</b>
	<b>(13 months)</b>	<b>(12 months)</b>	<b>(12 months)</b>	<b>(10 months)</b>	<b>(10 months)</b>
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
<b>Revenue</b> .....	<b>108.3</b>	<b>125.6</b>	<b>66.9</b>	<b>74.2</b>	<b>87.2</b>
Cost of Sales .....	(25.4)	(32.2)	(33.4)	(16.0)	(19.2)
Other Operating Costs.....	(73.3)	(72.1)	(50.9)	(51.0)	(59.1)
<b>EBITDA</b> .....	<b>9.6</b>	<b>21.3</b>	<b>(17.4)</b>	<b>7.2</b>	<b>9.0</b>
Depreciation and amortisation ....	(4.1)	(3.7)	(3.7)	(3.1)	(3.2)
<b>EBIT</b> .....	<b>5.5</b>	<b>17.6</b>	<b>(21.1)</b>	<b>4.1</b>	<b>5.8</b>
Net Financing (Cost) / Income....	(0.9)	(8.4)	(0.3)	(0.4)	0.8
<b>Profit Before Taxation</b> .....	<b>4.6</b>	<b>9.2</b>	<b>(21.4)</b>	<b>3.7</b>	<b>6.6</b>
Minority Interest .....	-	-	-	0.2	-
<b>Profit attributable to</b>					
<b>Equity Holders</b> .....	<b>4.6</b>	<b>9.2</b>	<b>(21.4)</b>	<b>3.9</b>	<b>6.6</b>

  

	<b>As of</b>	<b>As of</b>	<b>As of</b>	<b>As of</b>	<b>As of</b>
	<b>31 Dec.</b>	<b>30 Nov.</b>	<b>30 Nov.</b>	<b>30 Oct.</b>	<b>30 Oct.</b>
	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2010</b>	<b>2009</b>
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Cash .....	13.2	-	-	8.4	0.1
Current Assets					
(Other than Cash).....	21.5	20.8	11.6	42.9	17.1
Fixed Assets.....	37.5	41.0	42.1	36.5	38.0
<b>Total Assets</b> .....	<b>72.3</b>	<b>61.8</b>	<b>53.8</b>	<b>87.8</b>	<b>55.2</b>
Creditors: amounts falling due					
within one year .....	40.4	27.8	26.7	55.1	26.1
Creditors: amounts falling due					
after more than one year .....	3.1	9.7	12.1	-	3.0
Total Shareholders' Funds .....	28.8	24.2	15.1	32.7	26.1
<b>Total Shareholders' Funds &amp;</b>					
<b>Liabilities</b> .....	<b>72.3</b>	<b>61.8</b>	<b>53.8</b>	<b>87.8</b>	<b>55.2</b>

#### *10 Month Period Ended 31 October 2010 compared to the 10 Month Period Ended 31 October 2009*

During the 10 month period ended 31 October 2010, Williams generated revenue of GBP 74.2 million, EBITDA of 7.2 million and profit attributable to equity holders of GBP 3.9 million. The revenue, EBITDA and profit attributable to equity holders for the 10 month period ended 31 October 2009 was GBP 87.2 million, GBP 9.0 million and GBP 6.6 million respectively.

Revenue for the 10 month period ended 31 October 2010 decreased by 15.0% from GBP87.2 million for the 10 month period ended 31 October 2009 to GBP 74.2 million. Williams ended its relationship with Toyota at the end of 2009, so Toyota sponsorship income did not continue into 2010. This was partially offset by increased revenue from the Formula One Group of Companies due to Williams' improved Constructors' Championship position.

Cost of sales for the 10 month period ended 31 October 2010 were GBP 16.0 million, a reduction of 16.6% on the equivalent 2009 figure of GBP 19.2 million. This is due to the decrease in engine costs due to reduced track testing and the switch from Toyota to Cosworth engines for the 2010 season.

Other Operating Costs for the 10 month period ended 31 October 2010 decreased by 13.7% from GBP 59.1 million for the 10 month period ended 31 October 2009 to GBP 51.0 million. This was as a result of reduced driver earnings and non recurrence of a one off exchange loss arising from USD movements during 2009. Note that the exchange losses arose from use of hedging instruments and are offset by increased revenue from USD denominated income contracts.

EBITDA for the 10 month period ended 31 October decreased from GBP 9.0 million in 2009 to GBP 7.2 million in 2010. This was due to the factors noted above. In addition the negative EBITDA attributable to WHP for the period from acquisition of the majority shareholding on 23 April 2010 until 31 October 2010 was GBP 0.8 million.

Interest payable for the 10 month period ended 31 October 2010 was GBP 0.4 million, compared to GBP 0.9 million for the 10 month period ended 31 October 2009. This reflects the average level of borrowing in each period.

Foreign exchange movement on borrowings was GBP nil for the 10 month period ended 31 October 2010 compared to a gain of GBP 1.7 million for the 10 month period ended 31 October 2009. This reflects the movement in the USD during the respective periods.

#### *13 Month Period Ended 31 December 2009 compared to the Year Ended 30 November 2008*

In the 13 month period ended 31 December 2009, Williams generated revenue of GBP 108.3 million, EBITDA of GBP 9.6 million and profit attributable to equity holders of GBP 4.6 million. The revenue, EBITDA and profit attributable to equity holders for the 12 month period ended 30 November 2008 had amounted to GBP 125.6 million, GBP 21.3 million and GBP 9.2 million respectively.

Revenue for the period ended 31 December 2009 decreased by 13.8% from GBP 125.6 million to GBP 108.3 million compared to the year ended 30 November 2008. This decrease was as a result of one-off receipts arising from signature of the 2009 Concorde Agreement received late in 2008. Underlying gross revenue was materially unchanged between 2008 and 2009.

The reduction of 20.9% in Cost of Sales from GBP 32.2 million during the year ended 30 November 2008 to GBP 25.4 million in 13 months ended 31 December 2009 is almost entirely attributable to the restriction in track testing agreed between all teams from 2009 onwards. In particular this significantly reduced the need for operating quantities of spare parts, particularly engines. This reduction is expected to continue into 2011 and beyond following the implementation of the Resource Restriction Agreement from 1 January 2010. See the Section entitled "Industry Overview and Trends — Formula One Industry — Formula One Teams Association and Resource Restriction Agreement."

Other Operating Costs in the year ended 30 November 2008 and the 13 months ended 31 December 2009 were materially comparable at GBP 72.1 million and GBP 73.3 million respectively.

EBITDA decreased from GBP 21.3 million in the year ended 30 November 2008 to GBP 9.6 million in 13 months ended 31 December 2009. As noted above, EBITDA during the year ended 30 November 2008 was inflated by the impact of one off receipts of the commercial rights income relating to 2007 from the Formula One Group of Companies. These receipts were used to repay debt undertaken to cover the EBITDA deficit during the year ended 30 November 2007.

Interest payable was GBP 1.4 million in the 13 months ended 31 December 2009 compared to GBP 2.4 million in the year ended 30 November 2008. This reflects the average level of term borrowings in each period.

Foreign exchange movement on borrowings was a gain of GBP 0.4 million in the 13 months to 31 December 2009 compared to a loss of GBP 6.2 million in the year ended 30 November 2008 as a result of the movement in the USD. Williams has maintained its borrowings in USD as a natural hedge to its USD income.

*Year Ended 30 November 2008 compared to the Year Ended 30 November 2007*

During the year ended 30 November 2008, Williams generated revenue of GBP 125.6 million, EBITDA of GBP 21.3 million and profit attributable to equity holders of GBP 9.2 million. The revenue, EBITDA and loss attributable to equity holders for the year ended 30 November 2007 was GBP 66.9 million, a loss of GBP 17.4 million and a loss of GBP 21.4 million respectively.

In the year ended 30 November 2008, revenue increased by 87.8% from GBP 66.9 million to GBP 125.6 million. The year ended 30 November 2007 was a poor year for revenue from sponsors and the Formula One Group of Companies. It reflects the lower commercial rights income due under the 1998 Concorde Agreement and lower sponsorship revenue from commercial partners.

Cost of sales decreased by GBP 1.2 million from GBP 33.4 million in the year ended 30 November 2007 to GBP 32.2 million in the year ended 30 November 2008. This is due to cost reductions achieved through production efficiencies.

Other Operating Costs increased from GBP 50.9 million in the year ended 30 November 2007 to GBP 72.1 million in the year ended 30 November 2008. This cost was artificially low in the year ended 30 November 2007 as Williams minimised variable costs in response to the reduced revenue.

EBITDA for the year ended 30 November 2007 was a loss of GBP 17.4 million. This was as a result of poor revenue noted above. This was recovered during the year ended 30 November 2008 following the successful renegotiation of the Concorde Agreement.

Interest payable was GBP 2.4 million during the year ended 30 November 2008 compared to GBP 1.5 million in the year ended 30 November 2007. This reflects the average level of term borrowings in each period.

Foreign exchange movement on borrowings was a loss of GBP 6.2 million in the year ended 30 November 2008 and a gain of GBP 1.0 million in the year ended 30 November 2007 as a result of the impact of movement in the GBP:USD exchange rate during the period on USD denominated borrowings.

## Cash Flow

The table below presents the net cash flows before financing and movements in net funds or net debt of Williams as of and for the 10 month periods ended 31 October 2010 and 31 October 2009, for the 13 month period ended 31 December 2009 and as of and for the 12 month periods ended 30 November 2008 and 2007

All figures in GBP million	Period ended 31 December 2009	Period ended 30 November 2008		Ten months ended 31 October 2009	
	(13 months)	(12 months)	(12 months)	(10 months)	(10 months)
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Net inflow from operating activities	31.4	10.2	(17.1)	(1.0)	20.6
Returns on investment and servicing of finance	(1.7)	(2.2)	(0.3)	(0.4)	(1.3)
Capital expenditure and financial investment	(0.7)	(2.5)	(0.1)	(1.4)	(0.5)
Acquisitions and Disposals	-	-	-	(0.3)	-
<b>Cash flow before financing</b>	<b>29.0</b>	<b>5.4</b>	<b>(17.4)</b>	<b>(3.1)</b>	<b>18.8</b>
Net Funds/(Net Debt) at beginning of the period	(25.5)	(24.7)	(7.3)	3.9	(31.4)
Exchange rate difference	0.4	(6.2)	-	0.2	1.7
<b>Net Funds/(Net Debt) at the end of the period</b>	<b>3.9</b>	<b>(25.5)</b>	<b>(24.7)</b>	<b>0.9</b>	<b>(10.9)</b>

### *10 Month Period Ended 31 October 2010 compared to the 10 Month Period Ended 31 October 2009*

Cash outflow from operating activities for the 10 months ended 31 October 2010 was GBP 1.0 million compared to cash inflow from operating activities of GBP 20.6 million for an equivalent period in 2009. This is due to movements in trade debtors and deferred revenue arising from timing of sponsorship income commitments.

Net cash outflow for returns on investment and servicing of finance decreased by 68.0% from GBP 1.3 million for the 10 months ended 31 October 2009 to GBP 0.4 million for the 10 months ended 31 October 2010. This reflects the level of net debt throughout the period.

Net cash outflow for capital expenditure and financial investment increased to GBP 1.4 million for the 10 months ended 31 October 2010 compared to GBP 0.5 million for the 10 months ended 31 October 2009. This is due to the set up costs of the Williams Technology Centre in Qatar and investment in R&D equipment.

Net cash outflow for Acquisitions and Disposals was GBP 0.3 million for the 10 months ended 31 October 2010. This is the cost of acquisition of shares in WHP from one of the existing shareholders.

### *13 Month Period Ended 31 December 2009 compared to the Year Ended 30 November 2008*

Cash inflow from operating activities was GBP 31.4 million for the 13 months ended 31 December 2009 compared to GBP 10.2 million for the year ended 30 November 2008. This reflects the relative movement in debtors and accrued revenue for early billing of 2010 revenue. Approximately GBP 17 million of 2010 revenue was received at the end of 2009.

Net cash outflow for returns on investment and servicing of finance decreased from GBP 2.2 million for the year ended 30 November 2008 to GBP 1.7 million for the 13 months ended 31 December 2010. This reflects the level of net debt throughout the period.

Net cash outflow for capital expenditure and financial investment was GBP 0.7 million for the 13 months ended 31 December 2009 compared to GBP 2.5 million for the year ended 30 November 2008. The year ended 30 November 2008 was a peak point of investment reflecting the increased level of income available to support purchase of fixed assets during that year following low investment in 2007.

#### *Year Ended 30 November 2008 compared to the Year Ended 30 November 2007*

Cash inflow from operating activities was GBP 10.2 million for the year ended 30 November 2008 compared to cash outflow from operating activities of GBP 17.1 million for the year ended 30 November 2007. This reflects the loss before taxation suffered as a result of reduced income, detailed above

Net cash outflow for returns on investment and servicing of finance increased to GBP 2.2 million for the year ended 30 November 2008 from GBP 0.3 million for the year ended 30 November 2010. This reflects the level of net debt throughout the period.

Net cash outflow for capital expenditure and financial investment was GBP 2.5 million for the year ended 30 November 2008 compared to GBP 0.1 million for the year ended 30 November 2007. As noted above, 2007 was an exceptionally low year for investment in capital expenditure due to the relatively low income for that year.

#### *Net Funds and Net Debt*

Williams has maintained a multi currency overdraft facility of GBP 10 million throughout the period 2007 to 2010 to finance short term working capital requirements which arise as a normal part of the business cycle. Any surplus cash is placed on deposit and generates interest at market rates.

During 2007, Williams raised USD 50 million of secured debt facilities to support working capital requirements. The downturn in revenue suffered during 2007 was considered to be an unusual circumstance which would be reversed on signature of the 2009 Concorde Agreement. Therefore, Williams borrowed in anticipation of these revenues in order to maintain its knowledge base and development activity and remain competitive on track.

During 2008 and 2009 a total of USD 35 million of this facility was repaid from self generated cash-flow. The outstanding balance of USD 15 million was repaid during 2010.

In order to meet its commitments the Group expects to use cash flow from operations and its existing facilities.

See the Section entitled "Reorganisation, Acquisitions and Financings — Financings" for a more detailed description of the currently outstanding loans and bank overdraft facilities

#### **Taxation**

There have been no tax charges during the period 2007 to 2010. This reflects the prevailing UK corporation tax regime which provides for 125% tax credits in respect of qualifying expenditure on research and development. Williams has cumulative trading losses of approximately GBP 83.5 million as at 31 December 2009, primarily resulting from the prevailing UK tax credit legislation. These trading losses will be carried forward to offset against future trading profits of Williams.

For additional information on deferred taxation within the Group, see note 7 – "Taxation on Ordinary Activities" to the 2009 financial statements of Williams.

#### **Commitments and Contingencies**

Note 15 – "Commitments under hire purchase agreements" to the 2009 financial statements of Williams shows a table of Williams future minimum operating lease commitments at 31 December 2009.

The majority of operating leases are in respect of specialist IT hardware and have durations of between 18 months and three years, depending on the nature of the equipment. This financing mechanism is used to assist in the continuous investment in new technology to support development activity.

As at 31 October 2010, Williams had no unprovided contingent liabilities.

### **Off Balance Sheet Arrangements**

Williams has no special purpose financing vehicles or similar financing arrangements.

### **Non Operational Assets**

Williams has 117 historic racing cars which are not included in the reported balance sheet. These cars are not held for resale and do not meet the definition of heritage assets and so are not treated as assets under UK GAAP.

Williams operates from a 33 hectare site, of which 13.05 hectares is used for business operations. The land and buildings are included in Tangible fixed assets (on a historic cost basis) at GBP 21.0 million at 31 December 2009 and 31 October 2010.

### **Functional Currency**

Williams' functional currency is GBP. The majority of Williams' revenue is denominated in currencies other than GBP, principally USD and, to a lesser extent, EUR and Qatari riyals. Williams has maintained borrowings in USD to provide a partial natural hedge. In addition, Williams makes sufficient purchases of parts in EUR and Qatari riyals to provide a natural hedge against its exposure in Euros and Qatari riyals.

Exchange rate movements can affect comparability of its operational results between years. The Group uses derivative financial instruments (mainly foreign exchange forward contracts) to hedge these exposures and seeks to limit its downside exchange rate risk and does not use derivative financial instruments for speculative purposes.

### **Change of Financial Year in 2009**

The Group amended its accounting reference date from 30 November to 31 December during 2009 so the financial statements for 2009 comprise the 13 month period from 1 December 2008 to 31 December 2009. As such, the 2009 results show an increase in costs for the extended period, including payroll costs, additional purchases of parts and raw materials, etc. However, the Group's revenue for the period did not show a similar increase as a result of the extended period as sponsorship income occurs on an annual rather than time-apportioned basis. (see also the Section entitled: "Sources of Income"). However, on a like for like basis with respect to the 12 month period of the financial year the Group believes that the profit attributable to equity holders and profit before taxation would have been approximately GBP 8.9 million, compared to the audited Profit attributable to Equity Holders and Profit before Taxation of GBP 4.6 million for the 13 month period ended 31 December 2009.

This approximated income statement information for the adjusted 12 month period of the financial period ended 31 December 2009 has not been prepared in accordance with UK GAAP and investors should not rely on it as a substitute for the relevant audited UK GAAP financial results. Further, this approximated income statement information has not been audited or verified by the independent auditor of Williams.

### **International Financial Reporting Standards**

Williams' financial information is presented in UK GAAP. The principal differences between UK GAAP and International Accounting Standards (IAS) are:

### IAS16 – Property, Plant and Equipment

Williams holds approximately GBP 2.4 million (at historic purchase cost) of assets that are fully depreciated under UK GAAP but remain in use. Under IAS16 these would be restated to a residual value that reflects their ongoing value in use.

Williams owns the freehold to its operational land and buildings. Under UK GAAP nil depreciation is provided and freehold property is shown at cost, on the basis that the residual value of the freehold property would render any annual and accumulated charge immaterial. Under IAS16 the element of the freehold property relating specifically to buildings would attract depreciation.

### IAS39 – Financial Instruments

Williams seeks to match its foreign currency assets and expenditure to income and appropriate levels of borrowings. In addition, Williams enters into a number of derivative contracts to achieve an economic hedge against its foreign currency risk.

Williams also considers the risk of interest rate fluctuations in respect of fixed term loans attracting a floating rate of interest. Williams entered into an interest rate swap in June 2007, which expires in April 2011, to provide a maximum rate of interest on the term loan facilities detailed above.

Under UK GAAP the net value of these derivative contracts are disclosed in the notes to the financial statements but are not reflected in the Income Statement or Balance Sheet for the relevant period. Under IAS39 these transactions are recognised in the financial statements at their fair market value.

### IAS18 – Revenue

Under UK GAAP, Williams adopts a revenue recognition policy where if sponsorship is paid by the provision of goods or services and the value may be readily ascertained then turnover and costs are recognised in the Income Statement. However, where a value may not be readily ascertained, neither turnover nor costs are recognised.

Under IAS18, Williams would be required to recognise turnover and costs relating to sponsorship paid by the provision of goods or services based on an assessment of the fair market value of the sponsorship supplied and the goods or services received. Recognition of turnover and costs do not impact EBITDA or profit attributable to equity holders.

### Comparative Financial Information

Based on a conversion date of 1 December 2006, the reconciliation of profit attributable to equity holders for the period ended 31 December 2009 and the years ended 30 November 2007 and 30 November 2008 are stated below. These amendments do not impact EBITDA. These figures are provided for information only and have not been audited or verified by the independent auditor of Williams.

<u>Profit Attributable to Equity Holders</u>	<u>2009 (13 months)</u>	<u>2008 (12 months)</u>	<u>2007 (12 months)</u>
Profit attributable to equity holders under			
UK GAAP	4.6	9.2	(21.4)
IAS16	(0.3)	(0.3)	(0.4)
IAS39	6.5	(5.8)	-
IAS18	-	-	-
<b>Profit attributable to equity holders under IFRS</b>	<b>10.7</b>	<b>3.1</b>	<b>(21.7)</b>

## INDUSTRY OVERVIEW AND TRENDS

### Formula One Industry

#### *Background To Formula One*

The first Grand Prix automobile race was held in 1906 and the modern era of Formula One began in 1950.

In the opinion of the Issuer, the uniqueness of modern Formula One derives from its dual Championships: the Drivers' Championship and the Constructors' Championship. The Drivers' Championship pits the world's fastest racing drivers against each other. Since Sir Frank Williams CBE began in Formula One, the sport has created legends such as Jackie Stewart, James Hunt, Niki Lauda, Ayrton Senna, Nigel Mansell, Alain Prost, Nelson Piquet, Damon Hill, Michael Schumacher, Mika Hakkinen, Jenson Button and Lewis Hamilton.

At the heart of Formula One is the Constructors' Championship. Each team must design and manufacture its own chassis (engines and gearbox and certain other, limited parts may be shared). The cars are constantly designed to improve aerodynamics, weight and other characteristics. This has engendered a technical competition which attracts arguably the best drivers and, in view of the Issuer, is also a fundamental part of the attraction of the sport to fans and sponsors.

The sport as it exists today is also unique in terms of its format:

- With up to 20 races each year (19 races in 2010 and 20 races are scheduled for 2011) between March and November at circuits in Europe, the Middle East, North and South America, Australia and the Far East, Formula One is one of the few annual global sports.
- Formula One's annual TV audience of 520 million viewers (in 2009) gives it the largest annual sporting audience (source: FOM's annual F1 global broadcast report).

In spite of the profile of the Formula One industry, the Issuer believes that its commercial development is as yet not mature and has significant further potential, due to the combination of the following:

- Geographical expansion: in addition to the planned introduction of an Indian Grand Prix in 2011 and the US Grand Prix in 2012, the Formula One Group of Companies is understood to be negotiating the introduction of a race in Russia from 2014.
- Drivers: in 2010, the sport had its first Russian driver and only its second Indian driver. In 2011 the sport will have its first Venezuelan and Mexican drivers for more than 25 years. It has been demonstrated in the past that a competitive driver can transform the audience from that driver's country.
- Audience demographics: the audience could be expanded through attracting more female and younger viewers.

The Formula One Group of Companies, the FIA and the Formula One Teams are actively exploring initiatives to develop the sport. The Issuer is of the opinion that the sport can grow over the coming decade.

#### *Commercial and Regulatory Structure*

The Issuer believes that the sport's present regulatory and commercial structure emerged during the 1980s and 1990s. Its architects were Mr Bernie Ecclestone, Chief Executive of Formula One Administration Limited ("**FOA**") and Formula One Management Limited ("**FOM**") , on the one hand, and Mr Max Mosley, then President of the *Fédération Internationale de l'Automobile* (the "**FIA**"), on the other hand.

The FIA is the governing body for world motor sport and the federation of the world's leading motoring organizations. Founded in 1904, with headquarters in Paris, the FIA is a non-profit making association. It brings together 227 national motoring and sporting organisations from 132 countries on five conti-

nents. As governing body for motor sport worldwide, it administers the rules and regulations for many international four-wheel motor sport series including the FIA Formula One World Championship, FIA World Rally Championship and FIA World Touring Car Championship. The President of the FIA is Mr Jean Todt.

Agreements have been entered into between the FIA and the Formula One Group of Companies the effect of which entitles FOWC to exercise the exclusive right to exploit the commercial rights in the Formula One Championship until 31 December 2110.

The Concorde Agreement governs, until 31 December 2012, the relationships between the FIA, the Formula One Group of Companies and the Formula One Teams, particularly in relation to the rights to, and division of, revenues arising from the Formula One Championship and the regulation of the sport. The agreement includes:

- financial arrangements including:
  - the exclusive right for the Formula One Group of Companies to hold and manage the commercial rights in the Formula One Championship;
  - compensation for the Formula One Teams (the Prize Fund), representing an amount of the EBITDA generated by the Formula One Group of Companies resulting from the sale and management of the commercial rights; and
  - the rules pursuant to which the Prize Fund is distributed between the Formula One Teams;
- regulatory and governance arrangements including:
  - the methods by which the Sporting and Technical Regulations can be changed; and
  - dispute resolution; and
- other areas including:
  - intellectual property rights; and
  - the prerequisites to become a competitor in the Formula One Championship.

Cash flows are generated from the sale and management by the Formula One Group of Companies of the commercial rights relating to the Formula One Championship to various third parties, such as, for example, television broadcasters.

The Formula One Group of Companies has entered into numerous television contracts with broadcasters for terms ranging from one to three years. Each television contract is for a specified language or languages and a specified territory or territories and a specified method of transmission. Under each television contract, the broadcaster pays an annual fee.

Under the terms of the Concorde Agreement, each Formula One Team may be entitled to receive a proportion of the Prize Fund, paid by the Formula One Group of Companies, the size of which is dependent upon such Formula One Team's recent finishing positions in the Constructors' Championship.

#### ***Formula One Teams Association***

The Concorde Agreement makes no provision for marketing or development of the sport. In part because of this, the Formula One Teams created the Formula One Teams Association ("**FOTA**") in 2008. FOTA's objects include the following:

- to promote the development of Formula One and enhance its worldwide image and reputation;
- to represent, defend and promote the interest of its members;
- to allow its members to debate, within the corporate bodies of FOTA, any issue regarding the Formula One industry and/or Formula One racing;
- to co-operate with the FIA, in particular by submitting proposals for amendments to current technical and sporting regulations or for new regulations; and

- to co-operate with FOA to, *inter alia*, promote a sustainable and profitable commercial structure based on a global presence, exciting racing and world-class events and to encourage the commercial development of Formula One.

It is the Issuer's opinion that FOTA has helped to unify the teams and allow them to co-operate more effectively with the FIA and the Formula One Group of Companies and to develop the sport further. In its two years of existence, FOTA has already overseen:

- the negotiation and conclusion of the Concorde Agreement in 2009;
- significant cost reduction initiatives on testing and engines;
- the introduction of the Resource Restriction Agreement; and
- various measures to improve the sporting spectacle.

### ***Resource Restriction Agreement***

The Resource Restriction Agreement, which applies to all Formula One Teams, sets out limits on various parameters that drive costs, including on:

- the number of personnel who can be involved in chassis design and production;
- the number of technical personnel attending each race;
- the permitted spend on certain car parts bought from outside companies and on capital expenditure related to car performance, design and manufacturing; and
- the level of aerodynamic activity (wind tunnel and computational fluid dynamics).

The auditors of each Formula One Team are required to audit that team's compliance with the Resource Restriction Agreement. The Resource Restriction Agreement covers costs incurred in Formula One operations whether in the Formula One Team itself or in its parent company or any affiliated entity.

The Resource Restriction Agreement was signed in 2009, sets out stepped reductions in costs over 2010 and 2011 and applies until the end of the 2012 season. The Formula One Teams are currently in discussion concerning the extension of the Resource Restriction Agreement until the end of the 2017 season. The Issuer estimates that the Resource Restriction Agreement will enable savings in production and development costs of GBP 4.0 million in 2011 compared to 2010 (representing an approximate 10% reduction of the equivalent cost base compared to 2010).

Williams' cost management efforts have been rewarded by Dun & Bradstreet GmbH in its April and November 2010 D&B F1 Indices on default risks, which rank Williams with the lowest default risk among the Formula One Teams.

### ***Participating Teams***

The 2010 grid was very different from that in 2009. Twelve teams contested the Championship including three new entries compared with ten in 2009. After a decade of growing dominance, car manufacturers are now in the minority of team owners after the withdrawal of Toyota, Honda, BMW and the sale by Renault of its shareholding in its eponymously named team to Genii Capital.

In the view of the Issuer it is likely that this change in the composition of the grid will encourage a culture of cost management and controlled expenditure as independents generally do not have the same level of financial support that has been available to the manufacturer teams in the past.

The grid for the 2011 season is as follows:

<i>Entries for the 2011 Season</i>	<i>Notes</i>
1. Red Bull Racing	
2. Vodafone McLaren Mercedes	
3. Scuderia Ferrari Marlboro	
4. Mercedes GP Petronas F1 Team	
5. Renault F1 Team	The team has announced that it will race as Lotus Renault GP
6. AT&T Williams	
7. Force India F1 Team	
8. Sauber F1 Team	
9. Scuderia Toro Rosso	
10. Team Lotus	Raced as Lotus Racing in 2010
11. HRT F1 Team	
12. Marussia Virgin Racing	Raced as Virgin Racing in 2010

### **New Business Markets**

The Group aims to develop its Non-Formula One business. The Group believes that its strong expertise in Formula One engineering and rapid application development will be the basis for this segment. Formula One has in the past been an important technology provider to non-Formula One activities (for example, anti-lock brake systems, active suspension control, ballistic protection, innovation management software and paddle-shift gearboxes). The Group currently concentrates on the hybrid and simulator markets.

#### ***Hybrid Market***

The Group became a participant in the hybrid technology industry at the time of its acquisition in 2008 of a 40% stake in Automotive Hybrid Power Limited, later renamed Williams Hybrid Power Limited (WHP).

At that time, Williams' main interest was in the possible application of the magnetic loaded composite (MLC) flywheel in KERS for use in Formula One. However, it was apparent to Williams that this cutting-edge technology had a broader potential application. The Group believes that an MLC flywheel is an efficient and durable energy storage device that is suited to high-power and high-cycle conditions such as regenerative braking in competition cars as much as hybrid vehicles, while in the Group's opinion adaptation of this technology also provides a far wider range of industrial and civil applications.

This has led to the planned development of two ranges of MLC flywheel based machines. The smaller device is aimed at mobile applications in the automotive and mass transit markets. The larger device is intended for use in track-side applications in the rail industry and to support renewable energy generation. Both ranges of device share common technology and in particular the patented MLC technology that gives very high electrical efficiencies.

#### ***Smaller MLC Flywheels***

The Group believes that this technology is potentially attractive to car manufacturers who are seeking new clean solutions to meet increasingly stringent vehicle emissions regulations. For example, the EU requires that from 2015 manufacturers' new vehicle fleet average emissions must be less than 130g/km – they are currently 159g/km (Source: [http:// ec.europa.eu /environment/ air/transport/ co2/co2\\_home.htm](http://ec.europa.eu/environment/air/transport/co2/co2_home.htm)).

In the Group's opinion, WHP's MLC flywheels offer hybrid passenger car manufacturers fuel efficiency improvements and emissions reductions through excellent support of regenerative braking and allowing engine downsizing without performance reduction. The Group believes that these characteristics make them particularly suited to the premium automotive sector.

The Group considers that MLC flywheels are also suitable as the energy store on hybrid buses, trams and light rail vehicles. These all cycle frequently and require relatively large amounts of power compared to the total energy stored. Current hybrid drives for such vehicles tend to use super-capacitors as

the energy store rather than chemical batteries, because of the former's relatively high energy density and efficiency. However, the Group believes that super-capacitors have disadvantages: they are larger, heavier and potentially more expensive than MLC flywheels; they will operate only over a limited temperature range and there is uncertainty about their life in service. In the Group's opinion, this may make MLC flywheels attractive to hybrid drive manufacturers as an alternative to super-capacitors.

#### *Larger MLC Flywheels*

Larger MLC flywheels are capable of storing more energy and handling greater power. The Group believes that the market for such technology will grow rapidly in several areas:

*Public service vehicles* — braking of vehicles approaching stops wastes energy which can be captured and stored in the flywheel and used for future acceleration events. In addition, where the costs of continuous electrification are high, such as where tram networks go across squares in historic cities and planners want to avoid unsightly overhead power lines, the Group believes that MLC flywheels can provide a temporary supply of energy for motive power cost-effectively. The Group believes that these solutions have wide applicability for buses, trams and light rail. Political as well as economic considerations are seen by the Group to be important in this market as governments and government agencies are keen to take the lead in the adoption of low-carbon solutions.

*Hybrid trains* — trains with an on-board capacity for energy storage may provide a cheaper and more viable solution for discontinuous rail electrification programmes. The Group believes that one of the major problems in moving existing rail networks away from dependency on diesel power is the cost of electrification of remote or physically challenging areas such as tunnels and cuttings.

Hybrid trains store sufficient energy on-board to self-propel through these sections of railway, thereby potentially reducing the costs of moving to electric power across an entire network.

In addition, the Group believes that existing or new electric networks may be able to use MLC flywheels as track-side energy storage devices to reduce the amount of electricity required to operate the network. The Group believes that this could provide benefit in reducing operating costs and that it also gives the opportunity to avoid large infrastructure costs where the local electricity grid is unable to support the peak demands of the network, as outlined below.

*EPS* — The Group believes that Electric Power Stabilisation using flywheels could allow fluctuations in electricity supply to grids and demand from grids to be smoothed out. This is understood by the Group to be a particular need in developing economies where increasing numbers of people and businesses are tied to electricity supply from unstable grids. For electricity customers beyond the reach of grids the Group believes that flywheels can also reduce fluctuations in the power generated from intermittent renewable generation sources such as wind turbines.

In these applications, the Group believes that MLC flywheels provide excellent technical solutions as they excel when short, frequent bursts of intense power are required and in this way have advantages over comparable chemical battery technology, namely MLC flywheels

- have smaller physical dimensions for the power they can accept or supply;
- have a reduced environmental impact as batteries contain various volatile and toxic compounds;
- are anticipated to require less maintenance by a factor of up to six times;
- have faster discharge and recharge times, making them more appropriate for applications needing repeat charge-discharge cycles such as a frequently stopping train; and
- have a longer projected life-span of 15 - 20 years which is in the order of four times the life of a comparable battery.

#### *Simulator Market*

The use of simulators is widespread in commercial and military aerospace and they are generally accepted as efficient and reliable training aids. The Group believes that with the right technology, this success can be replicated in other markets. Initial target markets for simulators developed by Williams include:

*Motorsport* — offering drivers from series other than Formula One the opportunity to train on a simulator and receive coaching from a race engineer with Formula One experience, and offering to sell hardware to driver academies and circuits to support corporate driving events.

*Road Car Training* — for members of the emergency services and for road safety training.

*Automotive Development* — several automotive manufacturers have expressed interest in having simulators as hardware-in-the-loop development aids that allow engineers to test new software algorithms without the expense and inconsistency of track testing.

*Entertainment* — simulators can be sold to premium conference venues, particularly those with an automotive or motorsports theme. In the future it may be possible to develop portable simulators that can be installed at major sporting events. A further development may be the adaptation of the underlying technology to the gaming market.

## BUSINESS DESCRIPTION

### Introduction

The Group's business is split in two business segments: the Formula One business segment (the "**Formula One Business Segment**") and the non-Formula One business segment (the "**Non-Formula One Business Segment**").

### History

Sir Frank Williams CBE first entered a car in the Formula One Championship in 1969. In 1977, he established Williams together with co-founder Mr Head. Since then, the Team has won nine Constructors' Championships and seven Drivers' Championships and become one of the three longest standing Formula One brands, alongside Ferrari and McLaren. The Team's partnerships with Cosworth and Honda in the 1980s, Renault in the 1990s and BMW in the 2000s have, in view of the Issuer, created some of the most iconic cars and racing moments in the sport's modern history.

Year	Engine	Driver 1 & 2	Extra Driver(s)	Constructors'
1978	Ford Cosworth	Jones, 11th -		9 <sup>th</sup>
1979	Ford Cosworth	Jones, 3 <sup>rd</sup> Regazzoni, 5 <sup>th</sup>	-	2 <sup>nd</sup>
1980	Ford Cosworth	Jones, 1 <sup>st</sup> Reutemann, 3 <sup>rd</sup>	-	1 <sup>st</sup>
1981	Ford Cosworth	Jones, 3 <sup>rd</sup> Reutemann, 2 <sup>nd</sup>	-	1 <sup>st</sup>
1982	Ford Cosworth	Rosberg, 1 <sup>st</sup> Daly, 13 <sup>th</sup>	Reutemann, 15 <sup>th</sup>	4 <sup>th</sup>
1983	Ford Cosworth/ Honda	Rosberg, 5 <sup>th</sup> Laffite, 11 <sup>th</sup>	-	4 <sup>th</sup>
1984	Honda	Rosberg, 8 <sup>th</sup> Laffite, 14 <sup>th</sup>	-	6 <sup>th</sup>
1985	Honda	Rosberg, 3 <sup>rd</sup> Mansell, 6 <sup>th</sup>	-	3 <sup>rd</sup>
1986	Honda	Mansell, 2 <sup>nd</sup> Piquet, 3 <sup>rd</sup>	-	1 <sup>st</sup>
1987	Honda	Mansell, 2 <sup>nd</sup> Piquet, 1 <sup>st</sup>	-	1 <sup>st</sup>
1988	Judd	Mansell, 9 <sup>th</sup> Patrese, 11 <sup>th</sup>	Brundle, NC* Schlesser, NC*	7 <sup>th</sup>
1989	Renault	Boutsen, 5 <sup>th</sup> Patrese, 3 <sup>rd</sup>	-	2 <sup>nd</sup>
1990	Renault	Boutsen, 6 <sup>th</sup> Patrese, 7 <sup>th</sup>	-	4 <sup>th</sup>
1991	Renault	Mansell, 2 <sup>nd</sup> Patrese, 3 <sup>rd</sup>	-	2 <sup>nd</sup>
1992	Renault	Mansell, 1 <sup>st</sup> Patrese, 2 <sup>nd</sup>	-	1 <sup>st</sup>
1993	Renault	Prost, 1 <sup>st</sup> Hill, 3 <sup>rd</sup>	-	1 <sup>st</sup>
1994	Renault	Senna, NC* Hill, 2 <sup>nd</sup>	Mansell, 9 <sup>th</sup> Coulthard, 8 <sup>th</sup>	1 <sup>st</sup>
1995	Renault	Hill, 2 <sup>nd</sup> Coulthard, 3 <sup>rd</sup>	-	2 <sup>nd</sup>

\* Not classified.

<b>Year</b>	<b>Engine</b>	<b>Driver 1 &amp; 2</b>	<b>Extra Driver(s)</b>	<b>Constructors'</b>
1996	Renault	Hill, 1 <sup>st</sup> Villeneuve, 2 <sup>nd</sup>	-	1 <sup>st</sup>
1997	Renault	Villeneuve, 1 <sup>st</sup> Frentzen, 2 <sup>nd</sup>	-	1 <sup>st</sup>
1998	Mecachrome	Villeneuve, 5 <sup>th</sup> Frentzen, 7 <sup>th</sup>	-	3 <sup>rd</sup>
1999	Supertec	Zanardi, NC* R. Schumacher, 6 <sup>th</sup>	-	5 <sup>th</sup>
2000	BMW	R. Schumacher, 5 <sup>th</sup> Button, 8 <sup>th</sup>	-	3 <sup>rd</sup>
2001	BMW	R. Schumacher, 4 <sup>th</sup> Montoya, 6 <sup>th</sup>	-	3 <sup>rd</sup>
2002	BMW	R. Schumacher, 4 <sup>th</sup> Montoya, 3 <sup>rd</sup>	-	2 <sup>nd</sup>
2003	BMW	Montoya, 3 <sup>rd</sup> R. Schumacher, 5 <sup>th</sup>	Gene, 17 <sup>th</sup>	2 <sup>nd</sup>
2004	BMW	Montoya, 5 <sup>th</sup> R. Schumacher, 9 <sup>th</sup>	Pizzonia, 15 <sup>th</sup> Gene, NC*	4 <sup>th</sup>
2005	BMW	Webber, 10 <sup>th</sup> Heidfeld, 11 <sup>th</sup>	Pizzonia, 22 <sup>nd</sup>	5 <sup>th</sup>
2006	Cosworth	Webber, 14 <sup>th</sup> N. Rosberg, 17 <sup>th</sup>	-	8 <sup>th</sup>
2007	Toyota	N. Rosberg, 9 <sup>th</sup> Wurz, 11 <sup>th</sup>	Nakajima, NC*	4 <sup>th</sup>
2008	Toyota	N. Rosberg, 13 <sup>th</sup> Nakajima, 15 <sup>th</sup>	-	8 <sup>th</sup>
2009	Toyota	N. Rosberg, 7 <sup>th</sup> Nakajima, NC*	-	7 <sup>th</sup>
2010	Cosworth	Barrichello, 10 <sup>th</sup> Hülkenberg, 14 <sup>th</sup>	.	6 <sup>th</sup>

\* Not classified.

### **The Formula One Business Segment**

In the Issuer's opinion, Formula One is one of the most complex sports. The entire team needs to deliver the highest performance both on and off the track. Williams believes that the key functions of its Formula One business are the racing team, car design and manufacturing and marketing.

#### ***The Racing Team***

Key elements of a racing team are the drivers and the technical and supporting staff.

#### ***The Drivers***

The success of a Formula One Team depends to a certain extent on the quality of its drivers. Drivers not only enable the Team to achieve performance in the Formula One Championship (thus driving the amount of commercial rights income revenues) but also to attract sponsors (thus driving the amount of sponsorship revenues), as the exposure of the drivers forms part of the overall exposure of the Team.

Drivers' salaries also make up a material portion of the overall operating costs of Williams (and as a result, of the Group). Therefore, a key challenge for the Team is to attract and hire the best available drivers at affordable rates.

The Group believes that it has met this challenge for the 2011 Championship. The Team drivers for the 2011 Championship are:

– *Rubens Barrichello* – Mr Barrichello was born on 23 May 1972 in Sao Paulo, Brazil. He began his racing career at a young age in karting and after achieving success, progressed to racing cars in the Brazilian Formula Ford Championship in 1989, finishing fourth. His first championship victory came

in the GM Opel Euroseries in 1990 followed by the British Formula Three title in 1991. In 1992 he finished third in the FIA F3000 Championship and progressed to Formula One with the Jordan team in 1993.

After four seasons with Jordan he moved to the newly established Stewart team and three seasons later joined Ferrari. Mr Barrichello helped Ferrari to win four Constructors' Championships and achieved two second, one third and two fourth places in the Drivers' Championship during his six years with the team before joining Honda in 2006. When the Honda team became Brawn GP in 2009, Mr Barrichello finished third in the championship and helped the team to the constructors' title.

Mr Barrichello joined the Team for the 2010 season. After the end of that season, he had competed in 306 Grands Prix during his Formula One career, more than any other driver in Formula One history. He has 11 race wins and a total of 654 Championship points to his name.

– *Pastor Maldonado* – Mr Maldonado was born on 9 March 1985 in Ciudad Jardin, Venezuela. He began his racing career at the age of seven in karts. Mr Maldonado won seven national karting titles, before moving into Formula racing in 2003. He won three series championships and 30 races in total, and in winning the 2010 GP2 Championship became the only driver to have ever won six successive feature races in a single season in GP2. Mr Maldonado has already performed nearly 2000 kilometres of Formula One testing. Mr Maldonado joined the Team for the 2011 season.

#### *The Technical and Sporting Staff*

The Group believes that the main determinant of the sporting success of a Formula One Team is its ability to develop the best performing racing cars and to extract the maximum performance from the racing cars and drivers at Grands Prix. The Technical Director is responsible for these areas of performance and is advised by the Director of Engineering.

The Team develops a new racing car for each season of competition and these cars are then updated throughout the season. The Technical Director, Head of Aerodynamics and Chief Designer work together to define the overall architecture of the car for each season. The Chief Designer then determines the detailed design of the mechanical and electronic aspects of the car, which tend to change significantly year-on-year partly as a result of technical changes introduced by the FIA. The Head of Aerodynamics determines the aerodynamic surfaces, which are new for the launch configuration and then updated frequently; in 2010, the Team made 172 aerodynamic changes to its racing cars.

During each Grand Prix weekend there are three practice sessions during which the Team tests new parts and sets up the car for the circuit and the expected race conditions. The Technical Director leads the track-based engineers, drawing on his own experience as a race engineer. The current race engineers are:

- Tom McCullough – race engineer to Mr Barrichello. Mr McCullough joined Williams in 2002 as a data engineer on the race team. He then engineered the test car for several seasons and, in 2010, was promoted to race engineer for Nico Hülkenberg, transferring in 2011 to race engineer to Mr Barrichello.
- Xevi Pujolar – race engineer to Mr Maldonado. Mr Pujolar also joined Williams in 2002 as a data engineer. He was then promoted to the position of race engineer and engineered Ralf Schumacher, Mark Webber, Alexander Wurz and Kazuki Nakajima. He left the Team at the end of 2009 and returned in January 2011 to race engineer Mr Maldonado.

#### *Formula One Car Design and Manufacturing*

The Chief Executive Officer is responsible for the improvement and efficient operation of Williams' research and development facilities and manufacturing capacity.

#### *Research and Development*

The car design and manufacturing is a continuous research and development activity. Accordingly, a significant portion of Williams' budget during the period ended 31 October 2010 has been allocated to research and development activities in the following areas in particular:

- aerodynamic research using two wholly owned 60% scale wind tunnels;
- computational fluid dynamics to conceptualise aerodynamic development;
- rapid prototyping of 60% scale components for testing;
- prototype manufacture of composite and metallic components;
- rig and dyno testing of in-house developed systems (including transmissions); and
- ongoing development of the driver-in-the-loop simulator.

### *Capabilities*

The Group believes that, Williams has all of the staff and facilities required to develop, design and manufacture racing cars at its site at Grove, UK, see the Section entitled "Business Description — Competitive Strengths". The workforce is highly skilled and specialised and Williams operates successful apprenticeship and internship schemes to identify and train the next generation of talent. In addition, many staff undergo continuous professional development. As a result of this, most supervisors and managers have been promoted into their current roles after a period of appropriate training. The Group currently employs approximately 470 to 480 personnel, of which approximately 200 are technical staff.

Williams does not design or manufacture its own engines. Williams' current engine supplier is Cosworth. This was a new engine partnership for the 2010 season. In addition to Williams, Cosworth supplied three other Formula One Teams with engines in the 2010 season. There are three other engine manufacturers that supply Formula One Teams – Mercedes, Ferrari and Renault.

Tyres are currently supplied to each Formula One Team by Pirelli, the sole supplier beginning with the 2011 Formula One Championship.

### *Marketing*

Like most Formula One Teams, Williams derives a substantial part of its revenues from sponsorship arrangements. Due to the substantial development and operating costs associated with running a Formula One Team, attracting and retaining sponsors is critical to achieve sporting performances. In turn, Williams believes that such performance is key in attracting sponsors.

However, Williams believes that attractiveness to sponsors also depends on the ability of the marketing department to effectively develop and market the Formula One Team's reputation, brand name and history in Formula One. As a result, an effective marketing department is of critical importance to the success of a Formula One Team.

Williams employs some fifteen people in the field of marketing and business development, responsible for: acquiring new partners; merchandising and licensing; the servicing of partners, including hospitality; corporate social responsibility initiatives; and media and communications. The heads of marketing, account servicing and communications are respectively Mr Reilly, Mr Matthew Jones and Ms Claire Williams. Sir Frank Williams CBE and Mr Parr also play a significant and active part in developing new partnerships and looking after existing partners.

### *Sources Of Income*

The Group currently derives its revenues almost exclusively from the Formula One Business Segment. This revenue is primarily generated from (i) sponsorship revenues and (ii) the Team's share of the commercial rights income under the Concorde Agreement.

The main sources of income for the Group, sponsorship revenues and commercial rights income under the Concorde Agreement, allow the Group a comparatively high level of planning stability.

Sponsorship agreements may be one year in duration although agreements can last up to five years. The agreements may contain an option for the sponsor to extend such term. Since marketing budgets of large corporations are usually set in autumn and winter, new or renewed sponsorship agreements are most regularly signed in the last quarter of a year. Generally each sponsorship agreement contains a

payment schedule for every year the sponsorship agreement lasts. So, the Group is usually in a position to assess its likely revenues from sponsorship agreements at the beginning of its financial year.

Revenues from commercial rights income under the Concorde Agreement are calculated based on the Prize Fund and on the recent finishing positions of the Team in the Constructors' Championship. The Group is advised prior to the beginning of its financial year its share of the estimated Prize Fund. Payments from the commercial rights under the Concorde Agreement are received in tranches throughout the financial year.

### *Sponsorship*

Income from sponsorship agreements makes up a significant portion of the total revenues of Williams (and as a result, of those of the Group).

As a result of the Team's successes over the years, its exposure among the leading historical Formula One Teams and the wide global audience of the Formula One Championship, sponsors are interested in maximising their association with the Team. Williams' marketing department works closely with its sponsors to customize integrated corporate sponsorship packages.

These packages may include (i) the use of the Williams logos, trademarks and brand names by sponsors and (ii) the display of the sponsors' names and/or corporate logos on the racing cars and Team uniform during Grands Prix, on the Team letterhead and on Williams' website.

Williams currently has sponsor partnership contracts with a number of large companies such as AT&T, PDVSA, Randstad, Thomson Reuters, Pirelli, McGregor, Ridge, GAC, MAN, PPG, Rays and Sparco. AT&T has naming rights for the Team (which is known as AT&T Williams). Most sponsorship agreements have no direct link to the performance of the Team in the Formula One Championship.

See the Sections entitled "Risk Factors — II. Risks Relating To The Formula One Industry — Formula One May Be Adversely Affected By A Deterioration In General Economic Conditions", "— III. Risks Relating To The Businesses of The Group — Sponsorship Revenues May Decrease and Sponsorship Agreements May Be Terminated or May Not Be Renewed."

### *Commercial Rights Income*

As described in the Section entitled "Industry Overview and Trends — Formula One Industry — Commercial and Regulatory Structure", the management and sale of the commercial rights relating to Formula One is controlled by the Formula One Group of Companies.

The Team's share of the Prize Fund paid by the Formula One Group of Companies under the Concorde Agreement (itself deriving from the centralised sale and management of the commercial rights by the Formula One Group of Companies) makes up a significant portion of the total revenues of Williams (and as a result, those of the Group). The share of the commercial rights income that may be allocated to Williams under the Concorde Agreement depends on the Team's recent finishing positions in the Constructors' Championships and on the historical significance of the Williams name in Formula One.

See the Sections entitled "Risk Factors — II. Risks Relating To The Formula One Industry — Concorde Agreement", "— Risks Related To Media Regulation", "— Risks Related To The Failure To Obtain An Entry For The Formula One Championship", "— III. Risks Relating To The Businesses Of The Group — Commercial Rights Income Depends On Sporting Performances and Other Factors" and "Industry Overview and Trends — Formula One Industry — Commercial and Regulatory Structure."

### *Sale Of Merchandise/Licensing Arrangements*

Williams generates additional revenues from the sale of merchandise and from licensing arrangements in which the Williams name and logos are licensed to third parties in return for royalty payments.

## **The Non-Formula One Business Segment**

### ***Rapid Development and Application Of Technology***

In the 1990s, Williams for a period operated a successful special projects business and produced winning cars for Renault in the British Touring Car Championship and for BMW in Le Mans.

From 2000 to 2006, Williams was entirely focused on Formula One. Since then, however, Williams has begun to develop new business areas, applying its core technologies and rapid development skills to external engineering projects. In 2007, Williams licensed its seamless shift technology to the Toyota Formula One Team, and in 2008 and 2009, Williams designed and helped manufacture the new Formula Two Championship car. In addition, Williams has agreed to supply transmission systems to the HRT F1 Team for the 2011 and 2012 seasons.

The Group is now starting to market actively its capabilities in a number of areas. Initial research by the Group has identified the following opportunities:

- rapid design and provision of prototypes for electronic assemblies and complex machined parts;
- provision of standard parts for motorsports, such as the FIA standard engine control unit for Formula One or parts for German Touring Car Championship racing;
- aerodynamic design and provision of parts for motorsports, building on the success of the Formula 2 series; and
- provision of experimental aerodynamic test facilities (wind tunnel) and model component manufacturing services.

The Group believes that main target market for these services is motorsport and other sports, such as P1 powerboat racing.

For these activities, the Group will draw on its existing capabilities and asset base.

### ***Williams Hybrid Power***

The Group's largest new business initiative is WHP. In 2008, Williams acquired 40% of Automotive Hybrid Power Limited, an English company that was set up to develop magnetically-loaded composite flywheels for use as an energy storage device in Formula 1 KERS. The company was renamed Williams Hybrid Power Limited (WHP) and relocated to Williams' facility in Oxfordshire. In April 2010, Williams acquired additional shares representing 38% of WHP's issued share capital, increasing its interest to 78%. Williams has an option to buy the remaining shares in WHP. See the Sections entitled "Reorganisation, Acquisitions and Financings" for a discussion of such acquisition.

WHP's flywheel solutions incorporate its novel, patented MLC technology. The magnets in an MLC flywheel are comprised of tiny particles embedded in the composite matrix. With no other metal in the flywheel rotor, eddy current losses and heating are almost zero. In the Group's opinion, this ultra-high efficiency means thermal management of the system is greatly simplified and the MLC flywheel can be continuously deep-cycled with negligible detriment to performance or reduction in life. The Group believes that this patented technology gives WHP's system a considerable advantage. WHP's technology has a projected life of over 10 million charge/discharge cycles – far greater than that of batteries – and it is manufactured from non-toxic, recyclable materials minimizing its environmental impact. The Group believes that these characteristics make WHP's MLC flywheel technology an economically viable alternative to chemical batteries for the requirements of many hybrid electric vehicles.

Eighteen months after its inception, WHP announced its first project as part of the KinerStor consortium of industrial partners including Ricardo, Crompton Technology Group Ltd, JCB Power Systems Ltd, Jaguar Land Rover, SKF and Torotrak with UK Government funding. The project aims to demonstrate the potential of flywheel-based hybrid systems with the ability to deliver 30 per cent fuel savings (and equivalent reductions in CO2 emissions) at a cost of less than GBP 1,000, thus enabling the mass-market uptake of hybrid vehicles in price sensitive vehicle applications.

In addition to the work underway in the KinerStor project, Porsche entered into a development and supply agreement with WHP for integrating the flywheel technology in a 911 GT3 R Hybrid as a leading element of the Porsche Intelligent Performance programme. Porsche 911 GT3 R Hybrid race cars participated in long-distance races in 2010, demonstrating the durability and advantages of WHP's MLC flywheel technology. One Porsche 911 GT3 R Hybrid led the classic endurance 24-hour race at the Nürburgring in 2010 for eight hours before a technical failure – not related to the hybrid system – forced the car to retire only one hour and 15 minutes away from the end of the race.

In January 2011, Porsche announced that they will elevate the flywheel hybrid concept to an experimental level and will install it in the Porsche 918 RSR.

WHP has supplied an MLC flywheel assembly to a European automotive manufacturer, which will shortly install it in a premium road car for trials. In addition, WHP is conducting feasibility studies for four other customers to establish the gains that can be made by using MLC flywheels in commercial vehicles, in motorsport and in the generation of electrical power in remote locations.

WHP has plans in place to create a manufacturing facility that will be capable of building up to 1,000 MLC flywheel assemblies per annum. This is planned to be operational in mid 2011 and investment costs are expected to be approximately GBP 0.9 million.

### ***Williams Technology Centre In Qatar***

The Group's views of the application and potential of the MLC flywheel technology beyond the hybrid car market led to Williams' investment in a new technology centre based at the QSTP in Doha. The WTCQ is a branch of Williams and is jointly funded by Williams and QSTP. The WTCQ is in charge of the development of two key projects: (i) the Large MLC Flywheels and (ii) Vehicle Simulation.

#### *Project 1 — Larger MLC Flywheel*

The WTCQ is charged with developing a larger version of the MLC flywheel which is capable of storing more energy and handling greater power. The market for such technology is expected to grow rapidly in several areas.

For a discussion of the potential market for such application, see the Section entitled "Industry Overview and Trends — New Business Markets — Hybrid Market."

The larger MLC flywheel development will draw heavily on the technology in the existing flywheel unit developed by WHP. The Group believes that the main areas that will require significant additional development are:

*Bearings:* the loads in the bearings will be significantly higher than those in the current unit and so the project will need to adapt bearings technologies that have not yet been used in WHP. These will be based on technologies that exist in the market already. Relevant expertise will be recruited to the development team.

*Power electronics:* the power electronics will need to cope with substantially higher power levels than those for the current flywheel. Existing staff have experience of working at these higher levels in previous employment.

*Manufacturing technique:* much of the value in the product is in the manufacturing know-how. A current minority shareholder of WHP has significant experience of manufacturing large machines that use the same manufacturing techniques.

The Group believes that there is a significant market for flywheel technology in the Gulf region as part of spending on transport and other infrastructure. The Gulf Cooperation Council countries have presently planned or have underway some USD 94.5 billion for metro and rail projects (source: MEED Issue No 25 18-24 June 2010). Further, significant infrastructure projects are anticipated in Qatar resulting from Qatar's successful bid for the 2022 FIFA World Cup which may open up the opportunity for WHP to supply MLC flywheel technology in such projects.

The Group believes that WTCQ is well positioned geographically, technically and politically to take advantage of this opportunity.

### *Project 2 — Vehicle Simulation*

Since 2001, Williams has developed what it considers to be state-of-the-art simulation technologies in order to create virtual and predictive engineering tools to improve its real world racing performance. At its headquarters outside Oxford, United Kingdom, Williams has a comprehensive driver-in-the-loop ("DIL") simulation facility. The simulator contains a proprietary physics engine that underpins the simulation and Williams has integrated hardware that delivers an immersive experience for the team's race drivers.

The Group believes, however, that simulation tools are only as useful as the quality of the data that underpins the virtual environment. As a consequence, the Group has also invested significant effort in the processes of data capture and modelling to ensure the simulated experience is as lifelike and compelling as possible.

After nine years of experience in this field, the Group's own simulation facilities now offer the following:

- highly accurate race circuit models built on high fidelity point cloud data;
- extended focal length in the simulation environment from custom screen technology giving accurate visual representation;
- full immersive sensory environment including audio; and
- full DIL control room facility for analysis and driver engineering instruction.

With these capabilities, the race programme enjoys several key benefits. The primary advantage of the simulator is its cost-effectiveness compared to running a race car on a race track. It also allows drivers the benefit of repeatability, in other words to allow a driver to practice a corner repetitively to achieve best results. Performance boundaries can be pushed and exceeded with no safety consequences. Finally, simulation exercises can be run at will while the physical alternative may not be continuously available – for instance the Monaco GP street circuit for testing.

The Group intends to utilise its existing knowledge and experience, in the simulation technologies, to develop a vehicle simulator project at the QSTP to capitalise on the benefits that simulation offers in order to provide solutions for road and competition application.

In a road vehicle context, the Group believes that simulation can be a useful tool to undertake driver training at zero risk with detailed and real-time performance analysis for tutoring purposes. Tutoring in a simulated environment also means a consistent setting for all students, allowing easier and more accurate skills assessment. With full scalability, the simulator can generate appropriate environments for novice drivers through to challenging driving contexts for experienced police pursuit drivers. This flexibility allows the technology to be used by emergency services, transport companies and for public driver schooling.

In the competition context, the Group believes that simulators provide a useful alternative to track testing which may cost up to USD 40,000 per day. With cost and regulatory limitation on access to physical testing, virtual alternatives provide a highly attractive solution to many different racing categories and teams around the world.

## **Business Strategy**

### *Formula One*

*Being a leading team in the Formula One Championship.*

The Group believes that the strength of the Williams brand ultimately rests on its performance as a Formula One racing team. The Team has only finished below the top five in the Constructors' Championship in 7 out of the 33 Championships entered. In all but two years, this occurred in the year of a new engine partnership.

The primary goal, therefore, remains to be a highly competitive team.

The Group believes that competitiveness is achieved through having the necessary expertise, assets and resources and then applying them in a disciplined, consistent and efficient manner. Attracting capable drivers is a significant factor and depends to a large extent on the driver's view as to which teams will offer him a strong car and therefore opportunity to race competitively. Unlike sports like football, where a team needs a large squad of players, each team requires only two race drivers so the Group believes that there are generally good opportunities to attract capable drivers for reasonable fees.

*Maintaining a portfolio of world-class, well-known partners.*

The Group believes that there are many factors that influence the decision to sponsor a Formula One Team. Most are a function of the sponsor's business, some are within the control of the Team.

The Team's philosophy is to offer its partners not only the Team's heritage and the best on-track performance that it can deliver, but also the best all-round experience of working with a Formula One Team.

This approach has served the Team well over many years and has enabled it to retain and grow partnerships even at times when on-track performance has been relatively weak.

For many of its partners, the Group believes that its corporate social responsibility programme is also very important as it aligns their engagement in Formula One with their own values and commitments in sustainability.

*Working with FOTA, the FIA and the Formula One Group of Companies to ensure the further growth of Formula One so as to increase its geographic presence, live and TV audiences, attractiveness to sponsors and consequently revenues.*

The Group is an active participant in initiatives to develop Formula One. There are several dimensions:

- **Geography.** The sport has recently added races in Singapore and Spain (2008), Abu Dhabi (2009) and Korea (2010). Races have also been announced for India (from 2011) and the United States (from 2012) and a race in Russia (from 2014) is under negotiation.
- **Audience.** The annual global audience in 2009 of 520 million unique viewers is expected to have grown in 2010 (source: FOM's annual F1 global broadcast report).
- **Sustainability.** Formula One is about technology and is very closely related to the technology of the automobile. The Issuer believes that climate change and energy-efficiency are therefore relevant issues for both sponsors and fans. The Issuer believes that Formula One needs to be at the forefront of the technical race to address climate change in a way that enhances rather than detracts from the racing spectacle. As KERS demonstrated, this is possible and the new engine formula for introduction in 2013 is designed to deliver a 35 % reduction in fuel consumption and will feature extensive energy management and energy recovery systems.

Addressing these factors, the Issuer is of the opinion that there is the opportunity for Formula One's revenues to increase in the coming five years.

*Working with FOTA, the FIA and the Formula One Group of Companies to ensure the continuous reduction of costs in Formula One and consequently the Group, thereby ensuring the continuous reduction of costs within Williams.*

The costs incurred in competing in Formula One are largely at the discretion of the teams. In the early 1990s teams had fewer people and lower budgets. Williams believes that the cars were, nonetheless, highly sophisticated and that the racing was as exciting as ever in its history.

From the 1990s costs rose each year at an unsustainable rate fuelled by the intense competition between companies with apparently unlimited resources and the high pressure and ambition to win. In 2008, the aggregate amount spent by all the Formula One Teams was reported to amount to EUR 2.9 billion (source: La Formule 1 veut ralentir ses Coûts, Les Echos, no 20131, 14 March 2008). The financial crisis of 2008 brought about a new approach and culminated in an agreement in June 2009 to

reduce costs. This agreement was put into effect by the Resource Restriction Agreement which was entered into at the same time as the 2009 Concorde Agreement and sets out binding limits on the teams. See the Section entitled "Industry Overview and Trends — Formula One Industry — Commercial and Regulatory Structure" and "— Formula One Teams Association and Resource Restriction Agreement."

The Issuer believes that the first stage in this strategy is to ensure the full and effective implementation of the Resource Restriction Agreement. This is done through FOTA's Executive Committee and its Financial Working Group. The next stage will be to ensure that the cost controls stay in place beyond 2012 and are, if possible, extended. See the Section entitled "Industry Overview and Trends – Formula One Industry – Resource Restriction Agreement”.

### ***Non-Formula One***

*Developing WHP and the WTCQ to maximise EBITDA from these businesses.*

Both of these businesses require investment during 2011 to bring products to the market. The expected total capital investment required during 2011 is GBP 3.1 million. Although both businesses are expected to be loss making during their start up and product development phase, they have also been structured so that they can generate some business in the short term in order to provide a level of self-funding for their initial growth whilst also being positioned for long-term profitability.

The WTCQ will quickly establish a simulator that the Group believes will be used to generate revenues and is well placed to sell or lease additional simulator hardware to customers. This business builds on the extensive technology and know-how of the Group in this area. The large MLC flywheel product will take longer to bring to market due to the extensive testing and certification required to assure its safe use. The possible market for this product is however considerably larger than for the simulator and so the Group believes long-term profits have the potential to be greater.

In a similar way, WHP has already secured some development contracts, including for example the Porsche 911 GT3 R and the KinerStor project. See the Section entitled "Business Description — The Non-Formula One Business Segment — Williams Hybrid Power." These are helping to fund current operations but more finance is now required to fund:

- increased business development activity, focusing on creating a market "pull" for the new technology on offer and also generating leads with potential new customers;
- more aggressive development of the product and variants of it to suit a wider range of applications in the mass transit and automotive markets;
- accelerated development of low cost manufacturing techniques; and
- development of the supply chain, which may involve investment in facilities to undertake certain production processes for which there is not a mature supply base in existence.

The business will focus its business development effort on a limited number of possible customer industries that have been selected according to their potential profitability, geographic location and longevity.

*Establishing a business capable of developing and applying new technologies for commercialisation.*

The core Formula One business has a demonstrable ability to develop solutions to technical problems in a very short space of time. The successful projects with Toyota F1 and Formula 2 have shown that this can be used to serve external customers as well as the in-house Formula One project.

As the first stage of establishing a regular commercial venture from this capability, a sales and marketing function is being put in place. This has started to market the capability to the broader motorsport industry and other technically-based sports such as power-boat racing. Certain aerospace and defence companies have also expressed an interest in benefiting from the reduced new product development times that they could obtain from a partnership with a Formula One Team.

As the size of the addressable market for this service grows, it will be necessary to employ additional staff. At this point, some experienced current Formula One staff will move into the commercial work-stream in order to ensure that the new staff learn the culture that delivers the rapid development.

The sales effort in this area is focusing on opportunities that the Group believes have the potential to deliver high margins and create intellectual property that can be further commercialised in the future.

*Assessing opportunities of alliances with car manufacturers in the future.*

While Williams wishes to remain an independent competitor in Formula One, its strategy is to seek one or more alliances with road car manufacturers. Such alliances could involve the development of high performance road cars incorporating Williams' technology and the involvement of the car manufacturer in Williams' Formula One Team.

### **Other**

*Establishing a strong corporate social responsibility programme and establishing the Williams F1 Team Foundation as one of the world's leading not-for-profit foundations for the promotion of road safety and education through motorsport.*

Corporate social responsibility is more important than ever to the Group and to the Group's current and prospective partners. Consequently, the Group has consolidated its broader contribution to society in three areas:

- energy efficiency and energy-efficient technology;
- education; and
- road safety.

### *Energy*

The Group's activities in energy revolve around the WHP and Qatar projects which are described in the Section entitled "Business Description — The Non-Formula One Business Segment".

### *Education*

The Group supports a range of education initiatives: vocational and academic and from primary to tertiary. This support has varied, from providing financial bursaries (for instance for PhD students at Cranfield University) to assisting with curricula development (Oxford Brookes University) as well as annual vocational placement schemes for secondary school pupils and an active apprenticeship scheme.

In 2009, Williams entered into a business collaboration with Cambridge University Press, a leading educational publishers. Combining attractiveness of Formula One to school children and educational software expertise of Cambridge University Press, the partnership created Race to Learn, a Formula One-themed interactive educational software product for use as a teaching tool aimed at 9 to 11 year olds.

Six months after its UK launch, Race to Learn won a major industry award, the British Education & Technology Training (BETT) Award for Primary Digital Content. It was commended by the BETT award judges as containing "superb activities that are highly engaging for children" and "with helpful teacher introduction and age-appropriate activities, Race to Learn is a well thought through support for cross-curricular learning."

### *Road safety*

The FIA Foundation is a driving force in pioneering the European New Car Assessment Programme (NCAP) vehicle safety standards and more recently promoting the Make Roads Safe campaign. Formula One is one of the best pre-emptive safety environments of its kind with much of this knowledge transferable into everyday motoring. There are over 1.3 million deaths on the world's roads every year. With increasing levels of car ownership in the developing world, this trend is likely to rise significantly in the absence of significant action.

The United Nations' first Global Ministerial Conference on Road Safety took place in Moscow in November 2009. The Group supported the publicity around this landmark event, both in Moscow itself as well as helping to drive overseas awareness through events, and TV and radio promotion. The Group is also progressing its own initiatives. The Group has focused on Angola, Qatar and the United Arab Emirates. The Williams F1 Team Foundation is working closely with Angola-based Fundo Lwini and the Angolan Police to launch a road safety awareness campaign aimed principally at young male drivers. Williams has also undertaken a road safety awareness campaign in Qatar in conjunction with Qatar National Bank and is currently working with Ridge to undertake a joint road safety and education programme in the United Arab Emirates.

### **Competitive Strengths**

This Section should be read together with the Section entitled "Risk Factors — III. Risks Relating To The Businesses Of The Group."

#### ***A well-known and admired sporting brand based on over 30 years of Formula One Racing***

A brand of Williams' quality cannot be created overnight and the Group therefore believes it is therefore a sustainable point of differentiation and competitive advantage.

#### ***First-class engineering and manufacturing facilities***

Williams believes it has an excellent facility comprising:

- two 60% scale wind tunnels with moving grounds;
- eight rapid prototyping machines;
- significant high performance computing infrastructure;
- 160 seats of CAD and associated advanced analysis tools;
- a prototype and test department with the capability to undertake a wide variety of physical tests;
- advanced driver-in-the-loop simulator;
- a complete machine shop suited to low volume, high variety manufacture; and
- a complete composites production facility including four 5-axis milling machines and three auto-claves.

#### ***Strong expertise in Formula One and related engineering activities***

Williams' expertise in Formula One has been developed over four decades. The Group believes that its key technical strengths include:

- experimental and computational development of low speed aerodynamics;
- use of composite structures for energy absorption in crash events;
- design of seamless shift transmission systems;
- design of electronic assemblies and embedded code for control systems;
- design of advanced suspension systems;
- in-depth vehicle dynamics analysis;
- systems integration of complex vehicle systems; and
- driver assessment and selection.

#### ***Expertise and a culture of rapid development and application of technology***

The 2010 car, the FW32, had a complete product life-cycle, from conceptual study to obsolescence, of just 20 months. During the 37-week long 2010 racing season, Williams brought 172 aerodynamic up-

grades to the track. This extraordinary pace of development is possible because of the culture of the Team, a culture that is now being applied to projects outside of Formula One. Of the current workforce technical staff makes up approximately 200 employees.

#### ***An experienced and stable management team***

The Issuer and Williams are led by a Board of Directors and a senior management team who have demonstrated their commitment to the Group over many years. One of the two founders of Williams, Sir Frank Williams CBE, remains a member of the Board of Directors and continues to contribute his experience in the industry by providing sporting, technical and marketing services to the Group. The other founder of Williams, Mr Head, who indicated his intention to retire in 2011, may agree to remain a director and/or advisor of the Group. Notwithstanding the contribution of the founders, Williams has been engaged in a smooth and progressive renewal process of its management team for a number of years. The current Chief Executive Officer, a graduate mechanical engineer with extensive experience in the engineering industry (aerospace, automotive and medical) joined Williams nine years ago. The Technical Director of the Team has been with Williams for more than ten years. In a more recent move to strengthen further the management team, Williams four years ago hired the current Chairman who has extensive experience outside Formula One.

#### ***Consistent cost-control***

Williams believes that flexibility and efficiency are key not only in Formula One racing but also in running a successful Formula One organization. Given its long history as an independent Formula One Team, Williams has extensive experience in and a strong culture of efficient resource allocation and cost control. Williams has reduced its costs steadily and without disruption to its competitiveness over a period of two years, demonstrating its operational flexibility. For example, at the end of the 2010 season Williams ceased using of one of its two wind tunnels and reviewed all areas of direct car build activity resulting in annual Production and Development savings of approximately GBP 4.0 million. In addition, Williams reduced its workforce in 2010 by approximately 40 employees. Combined with the cost restrictions on Formula One Teams recently imposed in the Resource Restriction Agreement (see the Section entitled "Industry Overview and Trends — Formula One Industry — Formula One Teams Association and Resource Restriction Agreement"), this flexibility and efficiency should put Williams in a position to improve its relative competitiveness to those of its competitors that have been operating with substantially higher budgets. However, the financial benefits of these cost control measures will only fully materialise in 2011.

#### ***Strong partnerships***

The Team's partners for 2011 include AT&T, PDVSA, Randstad and Thomson Reuters. Many of the Team's partnerships have lasted for a number of years, sometimes being renewed several times, and some (such as Thomson Reuters) have lasted over a decade. Williams has consistently attracted some of the world's leading companies.

See the Section entitled "Risk Factors — III. Risks Relating To The Businesses Of The Group — Sponsorship revenues may decrease and sponsorship agreements may be terminated or may not be renewed."

## Personnel, Property and Assets

### Personnel

Employee numbers (in full-time equivalent) by major activity and by geographical location are set out below.

<b>By activity</b>	<b>As at</b>	<b>Per the financial statements of Williams for</b>		
	<b>31 Oct. 2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
		<b>(in employee numbers)</b>		
Formula One.....	475	519	524	492
Non Formula One Business....	15	9	9	8
<b>Total.....</b>	<b>490</b>	<b>528</b>	<b>533</b>	<b>500</b>

<b>By territory</b>	<b>As at</b>	<b>Per the financial statements of Williams for</b>		
	<b>31 Oct. 2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>
		<b>(in employee numbers)</b>		
United Kingdom.....	483	527	533	500
Qatar.....	7	1	0	0
<b>Total.....</b>	<b>490</b>	<b>528</b>	<b>533</b>	<b>500</b>

In addition to the above, WHP had 11 employees at 31 October 2010, all of them located in the United Kingdom.

The number of employees as at 31 October 2010 has been extracted from management information and has not been reviewed or verified by the independent auditor.

The number of Formula One employees has been reduced by approximately 20 employees between 31 October 2010 and the date of this Prospectus. This headcount reduction has been effected in a way that, in the opinion of the Board, does not materially impact on the competitiveness of the Formula 1 business.

The Group strives to maintain a safe working environment for all of its employees, with safety in the workplace a key objective for all its employees, measured through individual accident reports, detailed follow up programmes and key performance indicator reporting. In 2010, the Group reported three accidents to the UK Health and Safety Executive (2009: two).

Williams has a staff forum, made up of employee representatives, which is used for communicating key company issues to staff and for any member of staff to raise concerns with management. The staff forum is chaired by the Chief Executive Officer of the Issuer and convened at least four times per year. The Group does not recognise any trade unions and has no history of trade union activity.

For additional information on staff costs and an employee breakdown, see note 4 – “Particulars of Employees” to the 2009 financial statements of Williams.

### Pension Plans

A significant number of the Group's employees are members of the defined contribution pension scheme operated by Williams. The costs of the pension plan are borne by the individual employees participating. The only costs borne by the Group are the employer's pension contributions made via the payroll.

The assets of the scheme are held separately from those of the Group in an independently administered fund. The pension costs charged to the financial statements represents contributions payable by the

Group to the fund. For additional information on the pension costs within the Group, see note 4 – “Particulars of Employees” and note 16 “Pensions” to the 2009 Financial statements of Williams.

### ***Property and Tangible Fixed Assets***

The Group believes that it operates one of the most vertically-integrated of Formula One Teams with first-class design and manufacturing facilities. The Team and WHP are both located on Williams’ freehold 33 hectare site in rural Oxfordshire, England. The facility comprises the following buildings:

<b>Building</b>	<b>Size (m<sup>2</sup>)</b>	<b>Functions</b>
Main Office Block	2,300	Design Office, general offices and meeting rooms, WHP and F1 simulator.
Main Factory	14,260	Metallic manufacturing, composite manufacturing rapid prototyping, testing, car assembly.
Aerodynamics	4,990	Wind tunnel 1, wind tunnel 2, aerodynamic design, computational fluid dynamics, model shop
Conference Centre	4,620	Grand Prix Collection, conference rooms and meeting spaces available for commercial use.

All real estate occupied by the Group in the United Kingdom and the majority of assets are owned by Williams. Outside the United Kingdom, and in connection with the opening of the WTCQ in Qatar, Williams has leased 585m<sup>2</sup> of space in QSTP Free Zone.

A small amount of the Group’s high specification IT hardware is leased (via operating lease) and updated on a regular basis to maintain technical capabilities.

Fixed charges on the freehold land and buildings and a fixed and floating charge are held over all the assets, present and future of Williams, the main trading and former parent company of the Group in favour of Barclays Bank plc. See the Section entitled "Reorganization, Acquisitions and Financings."

For additional information on Tangible Fixed Assets, see note 8 – “Tangible Fixed Assets” to the 2009 financial statements of Williams.

The Issuer is not aware of any material environmental issues relating to any of the properties the Group owns.

### **Intellectual Property**

This Section should be read together with the Section entitled "Risk Factors — III. Risks Relating To The Businesses Of The Group — Intellectual Property Risk."

### ***Technology***

Mastering technology is key to the success of a Formula One Team. Due to the fact that the Formula One industry does not necessarily result in widely distributed products where counterfeiting of technologies can be easily identified and because patenting a technology requires filing a detailed description of the patented intellectual property and technology, the Group generally protects its Formula One

intellectual property through confidentiality. See the Section entitled "Business Description — Competitive Strengths" for an overview of the technologies mastered by the Group.

The technologies developed and/or used by WHP are likely to result in widely distributed products where counterfeiting of technologies would be easily identified. As a consequence, because the risk of unidentified use of WHP's proprietary technologies is lessened and because in case of identified counterfeiting, it would be critical for WHP to assert its exclusivity and priority rights, WHP intends to make greater use of patents to protect its technologies.

Wherever appropriate and legally possible, the Group aims to obtain patent protection for WHP's inventions and technology originating from its research and development efforts, as well as manufacturing and other processes.

At the date of this Prospectus, seven patents relating to the rotor in the MLC flywheel have been assigned to WHP although these have yet to be registered in WHP's name. WHP has also applied for four further patents, one of which has now been registered.

### ***Trade marks***

The main trade mark of the Group is the Williams name which has been registered throughout the years as a word only mark for goods in classes 16 (printed matter), 25 (clothing, footwear and headgear) and 28 (toys and games).

### ***Information Technologies***

The Group has obtained licences of software and certain intellectual property rights to allow them to conduct their operations and their IT and data systems. In general, the Group follows a best-of-breed strategy for the selection of information technologies. The critical applications are those related to car development and include:

- wind tunnel operating system and data acquisition;
- computational fluid dynamics; and
- computer aided design, computer aided engineering and product lifecycle management.

### ***Insurances***

The Group's main insurance policies are as follows:

- Insurance policies covering comprehensive site and business interruption risks, public liability, employers' liability, directors and officers' liability, transported merchandise and automotive fleet risks.
- Insurance policies covering the Group in the event that certain individuals (including race drivers) die or are temporarily or permanently disabled, regardless of the cause. Williams also maintains group accident policies for all staff travelling on company business, including to Grands Prix and testing.
- All current insurance policies are in force until 31 December 2011.

The insurance policies taken out by the Group for its own benefit have a one year term.

The total amount of premiums paid by the Group for all of its insurance policies for the period ended 31 December 2010 was approximately GBP 1.1 million.

The Issuer believes that the existing insurance cover, including the amounts and the conditions, provides reasonable protection, taking into account the cost for the insurance cover and potential risks to the business operations. However, the Issuer cannot guarantee that no losses will be occurred or that no claims will be filed against the Group which go beyond the type and scope of the existing insurance

cover. See also the Section entitled "Risk Factors – III. Risks Relating To The Businesses Of The Group – Risk Of Insufficient Insurance and Risk Cover".

### **Legal Proceedings**

There were no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) during the previous 12 months which may have or have had in the recent past a significant effect on the Issuer's and/or the Group's financial position or profitability and there are no such proceedings currently pending or threatened.

### **Investments**

See the Section entitled "Reorganisation, Acquisitions and Financings."

## BOARD OF DIRECTORS, MANAGEMENT AND AUDITORS

### Board Of Directors

The business of the Issuer shall be managed and conducted by the Board of Directors, which may exercise all the powers of the Issuer that are not required to be exercised by the shareholders, subject always to the provisions of the Articles of Association of the Issuer and the UK Companies Act. The Board of Directors is ultimately responsible for managing the Issuer and has both supervisory and executive functions, including formulating, reviewing and approving the Issuer's strategy, budgets and corporate actions. The Board of Directors meets as often as business requires but not less than six times a year.

As disclosed in the Sections entitled "Business Description — The Formula One Business" and "Risk Factors — III. Risks Relating To The Businesses Of The Group", the Group derives a significant proportion of its revenues from the success of the Team. This success relies heavily on the long-lasting experience and non-patentable know-how accumulated by key people within the Issuer and the Team. For this reason and due to the unusual nature of the business of the Group, the functions of the Board of Directors shall, in addition to the statutory duties owed by the Directors, also encompass sporting and technical aspects of the operation of the Team.

### *Existing Directors*

#### *Sir Frank Williams CBE, Team Principal And Co-Founder*

After a brief period as an amateur racer, Sir Frank Williams CBE set up and ran his own Formula 2 racing team, entering his first Formula One car in 1969. He subsequently established Williams in 1977 together with Mr Head.

Sir Frank Williams CBE has been one of the leading figures in motor racing for over 30 years. At the Monaco Grand Prix in 2008, Sir Frank Williams CBE recorded his 600th race as a Formula One entrant in his 39th year of the sport, surpassing the record of Formula One legend Enzo Ferrari. Sir Frank Williams CBE was knighted in the New Year's Honours list of 1999. He has also received the Queen's Award for Export (1981 and 1994) and has been a rare foreign recipient of France's *Légion d'Honneur*.

In December 2010 Sir Frank Williams CBE received the Helen Rollason lifetime achievement award at the BBC Sports Personality of the Year Awards 2010.

#### *Patrick Head, Director Of Engineering And Co-Founder*

Having earned an honours degree from the University of London, Mr Head briefly raced clubman sports cars, before joining Lola Cars in 1970. After a number of design roles in motorsport, Mr Head established Williams with Sir Frank Williams CBE in 1977, where he became one of the most experienced and successful Technical Directors in Formula One. In 2004, he became the Director of Engineering of Williams in which he supports the Team's Formula One programme and generally provides advice to the Team's Technical Director, engineers and technicians. Mr Head was responsible for the design and development of the Formula 2 car and is a director of WHP. Most recently, Mr Head was appointed by the FIA to a small working group responsible for drafting the initial concept for the 2013 Formula One chassis.

Mr Head has indicated his intention to retire in 2011. On his retirement, the Issuer, Williams and Mr Head may agree for him to remain a director and/or advisor of the Group.

#### *Adam Parr, Chairman*

A graduate of Cambridge University, Mr Parr trained and practised as a barrister in London but spent most of his 20 year career before joining Williams in finance and industry. He worked in the United Kingdom, Japan, South Africa and Australia for Barclays Bank and then Rio Tinto and joined Williams in November 2006 as Chief Executive Officer. Mr Parr was promoted to Chairman in March 2010 and is responsible to the Shareholders for the overall success of the Issuer and the Group and the operation of the Board of Directors. The CEO, the General Counsel and Heads of Marketing and Finance report to the Chairman.

*Alex Burns, Chief Executive Officer*

Mr Burns joined Westland Helicopters in 1982 as a sponsored undergraduate and obtained a degree in Mechanical Engineering from Imperial College, London in 1987. Mr Burns subsequently joined Meggitt plc, where he held a number of positions including Engineering Director of Meggitt Aerospace Components and Project Director of Meggitt Mobrey. He gained an MBA at Cranfield University in 2000 and then became Managing Director of Meggitt Electronic Components, working in the automotive and medical industries. Mr Burns joined Williams as General Manager in January 2002, managing all aspects of the test facilities, factory and the car production process. In May 2005, Mr Burns was promoted to Chief Operating Officer of Williams and, in March 2010, to Chief Executive Officer of Williams. He is also the executive responsible for the WTCQ and chairs WHP.

*Sam Michael, Technical Director*

Mr Michael graduated from the University of New South Wales in 1993 with a degree in mechanical engineering. Mr Michael was then recruited by Lotus, working on data acquisition and simulation activities before joining Jordan's engineering group in 1994 where he first developed the team's embryonic R&D department and then took the position as race engineer. In 2001 Mr Michael joined Williams as Chief Operations Engineer, a role that includes taking charge of all trackside engineering as well as input into the race programme, test developments and simulation activities. After three seasons working under Mr Head, Mr Michael took over as Technical Director in May 2004. As Technical Director of Williams, Mr Michael is responsible for the design of the Team's Formula One cars and for the race team that operates them.

*Mark Biddle, General Counsel and Company Secretary*

Mr Biddle graduated from Cambridge University with a degree in law in 1987. He qualified as a solicitor in 1991 with Slaughter and May and spent a further five years with the firm working in London and Hong Kong. He subsequently spent eight years working in the financial services sector before taking General Counsel roles with RAC plc in 2004 and Aegis Group plc in 2006. Mr Biddle joined Williams in February 2009 and, in addition to his role as General Counsel, is the Company Secretary to the Issuer, Williams and WHP.

*Torger Christian Wolff, Non-Executive Director*

After a brief period as an amateur racer, Mr Wolff joined a steel manufacturing company in Vienna. In 1998 Mr Wolff founded the investment company Marchfifteen and has been involved in numerous private equity and corporate finance transactions, including the initial public offering of HWA AG. HWA AG develops and races Mercedes touring cars in the German Touring Car Championship ("*Deutsche Tourenwagen Masters – DTM*") for Daimler AG and produces Mercedes Formula 3 engines and customised vehicles. Mr Wolff joined the board of directors of HWA AG in 2007. Since 2002, Mr Wolff has been involved in the management of upcoming racing drivers and co-owns a management company with Mr Mika Häkkinen. In November 2009, Mr Wolff joined the Board of Directors of Williams as a non-executive Director (see the Section entitled "Principal and Selling Shareholders").

***Independent Non-executive Directors***

The Board of Directors has resolved that, as soon as reasonably practicable after the successful completion of the Offering, it will look to appoint two additional Directors to serve as independent non-executive Directors until the next annual general meeting, upon which both the independent non-executive Directors shall retire and be proposed for re-election for a period of three years, as from the date of their initial appointment by the Board of Directors (see the Section entitled "— Corporate Governance — Re-election of Directors").

The business address of each of the Directors is Williams Grand Prix Holdings PLC, Grove, Wantage, Oxfordshire OX12 0DQ, United Kingdom.

<b>Name</b>	<b>Age</b>	<b>Nationality</b>	<b>Position</b>	<b>Director of Williams since</b>
Sir Frank Williams CBE	68	British	Team Principal	8 February 1977
Patrick Head	64	British	Director of Engineering	5 June 1978
Adam Parr	45	British	Chairman	18 September 2008
Alex Burns	47	British	Chief Executive Officer	18 September 2008
Sam Michael	39	Australian	Technical Director	18 September 2008
Mark Biddle	44	British	General Counsel and Company Secretary	18 March 2009
Torger Christian Wolff	39	Austrian	Non-Executive Director	6 November 2009

All the current Directors of Williams have been appointed Directors of the Issuer as part of the Reorganisation of the Group prior to the Offering (see the Section entitled "Reorganisation, Acquisitions and Financings"). Adam Parr, Alex Burns and Mark Biddle were appointed as Directors of the Issuer on 21 December 2010 and Sir Frank Williams CBE, Mr Head, Sam Michael and Mr Wolff were appointed as Directors of the Issuer on 7 February 2011. All of the current Directors will retire and offer themselves for re-election at the Issuer's first annual general meeting and thereafter are subject to retirement and re-election every three years. See the Section entitled "— Corporate Governance — Re-election of Directors."

The independent non-executive Directors will initially be appointed by the Board of Directors until the next annual general meeting, upon which they shall retire and be proposed for re-election by the Shareholders for a period of three years, as from the date of their initial appointment by the Board of Directors.

See the Sections entitled "— Services And Employment Agreements Entered Into Between The Issuer and Its Subsidiaries and The Directors and Senior Managers" and "— Corporate Governance — Re-Election Of Board Members."

For a description of the rules pursuant to which the Directors may be appointed and/or dismissed, please see the Section entitled "— Summary of the Provisions of the Articles of Association and Applicable Law Relating to the Board of Directors". See also the Section entitled "— Conflicts Of Interest and Other Statements — Control Over The Issuer and Its Board Of Directors."

### **Senior Managers**

In addition to the members of the Board of Directors, the following persons, holding key positions in the Group, are relevant to establishing that the Issuer and its Group have the appropriate expertise and experience for the management of its business and are, as such, members of the Group's senior management team.

#### ***Louise Evans, Head Of Finance***

Ms Evans graduated from the University of Wales in 1994 and qualified as a Chartered Accountant with Ernst & Young in 1997. Before joining Williams, she held senior financial positions at Reynard Motorsport Inc and RPS Group plc. She joined Williams in 2004 and was appointed Head of Finance of Williams in 2005. Ms Evans is a member of the Institute of Chartered Accountants in England and Wales (ICAEW).

#### ***Dominic Reilly, Head Of Marketing***

Mr Reilly graduated from Swansea University in 1989. He spent the first seven years of his career in a variety of sales and marketing roles within the finance industry living and working in Hong Kong, Malaysia and the United Kingdom. He returned to the United Kingdom in 1996 when he joined the sports agency CSS Stellar as Business Development Manager, representing a variety of sports properties including Williams. In 2003 he joined Williams and was promoted to Head of Marketing in 2008.

### ***Ed Wood, Chief Designer***

Dr Wood graduated with a first class honours degree in Mechanical Engineering from the University of Manchester and a doctorate in Engineering Science from the University of Oxford. He joined Ferrari in 1997, spending three years with them and then two at Renault before moving to the World Rally Championship as Chief Designer on Prodrive's programme with Subaru. In 2006 Dr Wood left Prodrive to join Williams' transmission design team and was appointed as Chief Designer of Williams later that year.

### ***Jon Tomlinson, Head Of Aerodynamics***

After graduating from Brunel University with a degree in Industrial Design in 1995, Mr Tomlinson worked in Indycar racing with Newman Haas Racing and Swift Engineering and subsequently with the Arciero-Wells team. He moved into Formula One with Jordan in 2000 before joining Renault in 2002 and was Deputy Head of Aerodynamics when Renault won their back-to-back world championships in 2005 and 2006. He joined Williams as Head of Aerodynamics in 2006.

The business address of each of the Senior Managers is Williams Grand Prix Engineering Limited, Grove, Wantage, Oxfordshire OX12 0DQ, United Kingdom.

<u>Name</u>	<u>Age</u>	<u>Nationality</u>	<u>Position</u>	<u>Senior Manager since</u>
Louise Evans.....	37	British	Head of Finance	3 October 2005
Dominic Reilly.....	42	British	Head of Marketing	1 September 2008
Ed Wood.....	42	British	Chief Designer	21 June 2006
Jon Tomlinson.....	38	British	Head of Aerodynamics	24 November 2006

### **Other directorships**

In addition to their directorships of the Issuer and any member of the Group (in the case of the Directors), the following table shows, in respect of each Director and each Senior Manager, the names of all companies and partnerships of which he has, at any time in the five years prior to the date of this document, been a director, a partner or a member of the administrative, management or supervisory bodies, as appropriate.

<u>Name</u>	<u>Current directorship/partnership</u>	<u>Previous directorship/partnership</u>
<b><i>Executive Directors</i></b>		
Sir Frank Williams CBE ...	None	Willhead Aviation Inc.
Patrick Head.....	Old Chelsea Mews Management Limited	Willhead Aviation Inc.
Adam Parr.....	Cambridge Industrial Enterprises Limited CIEL Technologies Limited Ingenie Limited	Borax Europe Limited Lake Macleod Salt Company Pty Ltd Luzenac Micro Milling Limited Rio Tinto Minerals Limited Rio Tinto Minerals Inc.
Alex Burns.....	CFMS Limited	None
Sam Michael.....	None	None
Mark Biddle.....	None	Aegis Group Participations Limited Clownfish Marketing Limited
<b><i>Non Executive Director</i></b>		
Torger Christian Wolff .....	Marchsixteen Finance Services LLP Lunic Finance Services LLP Williams Invest LLP Williams Invest Holdings Limited Williams Holdings Limited Elyseé Capital Limited RMB Privatstiftung HWA AG Swissies AG	fatfoogoo AG Tinkerbelle Finance Services LLP

### ***Senior Managers***

Louise Evans.....	None	None
Dominic Reilly.....	None	None
Ed Wood.....	None	None
Jon Tomlinson.....	None	None

None of the Senior Managers holds or has held a directorship or is or was a member of a partnership within the past five years.

### **Conflicts of interest and other statements**

#### *Conflicts Of Interest*

Adam Parr, for himself personally and as trustee for a group of investors including directors of the Issuer, is currently in negotiations to invest in, and become a director of, Ingenie Limited. Ingenie is a start-up company that is developing an insurance product aimed at encouraging young drivers to drive more safely and thereby to reduce their costs of insurance. Ingenie has a three-year marketing agreement with Williams under which Ingenie may inter alia describe itself a partner of AT&T Williams and will have specified access to the Team and its drivers for promotional activities.

Sir Frank Williams CBE, Mr Head, Mr Wolff (through WHL and WIHL) and other Directors (through the WGP Trust) could control or have an interest in over 75% of the Shares and related voting rights (see the Section entitled "Principal and Selling Shareholders"). The decisions of Sir Frank Williams CBE, Mr Head, Mr Wolff and other Directors may be influenced by their interests other than as a shareholder and may be different to the preferences and interests of other shareholders.

Otherwise, none of the Directors and none of the Senior Managers has any potential conflicts of interests between their duties to the Issuer and their private interests or other duties.

#### *Family Relationships*

To the best knowledge of the Issuer, there are no family relationships between any of the Directors and Senior Managers.

#### *Other*

Within the period of five years preceding the date of this Prospectus, none of the Directors or Senior Managers (i) has any convictions for offences relating to fraud, (ii) has been a director, senior manager or partner (who is relevant to establishing that a company has the appropriate expertise and experience for the management of that company or partnership) of any company or partnership at the time of any bankruptcy, receivership or liquidation of such company or partnership or has otherwise been associated with any such bankruptcy, receivership or liquidation or (iii) has received any criminal or other sanction by any statutory or regulatory authorities (including designated professional bodies) or has been disqualified by a court from acting as a director of a company or from acting in the management or conduct of the affairs of a company.

#### *Control Over The Issuer and Its Board Of Directors*

It is expected that, after the Offering, Sir Frank Williams CBE, will control at least 50.1% of the voting rights in the Issuer and, depending on the extent to which the Over-Allotment Option is exercised, Sir Frank Williams CBE, Mr Head, Mr Wolff (through WHL and WIHL) and other Directors (through the WGP Trust) could control or have an interest in over 75% of the Shares and related voting rights (see also the Section entitled "Risk Factors — I. Risks Relating To The Issuer's Shareholding and Corporate Structure" for a discussion of the risks related to the Issuer's shareholding structure). On 7 February 2011, Sir Frank Williams CBE, Mr Wolff, WIHL and WHL entered into the Director Nomination Agreement which contains the following arrangements with respect to the control of the Issuer and its Board of Directors:

- for so long as Mr Wolff has an interest in 2.5% or more of the issued share capital of the Issuer, Sir Frank Williams CBE agrees to vote in favour of Mr Wolff remaining a Director and to support Mr Wolff's membership of each of the Audit Committee and the Remuneration and Nomination Committee; and
- for as long as Sir Frank Williams CBE has an interest in 2.5% or more of the issued share capital of the Issuer, Mr Wolff, WHL and WIHL agree to vote in favour of Sir Frank Williams CBE remaining a Director.

Sir Frank Williams CBE, Mr Head, Mr Wolff, WHL, WIHL, Elyseé Capital Limited (a company controlled by Mr Wolff which holds shares in WIHL) and the Issuer have entered into a shareholders' agreement in relation to the Issuer. If inclusion of the Offered Shares to trading on the Open Market in the Entry Standard segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) takes place on or before 7 March 2011, this agreement will terminate with immediate effect.

Under this agreement Sir Frank Williams CBE, Mr Head, Mr Wolff, WHL, and WIHL agree not to transfer any Shares or interest in Shares, other than pursuant to the Offering, prior to 7 March 2011. It is further agreed that certain material steps in relation to the business of the Group, if taken prior to inclusion of the Offered Shares to trading on the Open Market in the Entry Standard segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), will require the consent of Sir Frank Williams CBE, Mr Head, Mr Wolff, WHL and WIHL. In addition, the agreement contains further provisions which will regulate the relationships of the Issuer and its Shareholders should inclusion of the Offered Shares to trading on the Open Market in the Entry Standard segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) not take place on or before 7 March 2011.

No other arrangements or undertakings with respect to the control of the Issuer and its Board of Directors exist between Sir Frank Williams CBE, Mr Head, Mr Wolff, WHL and WIHL. For further information on the principal shareholders and the Director Nomination Agreement, see the Section entitled "Principal and Selling Shareholders."

#### Directors' and Senior Managers' Interests In The Share Capital

The table below sets out the voting rights held, directly or indirectly, by the Directors and Senior Managers in respect of the share capital of the Issuer and immediately following Offering.

Name	As at 7 February 2011 <sup>(1)</sup> and immediately prior to Offering		Immediately following Offering <sup>(2)</sup>		Immediately following Offering <sup>(3)</sup>	
	No. of Shares	per cent. of voting rights	No. of Shares	per cent. of voting rights	No. of Shares	per cent. of voting rights
<b>Executive Directors</b>						
Sir Frank Williams CBE .....	5,670,000	56.7	5,030,000	50.3	5,030,000	50.3
Patrick Head .....	2,350,000	23.5	580,617	5.8	580,617	5.8
Adam Parr <sup>(5)</sup> .....	0	0	0	0	0	0
Alex Burns <sup>(5)</sup> .....	0	0	0	0	0	0
Sam Michael <sup>(5)</sup> .....	0	0	0	0	0	0
Mark Biddle .....	0	0	0	0	0	0
<b>Non-Executive Directors</b>						
Torger Christian Wolff <sup>(4)</sup> .....	1,630,000	16.3	1,300,000	13.0	1,630,000	16.3
<b>Senior Managers</b>						
Louise Evans .....	0	0	0	0	0	0
Dominic Reilly .....	0	0	0	0	0	0
Ed Wood .....	0	0	0	0	0	0
Jon Tomlinson .....	0	0	0	0	0	0

(1) Being the latest practicable date prior to publication of this Prospectus.

(2) Assuming the exercise in full of the Over-Allotment Option.

(3) Assuming no exercise of the Over-Allotment Option.

(4) Shares owned through WHL and WIHL.

(5) Beneficiaries of WGP Trust which holds 350,000 Shares in total.

The Selling Shareholders have entered into the WHL Agreement with WHL whereby, dependent on the success of the Offering, they may become obliged to transfer (in the ratio 70:30 as between them) up to the value of 228,130 Shares in Shares and/or cash to WHL (provided always that Sir Frank Williams CBE will not be required to transfer any Shares if that would result in his holding of Shares falling beneath 50.1% of the issued share capital of the Issuer). Dependent on the outcome of the Offering, it is possible that up to 240,670 Shares may be transferred by WHL to the Selling Shareholders (in the ratio 70:30 as between them).

Save as set out above, no Director or Senior Manager (i) held before or (ii) will immediately after the Offering, hold, directly or indirectly, any voting rights in respect of the share capital of the Issuer or any of its subsidiaries. For additional information on the principal shareholders and the Director Nomination Agreement, see the Section entitled "Principal and Selling Shareholders".

Sir Frank Williams CBE and Mr Head, in their capacity as Selling Shareholders, and Mr Wolff (through WIHL), in his capacity as Over-Allotment Shareholder, have agreed to be bound by lock-up agreements in connection with the Offering. Further, the WGP Trust is subject to a lock-up agreement of 18 months. See the Section entitled "Offering and Sale — Lock-up".

### **Corporate Governance**

The Corporate Governance Code sets out standards of good practice in relation to issues such as board composition and development, remuneration, accountability and audit and relations with shareholders. All companies incorporated in the United Kingdom that have a Premium Listing on the Official List are required to report on how they have applied the Corporate Governance Code and to explain the reasons for any non-compliance. As the Shares will be included to trading on the Entry Standard of the Frankfurt Stock Exchange (and not admitted to trading on the main market of London Stock Exchange plc with a Premium Listing), the Issuer is not required to comply with the Corporate Governance Code.

However, the Board of Directors recognizes the importance of introducing appropriate corporate governance controls while taking into account the specific nature of the business of the Group as an enterprise historically dedicated to managing a Formula One Team, where the confidentiality of the know-how in use and the presence and involvement of Directors with a strong sporting and technical background are key to its success. As a consequence, the Board of Directors has implemented a corporate governance regime which complies with the Corporate Governance Code, save as set out below.

#### ***Effective Leadership Of The Issuer By Its Board Of Directors***

Since the Group's business has historically been dedicated to the management of a Formula One Team and the strength of the Williams brand ultimately rests on the performance of the Team, the Board considers that it is critical to the success of the Issuer that its Directors have a deep knowledge of the sporting, technical and other issues and risks involved in running a Formula One Team. The Board also recognises that independent non-executive Directors have a valuable role to play in constructively challenging proposals on corporate strategy, scrutinising the performance of management in meeting agreed goals and objectives (both sporting and commercial) and in monitoring the reporting of performance.

#### ***The Chairman and The Chief Executive Officer***

As recommended by the Corporate Governance Code, the roles of Chairman of the Board of Directors and Chief Executive Officer are held by two different persons, Mr Parr and Mr Burns respectively. The Board of Directors has agreed a formal division of responsibilities between the Chairman and the Chief Executive Officer.

The Corporate Governance Code recommends that the chairman should be independent on appointment and that the chief executive of a company should not go on to be chairman of the same company. The Corporate Governance Code further provides that if, exceptionally, a board decides that a chief executive should become chairman, the board should set out its reasoning to shareholders.

The Board of Directors has concluded that, notwithstanding that Mr Parr did not comply with the independence criteria set forth in the Corporate Governance Code at the time of his appointment due to his former positions as Chief Executive Officer and then Chairman of the board of directors of Williams, it

is nonetheless satisfied that Mr Parr is the most appropriate person to lead the Board of Directors. The Board of Directors considers that Mr Parr's extensive knowledge and experience of the Group's business are uniquely valuable assets and that his significant experience outside the Formula One industry will enhance the Board of Directors' decision-making and understanding of strategic issues.

Additionally, despite the recommendation of the Corporate Governance Code that the Chairman should be a non-executive director, the Chairman is a member of executive management. Accordingly, the Board of Directors expects that the senior independent Director will play a significant role in leading a review of corporate governance matters, conducting reviews of the effectiveness of the Board of Directors and the performance of individual Directors and in providing an effective communication channel between, on the one hand, the Chairman and the Chief Executive Officer, and, on the other hand, the other non-executive Directors and (where necessary) investors.

### ***Balance of Executive and Independent Non-executive Directors***

The Corporate Governance Code recommends that the Board of Directors should identify each of the non-executive Directors it considers independent by determining (i) whether each such director is independent in character and judgment and (ii) whether there are relationships or circumstances which are likely to affect, or could appear to affect, such director's judgement. The Corporate Governance Code further provides that at least half of the Board of Directors of a FTSE 350 company should be composed of independent non-executive directors and that smaller companies should have at least two independent non-executive directors. If the Issuer had sought a listing on the Official List, it would not have been included in the FTSE 350 index.

### ***Senior Independent Director***

The Board of Directors has resolved that, as soon as reasonably practicable after the successful consummation of the Offering, it will appoint one of the two proposed independent non-executive Directors to serve as the senior independent director (the "**Senior Independent Director**"). In accordance with the Corporate Governance Code, the Senior Independent Director will be available to shareholders if they have concerns that contact through the normal channels of Chairman or Chief Executive Officer has failed to resolve or for which such contact is inappropriate. In light of the fact that the Chairman is not an independent non-executive Director, the Senior Independent Director is expected to provide leadership on corporate governance matters generally and to lead and represent the independent element within the Board in particular.

### ***Communication With Institutional Shareholders***

In accordance with the Corporate Governance Code, the Issuer is ready, where practicable, to enter into a dialogue with institutional Shareholders based on the mutual understanding of objectives. The Issuer is also committed to the principle of effective communication with private investors, such as by the constructive use of annual general meetings of Shareholders.

### ***Board Power Over Certain Specific Transactions***

In accordance with the Corporate Governance Code, the Issuer has established guidelines requiring specific matters to be subject to decision by the Board of Directors, including material acquisitions and disposals, investments and capital projects.

### ***Re-Election Of Directors***

The Corporate Governance Code provides that (i) all directors should be submitted for re-election at regular intervals, subject to continued satisfactory performance and (ii) the board of directors should ensure planned and progressive refreshing of the board.

All the current Directors of the Issuer will retire and offer themselves for re-election at the Issuer's first annual general meeting and thereafter will be subject to retirement and re-election every three years. The independent non-executive Directors will initially be appointed by the Board of Directors until the Issuer's first annual general meeting, upon which they shall be proposed for re-election for a period of three years, as from the date of their initial appointment by the Board of Directors.

## ***Board Committees***

The Board of Directors intends to establish a Remuneration and Nomination Committee and an Audit Committee, composed as described below, with formally delegated duties and responsibilities and with written terms of reference. From time to time, separate committees may be set up by the Board of Directors to consider specific issues when the need arises.

### *Remuneration and Nomination Committee*

The Board of Directors is of the opinion that the size and nature of the Group does not justify setting up two distinct committees to deal with remuneration- and nomination-related matters and accordingly intends to establish a combined Remuneration and Nomination Committee once the independent non-executive Directors have been appointed. This Committee will comprise at least two members (namely Mr Wolff and at least one independent non-executive Director). Mr Wolff or one of the independent non-executive Directors will chair the Remuneration and Nomination Committee. The General Counsel will act as secretary to the Remuneration and Nomination Committee and, in such capacity, will attend, but may not vote, at committee meetings.

The Corporate Governance Code recommends that a remuneration committee should be composed exclusively of independent non-executive directors, although it stipulates that independent non-executive directors need only constitute a majority of the members of the nomination committee.

The Board of Directors believes that, due to his extensive experience as an investor in private equity-backed and public companies, Mr Wolff will be able to contribute meaningfully to the work of the Remuneration and Nomination Committee, once it is established. Additionally, Mr Wolff will not sit on the Committee when it is considering matters relating to his own appointment or remuneration.

The Remuneration and Nomination Committee will assist the Board of Directors in determining and discharging its responsibilities in relation to (i) remuneration, including making recommendations to the Board of Directors on the Issuer's policy on executive remuneration, determining the individual remuneration and benefits package of each of the executive directors and the Chairman, and recommending and monitoring the level and structure of remuneration of senior management below Board level and (ii) the composition of the Board of Directors, the evaluation of the balance of skills, knowledge and experience on the Board of Directors, the size, structure and composition of the Board of Directors, retirements and appointments of additional and replacement directors as well as the selection and appointment of candidates for senior management and will make appropriate recommendations to the Board of Directors on such matters. It is intended that the Remuneration and Nomination Committee will meet formally at least twice a year and otherwise as required.

### *Audit Committee*

Once the independent non-executive Directors have been appointed, an Audit Committee will be established comprising three members (namely Mr Wolff, and two independent non-executive Directors). At least one of the committee members will be a person considered by the Board to have recent and relevant financial experience. The Audit Committee will be chaired by one of the non-executive Directors. The General Counsel will act as secretary to the Audit Committee and, in such capacity, will attend, but may not vote, at committee meetings.

Contrary to the recommendations of the Corporate Governance Code, the Committee's membership will not be exclusively composed of independent non-executive Directors. However, the Board of Directors believes that due to his extensive experience as an investor in private equity-backed and public companies, Mr Wolff will be able to contribute meaningfully to the work of the Audit Committee, once it is established.

The Audit Committee will assist the Board of Directors in discharging its responsibilities with regard to financial reporting, external and internal audits and controls, including reviewing the Issuer's annual financial statements, reviewing and monitoring the extent of the non-audit work undertaken by external auditors, advising on the appointment of external auditors and reviewing the effectiveness of the Issuer's internal audit activities, internal controls and risk management systems. The ultimate responsibility for reviewing and approving the annual report and accounts and the half-yearly reports will remain with the Board.

It is intended that the Audit Committee will meet formally at least four times a year and otherwise as required.

## **Services And Employment Agreements Entered Into Between Williams and The Directors and Senior Managers**

### ***Service Agreements Of The Executive Directors***

#### *Sir Frank Williams CBE*

Sir Frank Williams CBE has been a Director of Williams since its incorporation on 8 February 1977 and his role is that of Team Principal. He was appointed as a Director of the Issuer on 7 February 2011. Sir Frank Williams CBE receives an annual salary of GBP 828,750. Williams is entitled to terminate Sir Frank Williams CBE's service agreement on twelve months' notice. Sir Frank Williams CBE is entitled to terminate his service agreement with Williams on six months' notice.

#### *Patrick Head*

Mr Head has been a director of Williams since 5 June 1978 and his role has been that of Director of Engineering of Williams since 25 May 2004. He was appointed as a Director of the Issuer on 7 February 2011. Mr Head receives an annual salary of GBP 425,000.

#### *Adam Parr*

Mr Parr's employment with Williams commenced on 7 November 2006. He was originally appointed as Chief Executive Officer of Williams and was later appointed as Chairman of its Board of Directors on 1 March 2010. Mr Parr was appointed as a Director of Williams on 18 September 2008. He was appointed as a Director of the Issuer and as Chairman of its Board of Directors on 21 December 2010. Mr Parr receives an annual salary of GBP 212,500 and such discretionary bonus as Williams may from time to time determine.

#### *Alex Burns*

Mr Burns' employment with Williams commenced on 1 January 2002. He was originally appointed as General Manager of Williams. He was later appointed to the role of Chief Operations Officer of Williams on May 2005 and then to the role of Chief Executive Officer of Williams on 1 March 2010. Mr Burns was appointed as a Director of Williams on 18 September 2008. He was appointed as a Director of the Issuer and as its Chief Executive Officer on 21 December 2010. Mr Burns receives an annual salary of GBP 242,750 and such discretionary bonus as the Board may determine from time to time. Mr Burns is also entitled to the benefit of a company car.

#### *Sam Michael*

Mr Michael's employment with Williams commenced on 1 January 2001. He was originally appointed as Chief Operations Engineer of Williams but was later appointed as Technical Director of Williams on 24 May 2004. Mr Michael was appointed as a Director of Williams on 18 September 2008. He was appointed as a Director of the Issuer on 7 February 2011. Mr Michael receives an annual salary of GBP 400,000. Mr Michael is entitled to the benefit of a discretionary car allowance of GBP 4,000 per annum. Mr Michael's service agreement may be terminated by either Williams or Mr Michael on six months' notice, such notice to expire on 31 December in any calendar year.

#### *Mark Biddle*

Mr Biddle's employment with Williams commenced on 26 February 2009 in the role of General Counsel and he was appointed as a Director of Williams on 18 March 2009. He was appointed as a Director of the Issuer on 21 December 2010. Mr Biddle receives an annual salary of GBP 140,000. Mr Biddle is entitled to a discretionary car allowance of GBP 4,000 per annum.

### ***Matters Common To All Of The Executive Directors***

The service agreements of the executive Directors entitle them to participate in Williams' contributory pension scheme, up to the age of 65, through which access is also provided to life insurance and disability cover. Each executive Director is also entitled under his service agreement to participate in such medical and travel insurance scheme as Williams may maintain from time to time.

Each executive Director may only be employed by or engaged in another business or undertaking with the prior consent of the Board of Directors.

Each Executive Director's service agreement contains provision for early termination in the event of a fundamental breach by the Executive Director. In addition each service agreement contains provision for Williams to enforce garden leave and to make payment in lieu of notice.

Unless otherwise stated above, each service agreement shall continue unless and until terminated by either the Executive Director or Williams giving six months' written notice to the other. Save in the case of the service agreements for Sir Frank Williams CBE and Mr Head, each service agreement shall automatically terminate at the end of the month in which the Executive Director reaches the normal retirement age from time to time applicable to employees of his level, currently being the age of 65.

Each service agreement imposes certain restrictions on the executive Directors including restrictions on the use of confidential information and intellectual property. Each service agreement also contains post termination restrictions including non-solicitation and non-dealing provisions in respect of sponsors, non-solicitation provisions in respect of employees of the Group, and non-compete provisions regarding his ability to work for another business.

Each service agreement is governed by English law.

#### ***Appointment Letters Of The Non-Executive Directors***

Upon appointment, non-executive Directors have or will enter into appointment letters with the Issuer setting out the main terms of their appointment.

#### ***Torger Christian Wolff***

Mr Wolff has entered into a letter of appointment with the Issuer dated 7 February 2011 pursuant to which Mr Wolff shall provide non-executive Director services to the Issuer. Under the Articles of Association, Mr Wolff is required to retire and seek re-election by the Shareholders at the next annual general meeting of the Issuer, upon which he will be proposed for re-election for a period of three years from the date of his initial appointment. Mr Wolff's appointment is terminable by not less than three months prior written notice. Under the terms of the letter of appointment, Mr Wolff is entitled to be paid a fee of GBP 35,000 per annum and will be reimbursed for all reasonable expenses properly incurred. It is acknowledged in the letter that Mr Wolff may from time to time hold directorships or otherwise be interested in other companies operating in similar sectors. However, Mr Wolff is required to declare any such existing interest to the Board of Directors. He is not permitted to hold any interests which may conflict with his position with the Issuer. The letter of appointment is governed by English Law.

#### ***Independent Directors***

Upon their appointment by the Board of Directors, each of the independent non-executive Directors will enter into a letter of appointment with the Issuer pursuant to which they will provide non-executive Director services to the Issuer. Their appointments shall continue until the next annual general meeting, upon which each of them will be proposed to the annual general meeting for re-election. The independent non-executive Directors' respective appointments as a Director will be terminable by not less than three months prior written notice. Under the terms of their letters of appointment, each of the independent non-executive Directors will be paid an agreed annual fee and will be reimbursed for all reasonable expenses properly incurred. It will be acknowledged in their respective letter of appointment that each of the independent non-executive Directors may from time to time hold directorships or otherwise be interested in other companies operating in similar sectors. However, each independent non-executive Director is required to declare any such existing interest to the Board of Directors. The independent non-executive Directors will not be permitted to hold any interests which may conflict with their position with the Issuer. The letter of appointment will be governed by English Law.

#### ***Employment Agreements Of The Senior Managers***

All the Senior Managers have employment agreements with Williams. These employment agreements contain customary terms such as function and title, place of work, remuneration, benefits, annual leave, insurance, confidentiality, duties, post termination restrictions and notice period. None of the employment agreements of the Senior Managers provide for benefits upon termination.

## Compensation, Shareholdings, Options and Loans

### *Compensation For Members Of The Board Of Directors and Senior Managers*

The table below provides remuneration information for the Directors of the Issuer and Senior Managers of the Group:

<b>13-month period ended 31 December 2009</b>	<b>Salary and fees</b>	<b>Benefits</b>	<b>Bonus</b>	<b>Total</b>
		(in £ thousands)		
<b><i>Executive Directors</i></b>				
Sir Frank Williams CBE.....	1,056	54	-	1,110
Patrick Head .....	542	46	-	588
Adam Parr.....	271	11	75 <sup>(3)</sup>	357
Alex Burns.....	309	24	-	333
Sam Michael.....	464	5	-	469
Mark Biddle <sup>(1)</sup> .....	110	8	-	118
<b><i>Non-Executive Director</i></b>				
Torger Christian Wolff <sup>(2)</sup> .....	-	-	-	-
Senior Managers (on a consolidated basis) .....	847	44	1	892

(1) Joined February 2009.

(2) Joined November 2009.

(3) Paid in March 2010.

No Director or Senior Manager has accrued benefits under a defined benefit pension scheme.

In compliance with the Corporate Governance Code, the Issuer may implement performance-based remuneration schemes pursuant to which the performance-related elements of remuneration will form a significant proportion of the total remuneration package of the executive Directors and are designed to align their interests with those of shareholders and to give them keen incentives to perform at the highest levels.

### ***Employee Benefit Trust***

The WGP Trust is an employee benefit trust whose current potential beneficiaries are Adam Parr, Sam Michael and Alex Burns. The WGP Trust acquired 350,000 Shares in the Issuer from the Selling Shareholders and the Over-Allotment Shareholder. The trustee of the WGP Trust is WGP Trustees. The trustee has established a joint share ownership plan (“**JSOP**”) with each of Mr Parr, Mr Michael and Mr Burns by which such individuals will be able to participate in any future growth in the value of the Group. The terms of the WGP Trust will include the prohibition of a resale of those Shares by the trustees for a period of 18 months after commencement of trading in the Issuer’s shares at Entry Standard. Subject to certain conditions of the JSOP, Mr Parr and Mr Michael’s interest is in 125,000 Shares each and Mr. Burns’ interest is in 100,000 Shares.

### ***Growth Securities Ownership Plan***

Williams is implementing a Growth Securities Ownership Plan (“**GSOP**”) bonus scheme for certain key Directors and employees for the financial year ending 31 December 2011 and subsequent years. This is a tax efficient employee incentive scheme designed to align rewards to Williams’ business objectives. The GSOP is not an equity based scheme as rewards are paid from taxable profits.

Williams has identified certain financial and performance targets which must be achieved in order for awards to be made under the scheme. The scheme also sets certain minimum thresholds which, if not achieved, will result in the participants paying an amount to Williams.

In the event that, in any financial year, Williams wins either the Drivers’ or Constructors’ Championship, wins 10 or more races in a season and achieves the capped financial target, the total payable under this scheme would be GBP 2,175,000. This is the maximum amount payable under the GSOP in any financial year. For additional information on directors emoluments and pension contributions, see note 5 – “Directors” – to the 2009 financial statements of Williams.

### ***Options and Shares***

No member of the Board of Directors or the Senior Management holds any options over Shares in the Issuer or any of the Group companies.

For information on the Shares which may be held by the members of the Board of Directors or the Senior Management, see the Section entitled "— Directors' and Senior Managers' Interests In The Share Capital."

### ***Loans***

As of the date of this Prospectus, neither the Issuer, nor any of the Group companies, has any outstanding loans to any member of the Board of Directors or to any Senior Manager.

### ***Employee Share Purchase Plans***

The Issuer intends to adopt in the future employee and management share purchase plans for the purpose of providing the employees with an opportunity to participate in equity ownership of the Issuer.

### **Summary of the Provisions of the Articles of Association and Applicable Law Relating to the Board of Directors**

#### ***Number, Appointment and Retirement Of Directors***

Unless otherwise determined by an ordinary resolution of the shareholders, the number of Directors shall be not more than ten and not less than two.

Directors may be appointed by an ordinary resolution of shareholders of the Issuer.

In addition, the Board of Directors may appoint a Director either to fill a vacancy or as an additional Director and in either case whether or not for a fixed term.

Any Director appointed other than at an annual general meeting of the shareholders shall hold office only until the next following annual general meeting of the Shareholders. If not re-appointed at such meeting, such a Director shall vacate office at its conclusion.

Each Director must apply for re-appointment (if he wishes to be re-appointed) every third annual general meeting of the Shareholders following his previous re-appointment.

A Director shall not be required to hold shares in the capital of the Issuer.

#### ***Remuneration***

The emoluments of any Director holding executive office for his services as such shall be determined by the Board of Directors.

The total remuneration of the Directors who do not hold executive office for their services as Directors (excluding amounts payable under any other provision of the Articles) shall be determined from time to time by the Directors except that such remuneration shall not exceed in aggregate GBP 160,000 per annum or such higher amount as the Issuer may from time to time by ordinary resolution determine.

Subject thereto, each such Director shall be paid a fee (which shall be deemed to accrue from day to day) at such rate as may from time to time be determined by the Board of Directors. In addition, any Director who does not hold executive office and who serves on any committee of the Board, goes or resides abroad for any purpose of the Issuer or (without prejudice to the above) performs services outside the scope of the ordinary duties of a Director may be paid such extra remuneration as the Board may determine which shall not be subject to the GBP 160,000 per annum limit referred to above.

In addition, the Directors may be paid all travel, hotel and other expenses properly incurred by them in connection with their attendance at meetings of the Board of Directors or any committee of the Board of Directors, general meetings or separate meetings of the holders of any class of shares or of debentures.

tures of the Issuer or otherwise in obtaining professional advice in connection with the affairs of the Issuer or the discharge of their duties as directors.

The Board of Directors may provide benefits, whether by the payment of gratuities or pensions or by insurance or otherwise, for any past or present Director or employee of the Issuer or any of its subsidiary undertakings or any body corporate associated with, or any business acquired by any of them, and for any member of his family or any person who is or was dependent on him.

### ***Disqualification and Removal Of Directors***

The office of a Director shall be vacated if:

- (a) he ceases to be a director by virtue of any provisions of the UK Companies Act or the Articles or he becomes prohibited by law from being a director; or
- (b) he has a bankruptcy order made against him or makes any arrangement or composition with his creditors generally or applies to the court for an interim order under section 253 of the UK Insolvency Act 1986 in connection with a voluntary arrangement under that Act; or
- (c) a registered medical practitioner who is treating him gives a written opinion to the Issuer stating that he has become physically or mentally incapable of acting as a Director and may remain so for more than three months; or
- (d) by reason of his mental health, a court makes an order which wholly or partly prevents him from personally exercising any powers or rights which he would otherwise have; or
- (e) he resigns his office by notice to the Issuer or, having been appointed for a fixed term, the term expires or his office as a Director is otherwise vacated; or
- (f) he has been absent from meetings of the Board for more than six consecutive months without permission of the Board and his alternate director (if any) has not attended in his place during that period and the Board resolves that his office be vacated; or
- (g) he is requested to resign in writing by not less than three quarters of the other Directors.

A Director may also, in the manner set out in the UK Companies Act, be removed from office by an ordinary resolution of the Issuer's shareholders notwithstanding any provision of the Articles or the terms of any agreement between such Director and the Issuer (but without prejudice to any claim he may have for damages for breach of any such agreement).

### ***Votes***

Questions arising at a meeting of the Board of Directors shall be decided by a majority of votes. In the case of an equality of votes, the Chairman will not have a second or casting vote.

### ***Conflicts Of Interest***

A Director shall not be counted in the quorum of or vote at a meeting of the Board of Directors or a committee of the Board of Directors on any resolution of the Board of Directors concerning a matter in which he has an interest (other than by virtue of his interests in shares or debentures or other securities of, or otherwise in or through, the Issuer) which can reasonably be regarded as likely to give rise to a conflict with the interests of the Issuer unless his interest arises only because the resolution concerns one or more of the following matters:

- (a) the giving of a guarantee, security or indemnity in respect of money lent or obligations incurred by him or any other person at the request of or for the benefit of, the Issuer or any of its subsidiary undertakings;
- (b) the giving of a guarantee, security or indemnity in respect of a debt or obligation of the Issuer or any of its subsidiary undertakings for which the Director has assumed responsibility (in whole or part and whether alone or jointly with others) under a guarantee or indemnity or by the giving of security;

- (c) a contract, arrangement, transaction or proposal concerning an offer of shares, debentures or other securities of the Issuer or any of its subsidiary undertakings for subscription or purchase, in which offer he is or may be entitled to participate as a holder of securities or in the underwriting or sub-underwriting of which he is to participate;
- (d) a contract, arrangement, transaction or proposal concerning any other body corporate in which he or any person connected with him is interested, directly or indirectly, and whether as an officer, shareholder, creditor or otherwise, if he and any persons connected with him do not to his knowledge hold an interest (as that term is used in sections 820 to 825 of the UK Companies Act) representing one per cent. or more of either any class of the equity share capital of such body corporate (or any other body corporate through which his interest is derived) or of the voting rights available to shareholders of the relevant body corporate (any such interest being deemed for the purpose of the Articles to be likely to give rise to a conflict with the interests of the Issuer in all circumstances);
- (e) a contract, arrangement, transaction or proposal for the benefit of employees or former employees of the Issuer or of any of its subsidiary undertakings which does not award him any privilege or benefit not generally accorded to the employees or former employees to whom the arrangement relates;
- (f) a contract, arrangement, transaction or proposal concerning any insurance which the Issuer is empowered to purchase or maintain for, or for the benefit of, any Directors of the Issuer or for persons who include Directors of the Issuer;
- (g) to the extent permitted by the UK Companies Act, the giving of indemnities in favour of Directors;
- (h) to the extent permitted by the UK Companies Act, the funding of expenditure by any Director or Directors on (i) defending criminal, civil or regulatory proceedings or actions against him or them, (ii) in connection with an application to the court for relief, or (iii) defending him or them in any regulatory investigations;
- (i) to the extent permitted by the UK Companies Act, doing anything to enable any Director or Directors to avoid incurring expenditure as described in (h); and
- (j) a transaction with another member of the Group.

#### ***Power To Authorise Conflicts Of Interest***

The Board of Directors shall have the power under section 175 of the UK Companies Act to authorise any matter which would or might otherwise constitute or give rise to a breach of the duty of a Director under that section to avoid a situation in which he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Issuer. Any authorisation of a matter under the Articles shall extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter so authorised. Any authorisation of a matter under the Articles shall be subject to such conditions or limitations as the Directors may determine, whether at the time such authorisation is given or subsequently and may be terminated by the Directors at any time. A Director shall comply with any obligations imposed on him by the Board of Directors pursuant to any such authorisation.

For the purposes of section 175 of the UK Companies Act, a Director is authorised by the Articles to be an officer or employee of or hold shares or other securities in any member of the Group.

#### **Auditors**

Grant Thornton UK LLP was appointed as the external statutory auditor of the Issuer on 7 February 2011.

Grant Thornton UK LLP has been the external statutory auditor of Williams since November 2005. Mrs Janet Crookes has been the senior statutory auditor since 2005. The financial statements as of and for the 13 month period ended 31 December 2009 and for the 12 month periods ended 30 November 2008 and 2007 of Williams, included in this Prospectus, have been audited by Grant Thornton UK LLP as stated in their reports appearing herein.

See the Section entitled "Presentation Of Financial and Other Information" for further information on the scope of audit and/or review of the auditors of the Group on the financial statements and other financial information included in this Prospectus.

The audit practice of Grant Thornton UK LLP is regulated by the Institute of Chartered Accountants in England and Wales and the Professional Oversight Board of the UK Financial Reporting Council.

## PRINCIPAL AND SELLING SHAREHOLDERS

### Shareholding structure

#### *Current shareholding structure of the Issuer*

The following table sets forth at the date of this Prospectus an overview of the shareholder structure of the Issuer reflecting Share ownership both before and after the Offering, assuming the maximum number of Offered Shares is sold.

Name of shareholder	Prior to Offering			After the Offering <sup>(1)</sup>			After the Offering <sup>(2)</sup>		
	No. of Shares	Capital (%)	Voting rights (%)	No. of Shares	Capital (%)	Voting rights (%)	No. of Shares	Capital (%)	Voting rights (%)
Sir Frank Williams									
CBE .....	5,670,000	56.7	56.7	5,030,000	50.3	50.3	5,030,000	50.3	50.3
Patrick Head.....	2,350,000	23.5	23.5	580,617	5.8	5.8	580,617	5.8	5.8
WHL <sup>(3)</sup> .....	700,000	7.0	7.0	700,000	7.0	7.0	700,000	7.0	7.0
WIHL <sup>(3)</sup> .....	930,000	9.3	9.3	600,000	6.0	6.0	930,000	9.3	9.3
WGP Trust.....	350,000	3.5	3.5	350,000	3.5	3.5	350,000	3.5	3.5
New investors.....	-	-	-	2,739,383	27.4	27.4	2,409,383	24.1	24.1
<b>Total .....</b>	<b>10,000,000</b>	<b>100</b>	<b>100</b>	<b>10,000,000</b>	<b>100</b>	<b>100</b>	<b>10,000,000</b>	<b>100</b>	<b>100</b>

(1) Assuming the exercise in full of the Over-Allotment Option.

(2) Assuming no exercise of the Over-Allotment Option.

(3) Body corporate controlled by Mr Wolff.

The Issuer, the Selling Shareholders and the Over-Allotment Shareholder have agreed to be bound by lock-up agreements in connection with the Offering. See the Section entitled "Offering and Sale — Lock-up".

As at the date of this Prospectus, so far as the Company is aware, save as set out above, there are no other persons who are now or will, immediately following the Offering, be interested, directly or indirectly, in 3% or more of the Company's issued share capital, nor, as far as the Company is aware, are there any persons who now or immediately following the Offering, directly or indirectly, will exercise or could exercise control over the Company. All Shareholders have the same voting rights.

#### *Shareholding structure of Williams over the past three years*

The following table sets forth entities or persons known to the Issuer to be the direct or indirect holders of 3% or more of Williams shares as of the dates indicated, prior to the Offering.

Name of shareholder	30 November 2007			30 November 2008			31 December 2009			31 October 2010		
	No. of Shares	Capital (%)	Voting rights (%)	No. of Shares	Capital (%)	Voting rights (%)	No. of Shares	Capital (%)	Voting rights (%)	No. of Shares	Capital (%)	Voting rights (%)
Sir Frank Williams												
CBE .....	70,000	70	70	70,000	70	70	63,000	63	63	63,000	63	63
Patrick Head ....	30,000	30	30	30,000	30	30	27,000	27	27	27,000	27	27
Williams Holdings Ltd.*** .....	-	-	-	-	-	-	10,000	10	10	-	0	0
WIHL*** .....	-	-	-	-	-	-	-	-	-	10,000	10	10
<b>Total.....</b>	<b>100,000</b>	<b>100</b>	<b>100</b>	<b>100,000</b>	<b>100</b>	<b>100</b>	<b>100,000</b>	<b>100</b>	<b>100</b>	<b>100,000</b>	<b>100</b>	<b>100</b>

\*\*\* Body corporate controlled by Mr Wolff.

### **Arrangements Which May Result In A Change In Control Of The Issuer**

To the best knowledge of the Issuer, there are no arrangements the operation of which may at a subsequent date result in a change in control of the Issuer.

### **Provision Of The Articles Of Association Which May Delay, Defer or Prevent A Change In Control Of The Issuer**

None of the provisions of the Articles of Association may delay, defer or prevent a change in control of the Issuer.

### **Provisions Of The Articles Of Association Governing Ownership Disclosures**

See the Section entitled "Description Of The Issuer, The Share Capital and The Shares — Shareholder Notification and Disclosure Requirements."

### **Significant Shareholders**

As shown in the table above in the Section entitled "Principal and Selling Shareholders – Shareholding Structure – Current shareholding structure of the Issuer", one Shareholder (Sir Frank Williams CBE) owns an interest in the Issuer of more than 50% and – prior to the Offering – one Shareholder (Mr Head) has an interest of more than 15 % and WHL and WIHL together have an interest of more than 15% in the Issuer. On 7 February 2011, Sir Frank Williams CBE, Mr Wolff, WIHL and WHL entered into the Director Nomination Agreement which contains the following arrangements with respect to the control of the Issuer and its Board of Directors:

- for so long as Mr Wolff has an interest in 2.5% or more of the issued share capital of the Issuer, Sir Frank Williams CBE agrees to vote in favour of Mr Wolff remaining a Director and to support Mr Wolff's membership of each of the Audit Committee and the Remuneration and Nomination Committee; and
- for as long as Sir Frank Williams CBE has an interest in 2.5% or more of the issued share capital of the Issuer, Mr Wolff, WIHL and WHL agree to vote in favour of Sir Frank Williams CBE remaining a Director.

Sir Frank Williams CBE, Mr Head, Mr Wolff, WHL, WIHL, Elysee Capital Limited (a company controlled by Mr Wolff which holds shares in WIHL) and the Issuer have entered into a shareholders' agreement in relation to the Issuer. If inclusion of the Offered Shares to trading on the Open Market in the Entry Standard segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) takes place on or before 7 March 2011, this agreement will terminate with immediate effect.

Under this shareholders' agreement Sir Frank Williams CBE, Mr Head, Mr Wolff, WHL, and WIHL agree not to transfer any Shares or interest in Shares, other than pursuant to the Offering, prior to 7 March 2011. It is further agreed that certain material steps in relation to the business of the Group, if taken prior to inclusion of the Offered Shares to trading on the Open Market in the Entry Standard segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*), will require the consent of Sir Frank Williams CBE, Mr Head, Mr Wolff, WHL and WIHL. In addition, the agreement contains further provisions which will regulate the relationships of the Issuer and its Shareholders should inclusion of the Offered Shares to trading on the Open Market in the Entry Standard segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) not take place on or before 7 March 2011.

No other arrangements or undertakings with respect to the control of the Issuer and its Board of Directors exist between Sir Frank Williams CBE, Mr Head, Mr Wolff, WIHL and WHL.

Further, the Issuer is not aware of any other agreements or arrangements in existence between the Shareholders in relation to the exercise of their shareholder rights.

## RELATED PARTY TRANSACTIONS

*The following Section discloses the transactions between Williams (being the main trading and former parent company of the Group) and the Group, including the Issuer on the one side and their related parties within the meaning of and in accordance with the provisions of the Financial Reporting Standard n. 8 (Related Party Disclosures) on the other side over the period from 1 December 2006 to the date of this Prospectus.*

*The disclosure also takes into account the principles and definitions of "related parties" pursuant to IAS 24 under the International Accounting Standards. In accordance with IAS 24, transactions with persons or companies which are in control of or controlled by the company, must be disclosed, unless they are already included as consolidated companies in the company's financial statements. Control exists if a shareholder owns more than one half of the voting rights in the company or, by virtue of an agreement, has the power to control the financial and operating policies of the company's management.*

*The disclosure requirements under IAS 24 also extend to transactions with associated companies as well as transactions with persons who have significant influence on the company's financial and operating policies, including close family members and intermediate entities. Significant influence is deemed to be exerted by persons holding an interest in the company of 20% or more, a seat on the board of directors or other key management positions.*

*This Section should be read in conjunction with the information included elsewhere in this Prospectus, including the financial statements of Williams and the related notes.*

Other than set out below, there are no related party transactions (which for these purposes are those set out in the standards adopted according to the Regulation (EC) No. 1606/2002) entered into by the Issuer or Williams during the period covered by the historical financial information and up to the date of this Prospectus.

### **Transactions With Directors**

On 5 February 2008, Sir Frank Williams CBE entered into a loan agreement with Williams pursuant to which Williams lent Sir Frank Williams CBE GBP 150,000 on an interest-free basis. The amount was repaid on 26 August 2009. A further loan was made to Sir Frank Williams CBE under a loan agreement entered into with Williams on 25 August 2009 pursuant to which Williams lent Sir Frank Williams CBE GBP 150,000 on an interest-free basis. This amount was repaid to Williams on 17 November 2009.

At 30 November 2008, the Director's current account represented a balance of GBP 150,000 being amounts owed to Williams by Sir Frank Williams CBE. This has been repaid in full during the period ended 31 December 2009. No interest was charged on this balance during the period (2008: GBP nil).

Directors of WHP, who are also key management personnel of Williams at the same time, do not receive remuneration from WHP.

The information relating to the key management personnel compensation (within the meaning of the provisions of the Financial Reporting Standard n. 8 (Related Party Disclosures) are presented in the Section entitled "Board of Directors, Management and Auditors - Compensation, Shareholdings, Options and Loans."

### **Transactions With Related Entities**

WHP has been a related party of Williams by virtue of Williams' 40% shareholding in WHP over the period from 30 November 2008 to 31 December 2009 and also upon increase of such shareholding to 78% in April 2010. WHP is a related party of the Issuer by virtue of the Issuer's 100% shareholding in Williams and Williams' 78% shareholding in WHP.

During the 13 months period ended 31 December 2009, Williams made purchases of GBP 572,146 (2008: GBP 743,057) from WHP and sales of GBP 72,003 (2008: GBP nil) to WHP. At 31 December 2009, there was an outstanding balance owed to Williams by WHP of GBP 13,143 (2008: GBP nil) included in trade receivables.

Williams also made a loan of GBP 4,000 to WHP during the year ended 30 November 2008 which remained outstanding at 31 December 2009. No provisions or write offs have been made or are expected to be made against this balance.

Transactions between Williams and WHP during the period from April 2010 to 31 October 2010 and outstanding balance at 31 October 2010 have been eliminated on consolidation in the unaudited interim financial statements for the Group.

## MATERIAL CONTRACTS

The companies of the Group enter into contracts with third parties in the ordinary course of the business of the Group, including with Formula One drivers, engine and tyre providers and sponsors. See the Section entitled "Business Description."

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

*2009 Concorde Agreement* - See the Section entitled "Industry Overview and Trends — Commercial and Regulatory Structure" for a description of the 2009 Concorde Agreement.

*Resource Restriction Agreement* - See the Section entitled "Industry Overview and Trends — Formula One Teams Association" for a description of the Resource Restriction Agreement.

*The sponsorship agreements with the currently three largest sponsors AT&T, PDVSA and Randstad* - See the Section entitled "Business Description — The Formula One Business Segment — Sources Of Income — Sponsorship" for a description of the sponsorship agreements. Apart from the size of each sponsorship, the sponsorship agreements entered into with the three largest sponsors feature in general similar provisions and sponsorship packages with some variations depending primarily on the financial commitment made by each sponsor. In general, sponsorship agreements are often one year in duration although some agreements can last up to five years. The agreements may contain an option for the sponsor to extend such term.

The income from the three largest sponsorship agreements with AT&T, PDVSA and Randstad, together with the income under the Concorde Agreement is estimated to represent between 80% and 90% of the Group's contracted income for the upcoming financial year ended 31 December 2011.

*Share Exchange Agreement* - A share for share exchange agreement dated 7 February 2011 was entered into between the Issuer and the shareholders of Williams pursuant to which the shareholders of Williams agreed to sell all their shares in Williams to the Issuer in consideration for the allotment and issue of Shares on the basis of 100 Shares for each ordinary share in the capital of Williams. See the Sections entitled "Description of the Issuer, the Share Capital and the Shares – Capital Structure – Share Capital and Share Capital prior to the Offering" and "Reorganisation, Acquisitions and Financings" for a description of the Share Exchange Agreement.

*QSTP Corporate Research Agreement* - On 28 October 2009, Williams, the main trading and former parent company of the Group, entered into a Corporate Research Agreement with Qatar Foundation for Education, Science and Community Development. In February 2010 Williams established a branch in the QSTP Free Zone in Qatar. The branch has leased 585m<sup>2</sup> of space in QSTP and has established the WTCQ there. The WTCQ will undertake two projects to commercialise existing intellectual property. First, it will develop a large version of WHP's MLC flywheel that will be suited to mass transit and electrical grid applications. Secondly, WTCQ will have a replica of the DIL simulator developed for Formula One and intends to generate revenue from non-Formula One customers and as a development platform for enhanced features to adapt the technology for other markets, such as advanced driver training and entertainment. See the Sections entitled "Industry Overview and Trends — New Business Markets" and "Business Description — The Non-Formula One Business Segment" for further information and a discussion on the new business initiatives of the Group.

*Underwriting Agreement* - See the Section "Offering and Sale – Underwriting Agreement" for a description of the agreements relating to the Offering entered into by the Issuer with the Underwriters. See the Section entitled "Reorganisation, Acquisitions and Financings" for a description of the acquisition contracts and financing arrangements of the Group.

See the Section entitled "Related Party Transactions" for a description of the agreements entered into by Williams with related parties.

## DESCRIPTION OF THE ISSUER, THE SHARE CAPITAL AND THE SHARES

*Set out below is certain information concerning the Issuer's share capital and brief summaries of certain significant provisions of the Articles of Association relating to the Shares. This description does not purport to be complete and is qualified in its entirety by reference to statutory law and the Articles of Association in effect on the date of this Prospectus.*

### **General Corporate Information**

#### ***Name, Registered Office, Location***

Williams Grand Prix Holdings PLC  
Grove, Wantage, Oxfordshire OX12 0DQ, United Kingdom.

#### ***Incorporation and Duration***

The Issuer was incorporated in England and Wales on 21 December 2010 under the UK Companies Act as a public company limited by shares with the name Williams Grand Prix Holdings PLC and registered number 7475805.

The principal legislation under which the Issuer operates is the UK Companies Act.

#### ***System Of Law and Legal Form***

The Issuer is a public limited company incorporated in England and Wales.

#### ***Purpose and Activity***

Although under English law a company may specify in its constitutional documents the corporate purpose of that company, it is not required to do so. In the case of the Issuer, no corporate purpose is stated in the Articles of Association.

#### ***Accounting Reference Date and Other Information From The Register Of Companies***

The accounting reference date of the Issuer is 31 December of each year. Under current UK legislation, the Issuer is required to file its accounts with the Registrar of Companies in England and Wales by no later than six months after such date.

As of the date of this Prospectus:

- the first financial statements of the Issuer are due at the latest on 30 June 2012; and
- the first annual return<sup>1</sup> of the Issuer is due to be filed on 18 January 2012.

### ***Group***

The Issuer owns 100% of the issued share capital of Williams, a private limited company registered in England and Wales with company number 01297497.

The Issuer owns 100% of the issued share capital of WGP Trustees, a private limited company registered in England and Wales with company number 7501975. WGP Trustees is the trustee of WGP Trust.

Williams owns 78% of the issued share capital of WHP, a private limited company registered in England and Wales with company number 06005208.

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<sup>1</sup> *I.e.* annual summary of the Issuer's capital and shares by means of a statement of capital, together with an up-to-date list of directors with their names, service address and business occupation (if any), the name and service address of the company secretary, details of the alternative inspection location of the company records (if applicable) and certain shareholder details.

Williams is the sole member of The Williams F1 Team Foundation.

Williams is a member of CFMS Limited, a company limited by guarantee and registered in England and Wales with company number 06477281.

Williams owns 100% of the issued share capital of Engineering Designs Limited, a private limited company registered in England and Wales with company number 06586926. Engineering Designs Limited is a dormant company.

## **Capital Structure**

### ***Share Capital and Share Capital Changes Prior To The Offering***

The share capital of the Issuer on incorporation was GBP 2 divided into 2 ordinary shares of GBP 1 each which was subscribed for (nil paid) by the subscribers to the memorandum of association of the Issuer, London Law Secretarial Limited and London Law Services Limited. On 21 December 2010 one subscriber share was transferred to Sir Frank Williams CBE and the other was transferred to Mr Head who each extinguished the liability to pay GBP 1 on each share.

The following changes to the Issuer's share capital have taken place since incorporation:

- (a) by an ordinary resolution passed at a general meeting held on 7 February 2011, each issued ordinary share of GBP 1 in the capital of the Issuer was subdivided into 20 ordinary shares of GBP 0.05 each;
- (b) at a general meeting held on 7 February 2011 the Directors were authorised by ordinary resolution pursuant to section 551 of the UK Companies Act to allot up to 9,999,960 Shares;
- (c) on 7 February 2011 9,999,960 Shares were allotted credited as fully paid in consideration of the transfer to the Issuer of the entire issued share capital of Williams by way of the share for share exchange referred to in the Section entitled "Reorganisation, Acquisitions and Financings – Reorganisation"; and
- (d) by special resolution passed at a general meeting held 7 February 2011 the Issuer adopted the Articles.

The issued and fully paid share capital of the Issuer as of 7 February 2011 was as follows:

Nominal value	Issued and fully paid	
	Number	Nominal Amount (GBP )
GBP 0.05 each	10,000,000	500,000

### ***Options, Warrants, Convertible and Exchangeable Bonds***

None.

### ***No Participation Certificates and Profit Sharing Certificates***

The Issuer has not issued any non-voting equity securities, such as participation certificates or profit sharing certificates.

### ***Own Shares***

As of the date hereof, neither the Issuer, nor any of its subsidiaries other than WGP Trustees, hold, directly or indirectly, any of the Shares of the Issuer. WGP Trustees as the trustee of the WGP Trust holds 350,000 Shares of the Issuer which are the subject of the WGP Trust and the JSOP.

### ***Acquisition Rights Over Authorised but Unissued Capital or Undertaking To Increase The Capital Of The Issuer***

None.

### ***Options On The Capital Of A Member Of The Group***

Williams has an option to acquire the remaining 22% of the issued share capital of WHP. See the Section entitled "Reorganisation, Acquisitions and Financings."

### **Description Of The Shares**

*The following description of the Shares is made subject to the provisions of the Section entitled "Offering and Sale — Form Of The Shares, Settlement and Clearing" as regards the Shares held through Clearstream.*

The Shares (including, for the avoidance of doubt, the Shares that will be held by Vidacos Nominees Ltd. on behalf of Clearstream) are registered ordinary shares in the capital of the Issuer with a nominal value of GBP 0.05 each.

The Shares (including, for the avoidance of doubt, the Shares that will be held by Vidacos Nominees Ltd. on behalf of Clearstream) are fully paid up and rank *pari passu* with each other, including in respect of entitlement to dividends, to a share of the liquidation proceeds in the case of a liquidation of the Issuer and to pre-emptive rights.

Initially, no certificates will be issued in respect of the Offered Shares (including, for the avoidance of doubt, the Shares that will be held by Vidacos Nominees Ltd. on behalf of Clearstream) and share certificates will not be available for physical delivery to individuals in the Offering.

A shareholder may, however, at any time elect to receive and retain physical share certificates. Any such certificated Shares will not be capable of electronic settlement (whether through CREST or Clearstream) until such share certificate is surrendered for dematerialisation.

### ***Voting Rights***

*The following description of the shareholders' voting rights is made subject to the provisions of the Section entitled "Offering and Sale — Form Of The Shares, Settlement and Clearing" as regards the Shares held through Clearstream.*

Voting rights are exercised at a general meeting in one of two ways:

- On a show of hands — subject to the restrictions that may be attached to the Shares (as described under "— Restrictions On Voting Rights"):
  - (a) every shareholder who is present in person shall have one vote;
  - (b) subject to paragraph (c), every proxy present who has been duly appointed by one or more shareholders entitled to vote on the resolution has one vote;
  - (c) a proxy has one vote for and one vote against the resolution if (i) the proxy has been duly appointed by more than one shareholder entitled to vote on the resolution and (ii) the proxy has been instructed by one or more of those shareholders to vote for the resolution and by one or more of those shareholders to vote against it.

- On a poll — subject to the restrictions that may be attached to the Shares<sup>2</sup> (as described under "— Restrictions On Voting Rights"), every shareholder present in person or by proxy shall have one vote for every Share<sup>4</sup> held.

The number of votes required to pass a particular resolution depends on whether the resolution is required to be passed as an ordinary resolution or special resolution:

- Ordinary resolutions (such as the declaration of a bonus issue or the removal of a Director) proposed at a general meeting must be approved by a simple majority (i.e. more than 50 %) of the votes cast at the shareholders' meeting, whether by a show of hands or on a poll.
- Special resolutions (such as the alteration of the Articles of Association, reductions of capital or changes of name) must be passed by a three-quarters majority of the votes cast at the shareholders' meeting, whether by a show of hands or on a poll.

### ***Restrictions On Voting Rights***

No shareholder shall be entitled to vote in relation to its Shares if all moneys presently payable by him in respect of those Shares have not been paid (as at the date of the Prospectus, all the Shares are fully paid-up).

A Shareholder holding Shares in respect of which there has been a default (whether by that person or by another person whom the Board of Directors has reasonable cause to believe is interested in the Shares held by that person and on whom the Board of Directors has served a section 793 notice) in providing the Issuer with the information concerning interests in those Shares required to be provided under section 793 of the UK Companies Act (see section 793 notice under "— Shareholder Notification and Disclosure Requirements") shall (for so long as the information is not supplied and for up to seven days thereafter) not be entitled to vote in respect of those Shares in relation to which the required information has not been supplied.

### ***Restrictions on Transfer Of Shares***

Shares transferred through CREST shall be transferred in accordance with the rules of CREST.

Shares transferred through Clearstream shall be transferred in accordance with the rules of Clearstream. All of the Offered Shares are expected to be admitted to Clearstream on or about 2 March 2011. See the Section entitled "Offering and Sale — Form Of The Shares, Settlement and Clearing."

In principle, the Shares are freely transferable.

### ***Specific Provisions Applicable To Certificated Shares Only.***

The following provisions shall *not* apply to Shares transferred through Clearstream.

- Certificated Shares are not capable of electronic settlement (whether through CREST or Clearstream). If a holder of a certificated Share wishes to transfer Shares by means of CREST, the Shares to be transferred must first be dematerialised in CREST. If a holder of a certificated Share wishes to transfer Shares by means of Clearstream, the Shares to be transferred must first be dematerialised in CREST and then credited to the account of Vidacos Nominees Ltd on behalf of Clearstream.
- Certificated Shares may be transferred by an instrument of transfer in any usual form or in any other form which the Board of Directors may approve. An instrument of transfer (in respect of a certificated Share) shall be signed by or on behalf of the transferor and (unless the certificated Share is fully paid) by or on behalf of the transferee. The transferor shall remain the holder of the certificated Shares concerned until the name of the transferee is entered in the

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<sup>2</sup> Including, for the avoidance of doubt, the Shares that will be held by Vidacos Nominees Ltd. for and on behalf of Clearstream.

register of members in respect thereof. An instrument of transfer (in respect of a certificated Share) need not be under seal but should be under hand.

- The Board of Directors may, in its absolute discretion, refuse to register the transfer of a certificated Share which is not a fully paid Share.
- The Board of Directors may also refuse to register the transfer of a certificated Share unless:
  - (a) in the case of an instrument of transfer, it is lodged, duly stamped (if stampable), at the registered office or another place appointed by the Board of Directors and is accompanied by the relevant share certificate and such other evidence of the right to transfer as the Board of Directors may require;
  - (b) it is in respect of one class of share only;
  - (c) it is in favour of not more than four transferees; and
  - (d) it is in respect of a Share on which the Issuer does not have a lien.

*Provisions Applicable To All The Shares (Except To Shares Transferred Through Clearstream)*

The transfer restrictions set forth below shall *not* apply to Shares transferred through Clearstream.

The Board may refuse to register a transfer of Shares<sup>3</sup> (whether certificated or not) by a person if:

- (a) such Shares represent at least a 0.25% interest in nominal value of the issued Shares of their class; and
- (b) in respect of those Shares, there has been and continues to be a default (whether by such person or by another person whom the Board of Directors has reasonable cause to believe is interested in the Shares held by such person and on whom the Board of Directors has served a section 793 notice) in providing the Issuer with the information concerning interests in those Shares required to be provided under the UK Companies Act (see section 793 notice under "— Shareholder Notification and Disclosure Requirements");

unless:

- (a) the transfer is an approved transfer (as defined in the Articles of Association);
- (b) the transferee is not himself in default in supplying the information required and he certifies that, after due and careful enquiry, he is satisfied that no person in default in supplying such information is interested in any of the Shares the subject of the transfer; or
- (c) the transfer of the Shares is a transfer effected through CREST (and is therefore required to be registered by the Uncertificated Securities Regulations 2001 as amended).

Notice of such a refusal to register a transfer of Shares (whether certificated or not) must be sent by the Company to the transferee within two months after the date on which the instrument of transfer was lodged with the Issuer.

No fee shall be charged by the Issuer for the registration of any instrument of transfer or other document relating to or affecting the title to any Share (whether certificated or not and whether such Shares are transferred through CREST or Clearstream).

Save as provided above or as required by the UK Companies Act or other applicable law, there are no restrictions on the transfer of Shares.

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<sup>3</sup> Including, for the avoidance of doubt, the Shares that will be held by Vidacos Nominees Ltd for and on behalf of Clearstream, but excluding, for the avoidance of doubt, the Shares that will be transferred through Clearstream.

## **Shareholders' Meetings**

*The following description of shareholders' meetings is subject to the provisions of the Section entitled "Offering and Sale — Form Of The Shares, Settlement and Clearing" as regards the Shares held through Clearstream.*

### ***Notice Of General Meetings***

#### *Form Of Notices*

Notice of a general meeting must be given to shareholders:

- (a) in hard copy form;
- (b) in electronic form; or
- (c) by means of a website provided that shareholders are separately notified of the publication of the notice on the website and that the separate notification specifies the place, date and time of the meeting and whether it will be an annual general meeting.

If at any time the Issuer is unable effectively to convene a general meeting by notices sent through the post as a result of the suspension or curtailment of postal services in the United Kingdom, notice of a general meeting may be sufficiently given by advertisement in the United Kingdom. Any notice given by advertisement in this manner shall be advertised in at least one newspaper having a national circulation in the United Kingdom. If advertised in more than one newspaper, the advertisements shall appear on the same date. Such notice shall be deemed to have been sent to all persons who are entitled to have notice of meetings sent to them on the day when the advertisement appears. If the posting of notices to addresses throughout the United Kingdom, becomes again practicable at least seven days before the meeting, the Issuer shall send confirmatory copies of the notice by post.

#### *Timing For Notices*

An annual general meeting shall be called by at least 21 clear days' notice.

Subject to the provisions of the UK Companies Act, all other general meetings shall be called by at least 14 clear days' notice. Subject to the provisions of the UK Companies Act, to the provisions of the Articles and to any restrictions imposed on any Shares, the notice shall be sent to all the Shareholders, to each of the Directors and to the auditors.

#### *Contents Of Notices*

Subject to the provisions of the UK Companies Act, the notice shall specify the date, time and place of the meeting (including without limitation any satellite meeting place, which shall be identified as such in the notice) and the general nature of the business. If any resolution is to be proposed as a special resolution, the notice shall contain a statement to that effect together with the full text of the special resolution.

There should appear with reasonable prominence in every such notice a statement that:

- (a) a shareholder is entitled to appoint another person as his proxy to exercise all or any of his rights to attend, speak and vote at the general meeting and may appoint more than one proxy in relation to a meeting provided that each proxy is appointed to exercise rights attaching to a different Share or different Shares held by him; and
- (b) a proxy need not be a shareholder of the Issuer.

### ***Power To Call A General Meeting***

The Board may call general meetings whenever and at such times and places as it shall determine.

On the requisition of Shareholders pursuant to the provisions of the UK Companies Act, the Board of Directors shall convene a general meeting in accordance with the requirements of the UK Companies Act.

### ***Ability To Requisition Meetings and Propose Resolutions***

Shareholders representing at least 5% of the paid up share capital of the Issuer carrying the right to vote (excluding any paid up capital held as treasury shares) may require the Directors to call a general meeting. Any such request must state the general nature of the business to be dealt with at the meeting and may include the text of a resolution that may be properly moved and is intended to be moved at the meeting.

In relation to the Issuer's annual general meeting, Shareholders may require the Issuer to give notice of a resolution which may properly be moved and is intended to be moved at that meeting if they satisfy either of the following tests:

- (a) they are Shareholders representing at least 5% of the total voting rights of all Shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate (excluding any voting rights attached to any Shares held as treasury shares); or
- (b) they comprise at least 100 shareholders who have a right to vote on the resolution at the annual general meeting to which the requests relate and who hold Shares on which there has been paid up an average sum, per Shareholder, of at least GBP 100.

The Shareholders' request must be received by the Issuer not later than six weeks before the annual general meeting to which the request relates or, if later, the time at which notice is given of that meeting.

A resolution may be properly moved at a general meeting unless it would, if passed, be ineffective (whether by reason of inconsistency with any enactment or the Issuer's constitution or otherwise), it is defamatory of any person or it is frivolous or vexatious.

### ***Attendance At Meetings***

The Board of Directors may resolve to enable persons entitled to attend a general meeting to do so by simultaneous attendance and participation at a satellite meeting place anywhere in the world. The shareholders present in person or by proxy at satellite meeting places shall be counted in the quorum for, and entitled to vote at, the general meeting in question, and that meeting shall be duly constituted and its proceedings valid if the chairman of the general meeting is satisfied that adequate facilities are available throughout the general meeting to ensure that shareholders attending at all the meeting places are able to:

- (a) participate in the business for which the meeting has been convened;
- (b) hear and see all persons who speak (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) in the principal meeting place and any satellite meeting place; and
- (c) be heard and seen by all other persons so present in the same way.

The chairman of the general meeting shall be present at, and the meeting shall be deemed to take place at, the principal meeting place.

The Board of Directors may make arrangements for persons entitled to attend a general meeting or an adjourned general meeting to be able to view and hear the proceedings of the general meeting or adjourned general meeting and to speak at the meeting (whether by the use of microphones, loudspeakers, audio-visual communications equipment or otherwise) by attending at a venue anywhere in the world not being a satellite meeting place. Those attending at any such venue shall not be regarded as present at the general meeting or adjourned general meeting and shall not be entitled to vote at the meeting at or from that venue. The inability for any reason of any shareholder present in person or by proxy at such a venue to view or hear all or any of the proceedings of the meeting or to speak at the meeting shall not in any way affect the validity of the proceedings of the meeting.

The Board of Directors may from time to time make any arrangements for controlling the level of attendance at any venue (including without limitation the issue of tickets or the imposition of some other means of selection) as it in its absolute discretion considers appropriate, and may from time to time change those arrangements. If a shareholder, pursuant to those arrangements, is not entitled to attend in person or by proxy at a particular venue, he shall be entitled to attend in person or by proxy at any other venue for which arrangements have been made. The entitlement of any shareholder to be present at such venue in person or by proxy shall be subject to any such arrangement then in force and stated by the notice of meeting or adjourned meeting to apply to the meeting.

The right of a shareholder to participate in the business of any general meeting shall include without limitation the right to speak, vote on a show of hands, vote on a poll, be represented by a proxy in relation to any of such rights, and have access to all documents which are required by the UK Companies Act or the Articles to be made available at the meeting.

A Director shall, notwithstanding that he is not a shareholder, be entitled to attend and speak at any general meeting and at any separate meeting of the holders of any class of shares in the capital of the Issuer. The chairman may invite any person to attend and speak at any general meeting of the Issuer if he considers that such person has the appropriate knowledge or experience of the Issuer's business to assist in the deliberations of the meeting.

### **Shareholders' Inspection Rights**

*The following description of the shareholders' inspection rights is subject to the provisions of the Section entitled "Offering and Sale — Form Of The Shares, Settlement and Clearing" as regards the Shares held through Clearstream.*

A shareholder may pursuant to and subject to the conditions set out in the UK Companies Act, inspect certain of the Issuer's records, including (among other things) minutes of general meetings of the Issuer, copies of all resolutions of the Issuer passed otherwise than at general meetings, the Issuer's register of shareholders and certain other statutory registers and copies of directors' service contracts. These records are available for inspection at the Issuer's registered office for at least two hours between the hours of 9.00 a.m. and 5.00 p.m. on each working day. Otherwise, no Shareholder shall (as such) have any right of inspecting any accounting records or books or documents of the Issuer except as conferred by UK law or authorised by Directors or an ordinary resolution of the Issuer.

### **Shareholders' Right to Bring Derivative Actions**

*The following description of the shareholders' right to bring derivative actions is subject to the provisions of the Section entitled "Offering and Sale — Form Of The Shares, Settlement and Clearing" as regards the Shares held through Clearstream.*

Under the UK Companies Act, an individual shareholder may bring an action in the shareholder's name, for the benefit of the Issuer, where the wrong complained of is in respect of any actual or proposed act or omission involving negligence, default, breach of duty or breach of trust by a Director.

A shareholder must obtain the consent of the court to bring such an action and any damages awarded in respect of such an action may only be awarded to the Issuer.

### **Net Profits and Dividends**

*The following description of dividend declaration and payment is subject to the provisions made under the Section entitled "Offering and Sale — Form Of The Shares, Settlement and Clearing" as regards the dividend rights and voting rights of investors holding their Shares through Clearstream.*

Subject to the provisions of the UK Companies Act, the Issuer may by ordinary resolution of the shareholders declare dividends in accordance with the respective rights of the shareholders, but no dividend shall exceed the amount recommended by the Board of Directors.

Subject to the provisions of the UK Companies Act, the Board of Directors may pay interim dividends if it appears to the Board of Directors that they are justified by the profits of the Issuer available for distribution. The Board of Directors may also pay at intervals determined by it any dividend at a fixed

rate if it appears to the Board of Directors that the profits available for distribution justify the payment. If the Board of Directors acts in good faith it shall not incur any liability to the holders of Shares conferring preferred rights for any loss they may suffer by the lawful payment of an interim dividend on any Shares having deferred or non-preferred rights.

No dividend or other moneys payable in respect of a Share shall bear interest against the Issuer unless otherwise provided by the rights attached to the Share.

The Board of Directors may withhold payment from a person of any dividend or scrip dividend in respect of Shares in the Issuer if those Shares represent at least a 0.25% in nominal value of the Shares of their class or any class thereof and if, in respect of those Shares, there has been and continues to be a default (whether by that person or by another person whom the Board of Directors has reasonable cause to believe is interested in the Shares held by such person and on whom the Board of Directors has served a section 793 notice) in providing the Issuer with the information concerning interests in those Shares required to be provided under the section 793 of the UK Companies Act (see section 793 notice under "— Shareholder Notification and Disclosure Requirements").

Except as provided by the rights attaching to any other class of shares, all dividends will be declared and paid according to the amounts paid-up on the Shares during any portion of the period in respect of which the dividend is paid. As at the date of this Prospectus, the share capital of the Issuer is composed of one single class of shares and all of the Shares are fully paid-up.

The Board of Directors may, if authorised by an ordinary resolution of the shareholders of the Issuer, offer any shareholder the right to elect to receive Shares by way of scrip dividend instead of cash in respect of the whole (or some part, to be determined by the Board of Directors) of any dividend.

Any dividend which has remained unclaimed for 12 years from the date when it became due for payment shall, if the Board of Directors so resolves, be forfeited and cease to remain owing by the Issuer.

### **Ordinary Capital Increase**

*The following description of ordinary capital increases and the shareholders' power under the UK Companies Act and the Articles of Association to approve and allow such capital increases is subject to the provisions of the Section entitled "Offering and Sale — Form Of The Shares, Settlement and Clearing" as regards the voting rights of investors holding their Shares through Clearstream.*

The Issuer's share capital may be increased by the exercise by the Directors of the Issuer's powers to allot Shares. The Directors may be empowered under section 551 of the UK Companies Act to allot additional Shares or to grant rights to subscribe for or to convert any security into Shares by an ordinary resolution of the Shareholders. Such authority may be granted for a maximum period of five years from the approval by the general meeting of Shareholders or such shorter period as the ordinary resolution may specify.

The Directors may in addition exercise the powers of the Issuer to allot Shares or rights to subscribe for or convert any security into Shares pursuant to an employees' share scheme.

### **Pre-Emptive Rights**

*The following description of the pre-emptive rights of the shareholders' power under the UK Companies Act and the Articles of Association is subject to the provisions of the Section entitled "Offering and Sale — Form Of The Shares, Settlement and Clearing" as regards the Shares held through Clearstream.*

Under section 561 of the UK Companies Act, the Issuer may not allot (i) Shares in the Issuer or (ii) rights to subscribe for, or convert securities into, Shares in the Issuer (together, "equity securities") to a person on any terms unless it has made an offer to each person who holds Shares in the Issuer to allot to him on the same or more favourable terms a proportion of those securities that is as nearly as practicable equal to the proportion in nominal value held by him of the share capital of the Issuer. The offer must state a period during which it may be accepted of at least 14 days beginning with the date on which the offer is sent or supplied (in the case of offers made in hard copy form), sent (in the case of offers made in electronic form) or published (in the case of offers made by publication in the Gazette) and the offer may not be withdrawn before the end of that period.

The statutory pre-emption rights set out in section 561 of the UK Companies Act do not apply to the allotment of bonus shares, the allotment of equity securities for non-cash consideration or the allotment of equity securities pursuant to an employees' share scheme.

Where the Directors are authorised to allot Shares in the Issuer for the purposes of section 551 of the UK Companies Act, the Issuer may by a special resolution of the Shareholders authorise the Directors to allot equity securities for cash consideration as if the statutory pre-emption rights under section 561 of the UK Companies Act did not apply to such allotment. Such authority may be granted by Shareholders for the same period as the authority granted for the purposes of section 551 of the UK Companies Act or such shorter period as the special resolution may specify.

### **Borrowing Power**

Subject to the provisions of the UK Companies Act, the Directors may exercise all the powers of the Issuer to borrow money, and to mortgage or charge its undertaking, property and assets (both present and future) and uncalled capital or any part or parts thereof and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Issuer or of any third party.

### **Amendments To The Rights Attached To Different Classes Of Shares and To The Articles Of Association**

*The following description of the ability to amend the rights attached to the different class of shares and to the Articles of Association under the UK Companies Act and the Articles of Association is subject to the provisions of the Section entitled "Offering and Sale — Form Of The Shares, Settlement and Clearing" as regards the Shares held through Clearstream.*

#### *Rights Attached To Different Classes Of Shares*

At the date of this Prospectus, the share capital of the Issuer is composed of one single class of shares.

Subject to the provisions of the UK Companies Act, if at any time the share capital of the Issuer is divided into different classes of shares, the rights or privileges attached to any class of shares may be varied or abrogated in such manner (if any) as may be provided by those rights or privileges, or in the absence of any provision, either with the written consent of the holders of not less than three quarters in nominal value of the issued shares of that class (excluding any shares held as treasury shares), or the sanction of a special resolution passed at a separate general meeting of the holders of those shares.

#### *Articles of Association*

Subject to the provisions of the UK Companies Act, the Articles of Association may be amended with either the unanimous written consent of shareholders or the sanction of a special resolution passed at a general meeting of the Issuer.

### **Repurchase Of Own Shares**

Subject to the provisions of the UK Companies Act, and without prejudice to any rights attaching to any existing Shares or class of Shares:

- Shares may be issued that are to be redeemed or which at the option of the Issuer or the holder are liable to be redeemed, on such terms and in such manner as may be provided by the Board of Directors; and
- the Issuer may purchase any of its own Shares of any class at any price (whether at par or above or below par) and such purchase can be financed entirely from distributable profits or from the proceeds of a fresh issue of Shares made for the purpose of financing the purchase.

## Notices

*The following description of notices under the UK Companies Act and the Articles of Association is made subject to the disclosures made under the Section entitled "Offering and Sale — Form Of The Shares, Settlement and Clearing" as regards the Shares held through Clearstream.*

According to the Articles and subject to the UK Companies Act, notices to shareholders may validly be (i) sent in hard copy by post or other delivery service or (ii) sent in electronic form, to such address (if any) for the time being notified for that purpose to the person sending the notice by or on behalf of the person to whom the notice is sent or (iii) by making them available on a website.

A shareholder whose registered address is not within the United Kingdom and who sends to the Issuer (i) an address within the United Kingdom at which a notice or other document may be sent to him in hard copy form or (ii) an address to which a notice or other document may be sent in electronic form, shall (provided that, in the case of electronic form, the Issuer so agrees) be entitled to have notices or other documents sent to him at that address but otherwise:

- (a) no such shareholder shall be entitled to receive any notice or other document from the Issuer; and
- (b) without prejudice to the generality of the foregoing, any notice of a general meeting of the Issuer which is in fact sent or purports to be sent to such shareholder shall be ignored for the purpose of determining the validity of the proceedings at such general meeting.

Notices will also be delivered to Euroclear UK & Ireland as operator of the CREST system for further delivery to its members holding the Shares, including, for the avoidance of doubt, Vidacos Nominees Ltd., in its capacity as registered holder of the Offered Shares for and on behalf of Clearstream (see the Section entitled "Offering and Sale — Form Of The Shares, Settlement and Clearing"). Vidacos Nominees Ltd. will in turn pass them on through Clearstream in the form in which they are received together with any amendments and additional documentation necessary to effect such passing-on.

## Liquidation

Except as provided by the rights and restrictions attached to any class of Shares, the holders of the Shares will under general law be entitled to share in any surplus assets in a winding up in proportion to their shareholdings. The Board of Directors shall have power in the name and on behalf of the Issuer to present a petition to the court for the Issuer to be wound up.

If the Issuer is wound up, a liquidator may, with the sanction of a special resolution and any other sanction required by the UK Insolvency Act 1986, divide among the shareholders in specie the whole or any part of the assets of the Issuer and may, for that purpose, value any assets and determine how the division shall be carried out as between the shareholders or different classes of shareholders.

## Shareholder Notification and Disclosure Requirements

*For the avoidance of doubt, investors are informed that the Shares held through Clearstream shall be subject to the following provisions.*

The German regulations on shareholder notification and disclosure requirements (Sec. 21 seqq. of the German Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*)) will not apply to the Issuer.

However, the Articles of Association provide that a shareholder must notify the Issuer of the percentage of its voting rights held by him if the percentage of voting rights which he holds directly as a shareholder or on account of another person who is a shareholder or a holder of interests in Shares or through a direct or indirect holding of financial instruments (or a combination of such holdings) by such member or other person (1) reaches, exceeds or falls below 3%, 5%, 10%, 15%, 20%, 25%, 30%, 33.3%, 50%, or 66 2/3% or 75% as a result of an acquisition or disposal of Shares or financial instruments or (2) reaches, exceeds or falls below an applicable threshold in (1) as a result of events changing the breakdown of voting rights and on the basis of information disclosed by the Issuer's most recent month-end disclosure published by the Issuer on its website.

Any such notification required to be made to the Issuer shall be effected as soon as possible, but not later than two trading days after the date on which the relevant person:

- (a) learns of the acquisition or disposal or of the possibility of exercising voting rights, or on which, having regard to the circumstances, should have learned of it, regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect; or
- (b) is informed of such event.

Following receipt of such notification, the Issuer will inform the public and Entry Standard within two trading days.

Pursuant to section 793 of the UK Companies Act and the Articles, the Issuer is empowered by notice in writing to require any person whom the Issuer knows, or has reasonable cause to believe, to be interested in the Issuer's Shares or to have been interested at any time during the three years immediately preceding the date of the notice, within a reasonable amount of time to disclose to the Issuer particulars of any interests, rights, agreements affecting any of the Shares held by that person or in which he is interested.

If such person fails to comply with such notice the Issuer may apply to the court for an order directing that such Shares be subject to restrictions such that:

- (a) any transfer of the Shares is void;
- (b) no voting rights are exercisable in respect of the Shares;
- (c) no further Shares may be issued in right of the Shares or in pursuance of an offer made to their holder;
- (d) except in a liquidation, no payment may be made of sums due from the Issuer on the Shares, whether in respect of capital or otherwise.

### **Takeover Controls and Obligations To Make An Offer**

The German regulations on the obligation to make an offer (Sec. 35 et seq. of the German Securities Acquisition and Takeover Act – *Wertpapierübernahmegesetz – WpÜG*) and the German takeover regulations in general will not apply to the Issuer due to the fact that the Shares of the Issuer are not admitted to trading on an “organised market” within the meaning of Sec. 1 para. 1 of the German Securities Acquisition and Takeover Act (*WpÜG*).

#### *City Code On Takeovers and Mergers*

As a public company incorporated and registered in England and with its place of central management and control in the United Kingdom, the Issuer is currently subject to the provisions of the City Code on Takeovers and Mergers (the “**Takeover Code**”) issued and administered by the UK Panel on Takeovers and Mergers (the “**Takeover Panel**”).

The Takeover Code contains certain provisions concerning mandatory takeover bids. Under Rule 9 of the Takeover Code, if any person (together with its concert parties) acquires an interest in shares carrying 30% or more of the voting rights in a company, the acquirer and its concert parties would be required (except with the consent of the Takeover Panel) to make a cash offer for the remaining shares in the company at a price not less than the highest price paid by the acquirer or any of its concert parties during the previous 12 months. A cash offer would also be required if a person (together with its concert parties) holding shares carrying between 30% and 50% of the voting rights in a company increases its percentage interest in the total voting rights in the company.

Sir Frank Williams CBE, Mr Head, WHL, WIHL, Mr Wolff and WGP Trust (along with the beneficiaries of the Shares held by WGP Trust) (the “**Concert Parties**”) are deemed to be acting in concert for the purposes of the Takeover Code and will, immediately following the Offering, be interested in Shares carrying 75.9% (or 72.6% in the event that the Over-Allotment Option is exercised in full) in aggregate of the voting rights in the Issuer.

However, immediately following the Offering, Sir Frank Williams CBE will be interested in Shares carrying more than 50% of the voting rights in the Issuer and no requirement to make an offer under Rule 9 of the Takeover Code will arise in relation to further acquisitions of interests in Shares by him (or any person acting in concert with him). In addition, as the Concert Parties will be interested in Shares carrying more than 50% of the voting rights in the Issuer, no requirement to make an offer under Rule 9 will arise in relation to further acquisitions of interests in Shares by any of them except in certain limited circumstances including where the relevant person becomes interested in more than 30% of the voting rights in the Issuer.

If at any point following the Offering, Sir Frank Williams CBE (and the persons acting in concert with him) ceased to be interested in Shares carrying more than 50% of the voting rights in the Issuer and were to increase subsequently his interest in Shares, the requirements of Rule 9 of the Takeover Code would apply. In addition, if the Concert Parties cease to be interested in Shares which in aggregate carry more than 50% of the voting rights in the Issuer, the requirements of Rule 9 of the Takeover Code would apply.

#### *Squeeze-Out*

Under the UK Companies Act, an offeror in respect of a “takeover offer” (as defined in section 974 of the UK Companies Act) for the Issuer has the right to buy out minority shareholders where he has acquired (or unconditionally contracted to acquire) not less than 90% in value of the Shares to which the offer relates and not less than 90% of the voting rights carried by those Shares. The offeror’s notice to acquire Shares from minority shareholders must be given within three months of the last day on which the offer can be accepted. The squeeze out of minority shareholders is completed at the end of six weeks from the date of the notice. The consideration offered to the shareholders whose Shares are acquired compulsorily under the UK Companies Act must, in general, be the same as the consideration that was available under the takeover offer.

#### *Ability Of Minority Shareholders To Require An Offeror To Purchase Their Shares*

In addition, where there has been a takeover offer for all the Shares in the Issuer, minority shareholders who hold Shares to which the offer relates and who have not accepted the offer can require the offeror to purchase those Shares provided that at any time before the end of the period within which the offer can be accepted, the offeror has acquired (or has unconditionally contracted to acquire) not less than 90% in value of all voting shares in the Issuer, which carry not less than 90% of the voting rights. An offeror must give the remaining shareholders notice of their right to be bought out within one month of that right arising. The offeror may impose a time limit on the rights of minority shareholders to be bought out, but that period cannot end less than three months after the end of the acceptance period or, if later, three months from the date on which notice is served on shareholders notifying them of their rights to be bought out. If a shareholder exercises his/her rights, the offeror is entitled and bound to acquire those shares on the terms of the offer or on such other terms as may be agreed.

## OFFERING AND SALE

### Offering

This Offering consists of up to 2,409,383 Shares. In addition, WIHL has granted Bank am Bellevue an Over-Allotment Option to purchase up to 330,000 Additional Shares exercisable by Bank am Bellevue within 30 days after the first day of trading in the Shares on the Entry Standard, solely to cover over-allotments made in connection with the Offering.

The Offering consists of (i) a public offering in Germany, the United Kingdom, Austria and Switzerland and (ii) a private placement of the Offered Shares in certain jurisdictions outside Germany, the United Kingdom, Austria and Switzerland to selected institutional investors. All offers and sales will be made in reliance on Regulation S under the US Securities Act. Shareholders, investors and depository banks should advise themselves of applicable laws and regulations relating to the Offer and purchase of the Offered Shares. See also the Section entitled "Offering Restrictions".

The Offered Shares have not been and will not be registered under the US Securities Act, or under the securities laws of any state of the United States and, accordingly, they may not be offered, sold, resold, granted, delivered, allotted, taken up, or transferred in the United States (as defined in Regulation S), except pursuant to an exemption from the registration requirements of the US Securities Act. See the Section entitled "Offering Restrictions".

### Underwriting Agreement

On 7 February 2011 the Underwriters entered into the Underwriting Agreement with the Issuer, the Selling Shareholders, the Over-Allotment Shareholder, the Directors and WGP Trustees under which the Underwriters agree to assist the Issuer in the listing of the Issuer's Shares at Entry Standard including the Offering of the Offered Shares.

Under the terms and subject to the conditions contained in the Underwriting Agreement, between the Underwriters, the Issuer, the Selling Shareholders and the Over-Allotment Shareholder, the Underwriters agree to use reasonable endeavours to procure purchasers for the 2,409,383 Shares to be sold by the Selling Shareholders at the Offer Price. The Underwriters agree to ensure that the Issuer will have a minimum free float of at least 800,000 Shares on Admission, but otherwise the Offering will not be underwritten. The full cost of the underwriting and placing commission will be borne by the Selling Shareholders and the Over-Allotment Shareholder.

Under the terms of the Underwriting Agreement, WIHL has granted Bank am Bellevue the Over-Allotment Option entitling Bank am Bellevue to purchase up to 330,000 Additional Shares at the Offer Price, exercisable by Bank am Bellevue within 30 days after the first day of trading in the Shares on the Entry Standard, solely to cover over-allotments made in connection with the Offering.

The Offered Shares are being offered initially at the Offer Price by way of (i) a public offering in Germany, the United Kingdom, Austria and Switzerland and (ii) a private placement outside Germany, the United Kingdom, Austria and Switzerland to selected institutional investors. All offers and sales will be made in reliance on Regulation S under the US Securities Act.

The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent (which are typical for agreements of this nature). If the conditions precedents are not satisfied (or waived), the Offering will lapse and not be consummated and any previously purported allocation and purchase of Offered Shares will be deemed not to have been made.

The Issuer, the Selling Shareholders and the Directors have made customary warranties for agreements of this nature. In addition, the Issuer has given an indemnity to the Underwriters in a form that is typical for an agreement of this nature. In addition, Bank am Bellevue has the right to terminate the Underwriting Agreement in certain circumstances which are typical for agreements of this nature, including material breach of warranties and significant changes in national or international financial, monetary, economic or market conditions.

## Lock-up

The Issuer has agreed with Bank am Bellevue that, for a period of six months after the first day of trading of the Shares on the Entry Standard, it will not issue any Shares or other securities without the prior written consent of Bank am Bellevue.

In addition, the Selling Shareholders and the Over-Allotment Shareholder have each agreed that, for a period of six months after the first day of trading of the Shares on the Entry Standard, such person will not sell, contract to sell, pledge or otherwise dispose of any Shares or any interest in any Shares or any rights arising from or attached to such Shares without the prior written consent of the Underwriters (such consent not to be unreasonably withheld or delayed).

WGP Trustees has undertaken that, for a period of 18 months after the first day of trading of the Shares on the Entry Standard, it will not, and will procure that no person with whom it is connected will, sell, contract to sell, pledge or otherwise dispose of any Shares or any interest in any Shares or any rights arising from or attached to such Shares arising from or attached to such Shares without the prior written consent of the Underwriters (such consent not to be unreasonably withheld or delayed).

The lock-up provisions set out above will not apply to:-

- (i) an acceptance of a general offer made for all the issued share capital of the Issuer made in accordance with the City Code on Takeovers and Mergers or the execution of an irrevocable undertaking to accept such an offer during an offer period (within the meaning of the City Code on Takeovers and Mergers); or
- (ii) a disposal or agreement to dispose of Shares pursuant to a compromise or arrangement between the Issuer and its members or any class of them which is agreed to by the members and sanctioned by the court under sections 895-901 of the UK Companies Act; or
- (iii) a disposal or agreement to dispose of Shares pursuant to a scheme of reconstruction under section 110 of the Insolvency Act 1986 in relation to the Issuer; or
- (iv) a disposal or agreement to dispose of Shares made pursuant to an offer by the Issuer to purchase its own shares which is made on identical terms to all holders of Shares and otherwise complies with the UK Companies Act and the listing rules made by the Frankfurt Stock Exchange;
- (v) a disposal or agreement to dispose of Shares pursuant to a court order; or
- (vi) a disposal or agreement to dispose of Shares to provide funds to meet any liability arising in respect of the warranties and indemnities contained in the Placing Agreement;
- (vii) a disposal or agreement to dispose of shares by a Director if his contract of employment with a member of the Group shall be unlawfully terminated by a member of the Group in breach of such contract; or
- (viii) a renunciation of a right to subscribe for Shares where such right is derived from Shares in the Issuer held by the Director or a failure to take up such right;
- (ix) any sale of Shares by the Over-Allotment Shareholder pursuant to the Over-Allotment Option; or
- (x) any sale by the Over-Allotment Shareholder of any Shares which are subject to the Over-Allotment Option but in respect of which the Over-Allotment Option is not exercised by the Stabilisation Agent; or
- (xi) any transfer of up to 350,000 Shares by WHL; or
- (xii) any transfer of Shares made pursuant to the WHL Agreement.

## **Stabilisation**

In connection with the Offering, the Stabilisation Agent or any person acting on its behalf may (but will be under no obligation to) to the extent permitted by applicable law over-allot or effect transactions with a view to supporting the market price of the Shares, in each case, at a level above that which might otherwise prevail in the open market but in doing so the Stabilisation Agent shall act as principal and not as agent of the Issuer. However, there is no assurance that the Stabilisation Agent (or persons acting on its behalf) will undertake any such stabilisation activities. Such transactions may be effected on the Entry Standard or, but with respect to over-allotment only, in the over-the-counter market or otherwise, and shall be carried out in accordance with applicable rules and regulations. Such stabilisation may begin on or after the date on which adequate public disclosure of the final terms of the offer of the Shares is made and, if begun, may be discontinued at any time without prior notice and will in any event be discontinued 30 calendar days following the commencement of trading in the Offered Shares on the Entry Standard. The Stabilisation Agent may not acquire Shares at a price exceeding the Offer Price.

Other than as required by law, the Stabilisation Agent does not intend to disclose the extent of any over-allotment and/or stabilisation transactions in connection with the Offering or the amount of any long or short positions.

For the purposes of allowing it to cover short positions resulting from any over-allotments effected by it during the stabilisation period, the Stabilisation Agent has entered into the Over-Allotment Option with the Over-Allotment Shareholder, pursuant to which the Stabilisation Agent may, acting as agent or principal, purchase or procure purchasers for up to 330,000 Additional Shares. The Over-Allotment Option is exercisable, in whole or in part, on notice by the Stabilisation Agent, at any time on or before the 30<sup>th</sup> calendar day after the first day of trading in the Shares on the Entry Standard.

## **Market Making**

The Issuer may in the future engage an investment bank as a market maker on an ongoing basis in order to help in improving liquidity and reducing the potential spread between prices offered for the purchase and prices offered for the sale of Shares (function of a "Designated Sponsor" at Frankfurt Stock Exchange). However, there is no assurance that the Issuer will engage such market maker nor that such engagement would have such effects.

## **Offering Restrictions**

Prospective investors in the Offered Shares must familiarise themselves and comply with all applicable laws and regulations relating to the offer, sale, and transfer of the Offered Shares. See the Section entitled "Offering Restrictions".

In particular, each person having accepted delivery of this Prospectus will be deemed to have acknowledged, represented to and agreed with the Issuer, the Underwriters and the Selling Shareholders and the Over-Allotment Shareholder, as the case may be, to be bound by the offering restrictions contained in the Section entitled "Offering Restrictions" (including any provision describing the undertakings of the Underwriters hereunder as if it had itself taken the commitment described therein).

## **Bookbuilding Period**

From 9 February 2011 to 28 February 2011, 12:00 noon CET, the Issuer and the Underwriters reserve together the right to extend or shorten the book-building period without any prior notice, at any time and for any reason. The Underwriters will offer the Offered Shares, subject to receipt and acceptance by them of, and their right to reject, any order in whole or in part.

## **Offer Price**

The price for the Offered Shares is expected to be between EUR 24.00 and EUR 29.00 per Offered Share. The Offer Price is expected to be set by the Issuer, the Selling Shareholders and the Underwriters upon completion of the Bookbuilding Period on or around 28 February 2011 and will be published on or about 28 February 2011.

## **Share Capital after the Offering**

The Share Capital will remain unchanged after the Offering.

## **Listing and Trading**

Inclusion of the Offered Shares to trading on the Open Market in the Entry Standard segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) and commencement of trading of the Offered Shares on the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) in the Open Market/Entry Standard segment is expected to take place on 2 March 2011.

The inclusion of the Offered Shares to trading on the Open Market in the Entry Standard segment of the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is subject to the relevant provisions within the Exchange Rules for the Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) (*Börsenordnung für die Frankfurter Wertpapierbörse*) as of 4 October 2010 and the General Terms and Conditions of Deutsche Börse AG for the Regulated Unofficial Market (*Freiverkehr*) on the Frankfurt Stock Exchange (*Allgemeine Geschäftsbedingungen der Deutsche Börse AG für den Freiverkehr an der Frankfurter Wertpapierbörse*) as of 25 August 2010.

Entry Standard as segment of the Open Market at Frankfurt Stock Exchange (*Frankfurter Wertpapierbörse*) is regulated by the stock market as provided for in Section 48 of the German Stock Exchange Act (*Börsengesetz*) and therefore not an “organised market” or “regulated market” under the definitions of the European Directive 2001/34/EC and respective national legislation, such as Section 2, para. 5 of the German Securities Trading Act (*Wertpapierhandelsgesetz – WpHG*).

Certain German legislation relating to the holding and trading of securities is not applicable to shares which are traded on stock market-regulated markets, like Entry Standard. In particular, the provisions in the German Securities Trading Act regarding the notification, publication and transmission of inside information and the provisions in the German Securities Trading Act relating to notification, publication and transmission of changes in the percentage of voting rights are not applicable to shares being traded at Entry Standard, and therefore not applicable to the Issuer. For the same reason, that is Entry Standard not being an “organised” or “regulated market”, the German Securities Acquisition and Takeover Act (*Wertpapierübernahmegesetz – WpÜG*) is not applicable to shares being traded at Entry Standard, and therefore not applicable to the Issuer. The Issuer is, however, currently subject to the provisions of the UK City Code on Takeovers and Mergers. See the Section entitled “Description of the Issuer, The Share Capital and the Shares – Takeover Controls and Obligations to make an Offer – City Code on Takeovers and Mergers.”

Further, the European Regulation (EC) No. 1606/2002 which prescribes the application of international accounting standards for issuers admitted to “organised” or “regulated markets” is not applicable for issuers listed at Entry Standard. Therefore, issuers listed at Entry Standard can apply the respective national accounting rules. Accordingly, the Issuer intends to prepare its accounts and reports in accordance with UK GAAP.

With regard to the Issuer’s Shares being traded on a stock market not regulated by EU regulations and national statutory law, please also see the Section entitled “Risk Factors – Risks arising from the Shares being traded on a stock market not regulated by the EU and national legislation”.

## **Closing**

It is expected that delivery of the Offered Shares will be made against payment therefor on or about 2 March 2011, or such other day as the Issuer and the Underwriters may determine. If the right to terminate the Underwriting Agreement is exercised, the Offering will lapse and any previously purported allocation and purchase of Offered Shares will be deemed to not have been made.

## **Clearing Codes**

The German Security number (*Wertpapierkennnummer*) of the Shares is A1H6VM.

The International Securities Number (ISIN) is DE000A1H6VM4.

The Frankfurt Stock Exchange ticker symbol will be WGF1.

The Common Code is 058746738

### **Paying Agent**

As long as the Shares are listed on the Entry Standard, the Issuer will maintain a principal paying agent (*Zahlstelle*) in Germany. The Company intends to use Baader Bank Aktiengesellschaft, Weißenstephaner Straße 4, D-85716 Unterschleißheim, Germany, as principal paying agent or any other registered and eligible party in Germany.

### **Expenses**

The Selling Shareholders and the Over-Allotment Shareholder will pay all brokerage and placing fees associated with the Offering. The Issuer will pay incidental costs such as insurance, accounting, tax advice and certain legal fees relating to the Issuer which the Issuer estimates will not exceed GBP 500,000. Please also see the Section entitled: "Reasons for the Offering and Use of Proceeds".

### **Form Of The Shares, Settlement and Clearing**

Initially, no share certificates will be issued for the Offered Shares, and share certificates will not be available for physical delivery to individuals in the Offering. Delivery of the Offered Shares will be made in book-entry form through the facilities of CREST and Clearstream.

*The attention of investors is drawn to the Section entitled "Risk Factors — V. Risks Relating To The Shares and The Offering — Persons Holding Shares Held Through Clearstream May Have Difficulty Exercising Certain Rights As Shareholders and Are Exposed To Risks Associated To Failures Of Vidacos Nominees Ltd. and Citibank N.A., London".*

### **Admission Of The Shares To CREST**

The Articles permit the holding of Shares under the CREST system and the Issuer has applied for the Offered Shares to be admitted to CREST with effect from admission to trading and listing. CREST is a paperless settlement procedure operated by Euroclear UK & Ireland enabling securities to be evidenced otherwise than by a certificate and transferred otherwise than by a written instrument. Accordingly, settlement of transactions involving the transfer of legal title to Shares held in uncertificated form following admission to trading and listing will take place within the CREST system.

CREST is a voluntary system. Following admission to listing and trading, holders of Shares who wish to receive and retain share certificates will be able to do so. However, it is not permitted for Share certificates to be issued in respect of Shares which are simultaneously admitted to CREST. Accordingly, shareholders who wish to hold their Shares in certificated form would need to withdraw their Shares from CREST and would not be able to settle transactions in such Shares through CREST (or through Clearstream) without first submitting the certificates for dematerialisation into CREST.

No provision has been made for physical settlement of Shares held in certificated form in connection with the Company's listing and inclusion to trading on the Entry Standard.

### **Transfer Of The Shares From CREST To Clearstream**

Upon admission to trading and listing, all the Offered Shares will be delivered through CREST to Vidacos Nominees Limited, a wholly-owned subsidiary of Citibank N.A., London, England, ("**Vidacos Nominees Ltd.**") where they will be held for and on behalf of Clearstream.

### **Representation And Form Of Shares For Trading In Clearstream**

The interests in the Offered Shares will be traded in electronic form on the Entry Standard. The Clearstream nominee Vidacos Nominees Ltd. will be the legal owner of the Shares in accordance with the laws of England and Wales.

The dematerialised Offered Shares (i.e. transferred into electronic form) being transferred into CREST and held by Vidacos Nominees Ltd. on behalf of Clearstream are traded in Clearstream by way of co-ownership in a global bearer certificate issued by Clearstream for the Offered Shares. The global bearer certificate duplicates the Offered Shares. The duplicate certification in a global bearer certificate is required because registered shares of English companies do not fulfil the legal requirements for tradable securities under German securities and depositary laws. Accordingly, for the purpose of good delivery of the Offered Shares to Entry Standard, Clearstream will issue the global bearer certificate for the relevant number of Offered Shares to be included to trading at Entry Standard.

The co-ownership in the global bearer certificate conveys to the co-owner (i.e. the beneficial owner of the Shares held by Vidacos Nominees Ltd. on behalf of Clearstream), through his depositary bank and in proportion to his share in the global bearer certificate, all rights arising from the Shares. Cash dividends will be passed on by Clearstream to the co-owner in his capacity as the beneficial Shareholder. The same applies to the exercise and/or benefit of other shareholder rights, such as subscription rights, stock dividends, and shares from stock splits.

Any holder of Shares being admitted to CREST and traded through Clearstream shall be entitled, at his expense, to have his Shares delivered through his depositary bank to the custodian Citibank N.A., London, England, for crediting them to the safe custody account of Clearstream against issuance of corresponding co-ownership shares in the global bearer certificate.

In the event of any change in the number of Shares represented by the global bearer certificate (e.g. in cases of deliveries to the safe custody account, withdrawals from the safe custody account or allotment of Shares), Clearstream shall amend the global bearer certificate accordingly.

#### ***Delivery Of The Offered Shares To Investors In The Offering***

The Offered Shares will be credited by Clearstream to the accounts of institutions (brokerage houses and depositary banks) that participate in Clearstream ("**Clearstream Participants**"). The Clearstream Participants, in turn, will credit the Offered Shares to the accounts held with them by investors in the Offering or by those investors' nominees in accordance with settlement instructions placed by investors and in a manner and time as instructed by the Underwriters upon subscription.

Payment for the Offered Shares will be effected in Euros, unless otherwise agreed between the Underwriters and the applicant.

Delivery against payment of the Offered Shares in Germany is expected to take place on or about 2 March 2011, subject to unforeseen circumstances. The exact delivery date will depend on the actual timing of a share transfer from CREST to the Clearstream system. The relevant Clearstream accounts are expected to be credited with the Offered Shares on or about 2 March 2011.

Subsequent settlement of transactions made on Entry Standard will be made in book-entry form through the facilities of Clearstream only.

#### ***Holding Of The Shares Held Through Clearstream***

Neither the Clearstream Participants (shown in the records of Clearstream), nor the persons shown in the records of such Clearstream Participants as owners of the Shares held through Clearstream will (i) have the Shares registered in their names in the Issuer's register of members, (ii) receive physical delivery of definitive certificates evidencing their interest in the Shares or (iii) be considered the registered holders of the Shares in accordance with the laws of England and Wales. Accordingly, such persons will not necessarily be considered as shareholders for the purpose of the laws of England and Wales in respect of the Shares they hold through Clearstream.

Instead, Vidacos Nominees Ltd. will be entered in the Company's register of members as the registered holder of such Shares and will, for the purpose of the laws of England and Wales, be considered as having legal title to the Shares (subject to the beneficial interests of investors who hold their Shares through Clearstream).

In order to become the registered holder of the Shares they hold through Clearstream, such investors would need to instruct Vidacos Nominees Ltd. (or to instruct the Clearstream Participant which holds

their Shares through Clearstream on their behalf to instruct Vidacos Nominees Ltd.) to withdraw the relevant number of Shares from Clearstream and CREST, and notify the Issuer or its share registrar of the persons to whom physical share certificates should be issued. However, such certificated Shares would not be capable of settlement through Clearstream (nor CREST) and would need to be re-submitted to CREST for dematerialisation and transfer to Vidacos Nominees Ltd. if that shareholder subsequently wished to be able to settle transactions in those Shares through Clearstream.

#### ***Transaction On Shares Effected On Entry Standard***

Investors who hold their Shares through Clearstream will be able to transfer such Shares in accordance with the rules and procedures of Clearstream only. Settlement (delivery and payment) of transactions on the Entry Standard will be effected through Clearstream only.

#### ***Voting Rights and Distributions Under The Shares Held Through Clearstream***

In order to exercise voting rights in relation to their Shares, investors who hold their Shares through Clearstream must send an instruction order to their depositary bank which sends an instruction to Clearstream (or must instruct the Clearstream Participant which holds their Shares through Clearstream on their behalf to send an instruction order to Clearstream) in respect of the exercise of the voting right. Clearstream will then notify Vidacos Nominees Ltd. of the number of votes cast for or against the relevant resolution and Vidacos Nominees Ltd. will in turn exercise such voting rights through CREST as the registered holder of the Shares. Vidacos Nominees Ltd. may be prepared to grant written letters of representation to individual holders of Shares through Clearstream, enabling them to attend and speak at a general meeting and to vote the Shares in which they are interested.

Rights and entitlements attached to the Shares under the laws of England and Wales, including rights and entitlements to distributions, to information, to make choices and elections and to call for, attend and vote at meetings will be passed on through Clearstream in the form in which they are received by Vidacos Nominees Ltd. together with any amendments and additional documentation necessary to effect such passing-on. All distributions will be made to Vidacos Nominees Ltd., in the first instance, as the registered holder of the Shares, which will, in turn, pass them through Clearstream Participants to the holders of the Shares held through Clearstream.

#### **Voting Rights**

Subject to the provisions under the Sections entitled "Form Of The Shares, Settlement and Clearing — Voting Rights and Distributions Under The Shares Held Through Clearstream" and "Description Of The Issuer, The Share Capital and the Shares — Description of the Shares — Voting Rights", each Share (including the Shares held through Clearstream) carries one vote at the shareholders' meetings.

#### **Dividends**

Subject to the provisions of the Sections entitled "Form Of The Shares, Settlement and Clearing — Voting Rights and Distributions Under The Shares Held Through Clearstream" Shares will be entitled to dividends paid, if any, for the first time for the fiscal year ending on 31 December 2011, for which a dividend may be paid in 2012.

See the Section entitled "Dividends and Dividend Policy". The Issuer cannot offer any assurance that a distributable net profit will actually be available in future fiscal years and/or in what amount any dividends may be paid.

Dividend payments in respect of the Offered Shares should not be subject to deduction or withholding of UK tax (See the Section entitled "Certain Tax Considerations — United Kingdom Tax Considerations").

#### **Other Information**

No action has been or will be taken in any jurisdiction other than Germany, the United Kingdom, Austria and Switzerland that would permit a public offering of the Offered Shares or the possession, circulation or distribution of this Prospectus or any material relating to the Issuer and/or the Group or the Offered Shares in any jurisdiction where action for that purpose is required. Accordingly, the Offered

Shares may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Offered Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction. See the Section entitled "Offering Restrictions."

## CERTAIN TAX CONSIDERATIONS

*The following summary does not purport to address all tax consequences of the acquisition, ownership and sale or other disposition of the Offered Shares, and does not take into account the specific circumstances of any particular investor. This summary is based on the tax laws, regulations and regulatory practices of the UK, Germany, Austria and Switzerland as in effect on the date hereof, which are subject to change (or subject to changes in interpretation), possibly with retroactive effect.*

*Current and prospective shareholders are advised to consult their own tax advisers in light of their particular circumstances as to UK and German tax laws, regulations and regulatory practices that could be relevant for them in connection with the acquiring, owning and selling or other disposing of Offered Shares and receiving dividends and similar cash or in-kind distributions on the Offered Shares (including dividends on liquidation proceeds and stock dividends) (hereinafter, for purposes of this Section, "Dividends") or other payments on the Offered Shares and the consequences thereof under the tax laws, regulations and regulatory practices of the UK and Germany.*

### UNITED KINGDOM TAX CONSIDERATIONS

The following summary is intended as a general guide only to certain UK tax consequences for persons holding Offered Shares as investments. This summary does not purport to be comprehensive or to describe all the potentially relevant tax consequences.

The comments below are (save where otherwise stated) based on current United Kingdom tax law and on the practice of HMRC as published and in effect at the date of this Prospectus, each of which is subject to change, possibly with retrospective effect. This summary only covers the principal UK tax consequences for the absolute beneficial owners of Offered Shares and of any dividends paid in respect of them (in circumstances where the dividends paid are regarded for UK tax purposes as that person's own income, and not the income of another person) who are resident and (in the case of individuals only) ordinarily resident and domiciled solely in the UK for UK tax purposes, and are not resident in any other jurisdiction and who do not have a permanent establishment or fixed base in any other jurisdiction with which the holding of Offered Shares is effectively connected ("**UK Holders**").

In addition, this summary: (a) only addresses the principal UK tax consequences for UK Holders who hold the Offered Shares as capital assets and does not address the tax consequences which may be relevant to certain other categories of UK Holders, for example, brokers, dealers or traders in shares or securities; (b) does not address the UK tax consequences for UK Holders that are insurance companies, collective investment schemes, tax-exempt organisations, persons who benefit from special exemptions from UK taxation or persons connected with the Issuer; and (c) assumes that the UK Holder has not (and is not deemed to have) acquired the Offered Shares by virtue of an office or employment.

**The following is intended only as a general guide and is not intended to be, nor should it be considered to be, legal or tax advice to any particular UK Holder. Potential investors should satisfy themselves as to the overall tax consequences, including, specifically, the consequences under UK tax law and HMRC practice, of the acquisition, ownership and disposal of Offered Shares in their own particular circumstances, by consulting their own tax advisers.**

#### **Taxation of Dividends**

The paragraphs below entitled "Tax Liability for Individual Holders" and "Tax Liability for Corporate Shareholders" summarise the general UK tax treatment of dividends for UK residents or ordinarily resident shareholders and UK resident corporate shareholders respectively. The Issuer is not required to withhold at source any amount in respect of UK tax when paying a dividend.

##### *Tax liability for Individual Holders*

A shareholder who is an individual will be entitled to a tax credit equal to one-ninth of any dividend paid by the Issuer. The individual will be taxable on the total of the dividend and the related tax credit (the "gross dividend"), which will be regarded as the top slice of the individual's income. The tax credit will, however, be treated as discharging the individual's liability to income tax in respect of the gross dividend, unless and except to the extent that the gross dividend falls above the threshold for the higher or additional rates of income tax, in which case the individual will, to that extent, pay tax on the gross

dividend calculated at 32.5% (in the case of the higher rate) and 42.5% (in the case of the additional rate) of the gross dividend less the related tax credit.

Therefore, for example, a dividend of GBP 90 will carry a tax credit of GBP 10 and the income tax payable on the dividend by an individual liable to income tax at the higher rate would be 32.5% of GBP 100, namely GBP 32.50 less the tax credit of GBP 10, leaving a net tax charge of GBP 22.50. An individual liable to income tax at the additional rate would be liable to income tax on the dividend at 42.5% of GBP 100, namely GBP 42.50 less the tax credit of GBP 10, leaving a net tax charge of GBP 32.50.

#### *Tax liability for Corporate Shareholders*

A UK Holder within the charge to UK corporation tax will be liable for UK corporation tax on the receipt of a dividend, unless the dividends fall within an exempt class and certain other conditions are met. It is expected that the dividends paid on Offered Shares would generally be exempt for such UK shareholders.

### **Taxation of Capital Gains**

#### *UK resident individual Shareholders*

A disposal or deemed disposal of Offered Shares by an individual UK Holder, may give rise to a chargeable gain (or loss) for the purposes of taxation of capital gains, depending on the UK Holder's circumstances and subject to any available exemption or relief. In addition, UK Holder's who are individuals and who dispose of their Offered Shares while they are temporarily non-resident (i.e. neither resident nor ordinarily resident) may be treated as disposing of them in the tax year in which they again become resident or ordinarily resident in the United Kingdom.

#### *UK resident corporate Shareholders*

A disposal of Offered Shares by a corporate UK Holder may give rise to a gain (or loss) for the purposes of corporation tax on chargeable gains, subject to any available reliefs or exemptions. Indexation allowance may be available to reduce the amount of any gain.

#### *Non-UK resident Shareholders*

Shareholders who are not UK Holders will not (subject to the rules for temporarily non-residents referred to above) be liable for UK tax on capital gains realized on the disposal of their Offered Shares unless such Offered Shares are used, held or acquired for the purposes of a trade, profession or vocation carried on in the UK through a branch or agency or, in the case of a corporate shareholder, through a permanent establishment. Such shareholders may be subject to taxation on any gain in other jurisdictions.

### **Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)**

Notwithstanding that stamp duty or SDRT may be payable by investors on the sale to them by the Selling Shareholders of the Offered Shares, separate arrangements have been made so that investors other than persons providing clearance services or issuing depositary receipts (or in either case their nominee or agent) should have no liability in this regard.

#### *Subsequent transfers*

Any dealings in Offered Shares will normally be subject to stamp duty or SDRT. The transfer on sale of Offered Shares will generally give rise to a liability to ad valorem stamp duty at the rate of 0.5% (rounded up to the next multiple of GBP 5) of the amount or value of the consideration paid. Stamp duty will normally be the liability of the purchaser or transferee of the Offered Shares. An agreement to transfer Offered Shares will normally give rise to SDRT at the rate of 0.5% of the amount or value of the consideration payable but such liability will be cancelled, or any SDRT paid refunded (generally, but not necessarily, with interest) provided that a claim for payment is made, if the agreement is completed by a duly stamped transfer within six years of either the date of the agreement or (if the agree-

ment is conditional) the date when the agreement became unconditional. SDRT will normally be the liability of the purchaser or transferee of the Offered Shares.

#### *Shares held through CREST*

Paperless transfers of Offered Shares within CREST are generally liable to SDRT, rather than stamp duty, at the rate of 0.5% of the amount or value of the consideration. Under the CREST system, no stamp duty or SDRT will arise on a transfer of Offered Shares into the CREST system unless the transfer into CREST is itself for consideration in money or money's worth, in which case a liability to SDRT will arise, usually at the rate of 0.5% of the amount or value of the consideration given. CREST is obliged to collect SDRT on relevant transactions settled within the system.

#### *Shares held through Clearance Systems or Depositary Receipt Arrangements*

Where Offered Shares are issued or transferred (a) to, or to a nominee or agent for, a person whose business is or includes the provision of clearance services or (b) to, or to a nominee or agent for, a person whose business is or includes issuing depositary receipts, stamp duty or SDRT will generally be payable at a higher rate of 1.5% of the amount or value of the consideration payable or, in certain circumstances, the value of the Offered Shares (rounded up in the case of stamp duty to the next multiple of GBP 5). This liability for stamp duty or SDRT will strictly be accountable by the depositary or clearance service operator or their nominee, as the case may be, but will, in practice, generally be reimbursed by participants in the clearance service or depositary receipt scheme.

It is anticipated that liability of 1.5% of the value of the Offered Shares transferred to Clearstream (rounded up as mentioned above) will arise on such transfer. The Selling Shareholders have agreed to bear this liability. Subsequent transfers under the Clearstream system are not expected to be liable to stamp duty or SDRT.

**The statements above in respect of stamp duty and SDRT apply to any holders of Offered Shares irrespective of their residence, summarise the current position and are intended as a general guide only. Special rules apply to agreements made by amongst others, intermediaries.**

**The UK stamp duty and/or SDRT charges summarised above are in addition to any German or Swiss taxes on sales or dealings of Offered Shares described below.**

### **GERMAN TAX CONSIDERATIONS**

**The following section contains a short summary of certain key German tax principles that are or may become relevant regarding the acquisition, holding, or transfer of the Shares. This summary does not purport to be a comprehensive or exhaustive description of all German tax considerations that may be relevant to Shareholders.**

**This summary solely refers to German Shareholders and is only based upon domestic German tax laws in effect at the time of preparation of this document and the double taxation treaties currently in force between Germany and other countries. Provisions in both areas might change, possibly with retroactive effect.**

**Prospective shareholders are advised to consult their tax advisors as to the tax consequences of the acquisition, holding and transfer of Shares and as to the procedures that must be followed to receive any refund or credit of withholding tax. Such tax advisors should also be able to appropriately consider the particular tax situation of each individual Shareholder.**

#### **Taxation of the Company**

As the Company has its registered seat and its place of effective management in the UK, the Company is not expected to be tax resident in Germany. Thus, the Company only might have limited tax liability in Germany, i.e. any income of the Company from any German sources might be subject to tax in Germany. This would include, in particular, income from business units (permanent establishments) situated in Germany, dividends received from German corporations and royalties received from Ger-

man sources. If such income is also subject to taxation in the UK, the Company should be entitled to claim relief from double taxation pursuant to the German-UK double tax treaty.

### **Taxation of Shareholders**

Shareholders might be taxed in connection with the holding of Shares (taxation of dividends), the sale of Shares (taxation of capital gains) and the gratuitous transfer of Ordinary Shares (inheritance and gift tax).

### **Dividend Withholding Tax**

For obligations and responsibility of the Company to withhold UK dividend withholding tax and for information on refund of such withholding tax, please refer to the section on United Kingdom Taxation (below).

### **Taxation of Dividends**

#### ***Taxation of resident Shareholders holding the Shares as private assets***

For Shares forming part of private assets, Shareholders principally owe tax on the full amount of any dividends. At the same time, the tax rate for dividends is generally 25% (final flat tax or “*Abgeltungssteuer*”; plus 5.5% solidarity surcharge thereon and eventually plus church tax, the rate of which depends on the concrete federal state of Germany, thereon) of the relevant gross income regardless of the manner in which the income tax is collected. The basis for taxation is the gross dividends. Actual expenses incurred in generating the income are not deductible, but a savers’ allowance of EUR 801 (or EUR 1,602 for married couples filing jointly) is granted.

However, Shareholders can apply to have their dividends assessed in accordance with the general rules on determining an individual’s tax bracket under certain conditions, especially if this would result in a lower tax burden.

Dividends related to participations in non-resident companies have to be declared in the Shareholder’s annual tax return. Taxes withheld by the Company, if any, are deductible in accordance with the provisions of the German-UK double tax treaty.

#### ***Taxation of resident Shareholders holding the Shares as business assets***

If the Shares form part of a Shareholder’s business assets, taxation depends upon whether the Shareholder is a corporation, sole proprietor or partnership (“*Mitunternehmerschaft*”):

##### *Corporation*

Subject to certain exceptions especially for companies in the financial and insurance sectors, dividends received by resident corporations are generally 95% exempt from corporate income tax and solidarity surcharge, while the remaining 5% is considered non-deductible business expenses and, as such, is subject to corporate income tax (plus solidarity surcharge). No minimum shareholding limit or minimum holding period applies. Moreover, actual business expenses directly related to the dividends are deductible.

However, the full amount of any dividends remaining after deduction of business expenses directly related to the dividends is subject to trade tax, unless certain conditions are met, especially the condition that the corporation held at least 15% of the Company’s registered share capital at the beginning of the relevant tax assessment period and the Company – if resident outside of Germany – conducts active business in the meaning of the German CFC regulations (“*Außensteuergesetz*”). In the latter case, the dividends are not subject to trade tax; however, 5% of the dividend income is deemed non-deductible business expenses and is subject to trade tax.

##### *Sole proprietor*

If the Shares form part of the business assets of a sole proprietor, only 60% of the dividend income is subject to the progressive income tax (up to 45 per cent. plus 5.5% solidarity surcharge and eventually

plus church tax, both on the income tax liability). Only 60% of the business expenses economically related to the dividends is tax-deductible.

If the Shares form part of the business assets of a permanent establishment maintained in Germany for a commercial enterprise the Shareholder owns, the full amount of the dividend income is also subject to trade tax, unless certain conditions are met, especially the condition that the taxpayer held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period. Trade tax is generally credited as a lump sum against the shareholder's personal income tax liability.

### *Partnership*

If the Shareholder is a partnership, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the partner is a corporation or an individual.

If the partner is a corporation, the dividend income is generally 95% tax-exempt (see subsection 2.1 above). If the partner is an individual, only 60% of the dividend income is subject to income tax plus solidarity surcharge thereon (and eventually plus church tax; see subsection 2.2 above).

If the Shares form part of the business assets of a domestic permanent establishment of a commercial enterprise of the partnership, the full amount of the dividend income is subject to trade tax at the level of the partnership. In the case of partners who are individuals, the trade tax the partnership pays on his or her stake in the partnership's income is generally credited as a lump sum against the individual's personal income tax liability. If the partnership held at least 15% of the Company's Shares at the beginning of the relevant tax assessment period, the dividends are not subject to trade tax especially provided that the Company – if resident outside of Germany – conducts active business in the meaning of the German CFC regulations (“*Außensteuergesetz*”). However, if the partners are corporations, the 5 per cent of the dividend income considered to be non-deductible business expenses will be subject to trade tax.

## **Taxation of Capital Gains**

### *Taxation of resident Shareholders holding the Shares as private assets*

For Shares forming part of private assets, Shareholders principally owe tax on the full amount of any capital gains regardless of the length of time the Shares were held. At the same time, the tax rate for capital gains is generally 25% (plus 5.5% solidarity surcharge thereon and eventually plus church tax thereon) of the relevant gross income regardless of the manner in which the income tax is collected. The basis for taxation is the difference between the amount received on the sale (less expenses directly and materially related to the sale) and the original cost of the Shares. Actual expenses incurred in generating the income are not deductible, but a savers' allowance of EUR 801 (or EUR 1,602 for married couples filing jointly) is granted (with regard to the sum of dividends and capital gains).

However, Shareholders can apply to have their gains on the sale of Shares assessed in accordance with the general rules on determining an individual's tax bracket under certain conditions, especially if this would result in a lower tax burden.

Capital gains related to participations in non-resident companies have to be declared in the Shareholder's annual tax return. Taxes withheld by the Company, if any, are deductible in accordance with the provisions of the German-UK double tax treaty.

Losses on the sale of Shares are only deductible from gains earned in the then current fiscal year on share sales or in a subsequent year.

Notwithstanding the foregoing, if a Shareholder or, in the case of a gratuitous transfer, the Shareholder's legal predecessor held, directly or indirectly, at least 1% of the Company's capital at any time during the five years preceding the disposal, the capital gains realized by said Shareholder will be subject to the partial-income method (and not the final flat tax), which means that 60% of the capital gains will be taxable. Likewise 60% of the expenses economically related to the capital gains will be deductible. This taxable capital gain income is subject to a progressive income tax rate (up to 45% plus 5.5% solidarity surcharge thereon and eventually plus church tax thereon). Assuming that the maximum tax rate

of 45% applies (and that no church tax is due), the maximum tax liability after rounding would be 47.48%.

### ***Taxation of resident Shareholders holding the Shares as business assets***

If the Shares form part of a Shareholder's business assets, then taxation of the capital gains realized depends upon whether the Shareholder is a corporation, sole proprietor or partnership.

#### *Corporation*

Generally speaking, the capital gains earned on the sale of Shares by corporations domiciled in Germany is 95% exempt from corporate income tax (including solidarity surcharge) and trade tax, irrespective of the stake represented by the Shares and the length of time the Shares are held, while the remaining 5% is considered non-deductible business expenses and, as such, is subject to corporate income tax (plus solidarity surcharge of 5.5% thereon) and trade tax. Losses from the sale of Shares and any other reductions in profit related to the sold Shares generally do not qualify as tax-deductible business expenses.

#### *Sole proprietor*

If the Shares form part of the business assets of a sole proprietor (individual) who is a tax resident of Germany, 60% of the capital gains on the sale of Shares is subject to the progressive income tax and solidarity surcharge. Only 60% of losses from such sales and 60% of expenses economically related to such sales are deductible. If the Shares are attributable to the permanent establishment maintained in Germany by a commercial enterprise of the Shareholder, 60% of the capital gains is also subject to trade tax. The trade tax is credited as a lump sum against the Shareholder's personal income tax liability.

#### *Partnership*

If the Shareholder is a partnership, personal income tax or corporate income tax, as the case may be, is assessed at the level of each partner rather than at the level of the partnership. The taxation of each partner depends upon whether the respective partner is a corporation or an individual.

If the partner is a corporation, the tax principles applying to capital gains which are outlined in subsection 2.1 (above) apply.

If the partner is an individual, the tax principles applying to capital gains which are outlined in subsection 2.2 (above) apply.

In addition, if the Shares form part of the business assets of a permanent establishment maintained in Germany by a commercial enterprise of the partnership, capital gains from the sale of Shares are subject to trade tax at the level of the partnership, with, as a rule, 60% of the gains being subject to trade tax if the partners in the partnership are individuals and 5% subject to trade tax if the partners are corporations. Capital losses and other reductions in profit related to the disposed Shares do not qualify as tax-deductible for trade tax purposes if the partner in question is a corporation, and if the partner in question is an individual, only 60% of such losses and reductions qualify as tax-deductible. As a rule, the trade tax a partnership pays on an individual's stake in the partnership's income is credited as a lump sum against the individual's personal income tax liability.

Special rules apply to capital gains realized by companies active in the financial and insurance sectors as well as by pension funds (see "Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds" below).

### **Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds**

If financial institutions ("*Kreditinstitute*") or financial services providers ("*Finanzdienstleistungsinstitute*") hold or sell Shares that are allocable to their trading book ("*Handelsbuch*") pursuant to Section 1a of the German Banking Act ("*Gesetz über das Kreditwesen*"), they will not be able to use the partial-income method or enjoy the 95% exemption from corporate income tax and from any applicable

trade tax (plus corresponding exemptions from solidarity surcharge) with respect to dividends or capital gains; that is, the dividend income and capital gains are fully taxable.

Dividends may be exempt from trade tax especially if the corporation held at least 15% of the Company's registered share capital at the beginning of the relevant tax assessment period.

The same applies to Shares that are acquired by a financial enterprise ("Finanzunternehmen") within the meaning of the German Banking Act for purposes of realizing short-term gains from proprietary trading and to Shares held by financial institutions, financial services providers and financial enterprises with their registered office in another member state of the European Union or another contracting state to the EEA Agreement as well as to Shares that qualify as a capital investment in the case of life insurance and health insurance companies or which are held by pension funds.

Notwithstanding the foregoing, no reduction in the trade tax is possible for life and health insurance companies and pension funds.

However, the provisions concerning the exemption of 95% of dividend income from corporate income tax and any trade tax do apply to the cases described in this section (Special Treatment of Companies in the Financial and Insurance Sectors and Pension Funds) if the dividends are accorded favourable tax treatment under the Parent-Subsidiary Directive (EC Directive 90/435/EEC of the Council dated July 23, 1990, as amended).

### **Double tax treaty**

According to the German-UK double tax treaty, taxes withheld by the Company in case of dividend distributions, if any, can be credited against the German tax due with regard to such dividends. In case the German Shareholder is a corporation holding at least 25% of the Shares in the Company, such dividends would be tax exempt in Germany, the significance of such exemption generally being reduced since dividends earned by German corporations are anyway tax exempt (95%– see above) according to German national tax law and as such dividends might be accorded favourable tax treatment under the Parent-Subsidiary Directive mentioned above.

Capital gains from the sale of the Shares in the Company by German residents (individuals or corporations) can only be taxed in Germany, unless the Shares are held in a permanent establishment of such German resident outside Germany.

### **Inheritance and Gift Tax**

The transfer of Shares to another person by gift or will is generally subject to German inheritance and gift tax only if:

- the decedent, donor, heir, beneficiary or other transferee maintained his or her residence or a habitual abode in Germany or had its place of management or registered office in Germany at the time of the transfer, or is a German citizen who has spent no more than five consecutive years outside Germany without maintaining a residence in Germany, or
- the Shares were held by the decedent or donor as part of business assets for which a permanent establishment was maintained in Germany or for which a permanent representative in Germany had been appointed, or
- the decedent or donor, either individually or collectively with related parties, held, directly or indirectly, at least 10% of the Company's registered share capital at the time of the inheritance or gift.

The few German treaties for the avoidance of double taxation regarding inheritance and gift tax currently in force usually provide that German inheritance or gift tax may be assessed only in the cases described in subsection 1 and, subject to some limitations, subsection 2. Special rules apply to certain former German citizens who neither maintain a residence nor have their habitual abode in Germany.

## **Other Taxes**

No German transfer tax, value-added tax, stamp duty or similar taxes are assessed on the purchase, sale or other transfer of Shares. Provided that certain requirements are met, business owners may, however, opt for the payment of value-added tax on transactions that are otherwise tax-exempt. No net wealth tax is currently imposed in Germany.

## **AUSTRIAN TAX CONSIDERATIONS**

**The following summary deals with the Austrian tax consequences for persons acquiring, holding and transferring Offered Shares. Its aim is to provide the essential background information on the taxation of Austrian Shareholders.**

**This summary is based on current Austrian tax law as in effect on the date of this prospectus. Any legislation and developments subsequent to this date may have an impact on the comments below, possibly with retrospective effect.**

**The following statements on Austrian tax law cover the taxation aspects of investing in Offered Shares in general and do not describe all possible tax consequences that may arise in individual cases. Therefore potential investors are advised to consult their tax advisors about the consequences under Austrian tax law regarding the acquisition, ownership and disposal of Offered Shares in their particular situation.**

**In addition this summary only addresses the principal Austrian tax consequences for Austrian shareholders (individuals, corporations, private foundations) and does not address the special tax regimes which may be relevant to certain other categories of Austrian shareholders (e.g. financial institutions, insurance companies, tax-exempt organisations).**

### **Taxation of the Company**

Since the Company neither has its legal seat nor its place of effective management in Austria, it is considered as a non-resident company in Austria. A non-resident company is taxable on business income in Austria only insofar as it carries on a business through a permanent establishment in Austria or participates in such a business. A permanent establishment can also be established by activities of a dependent agent for the Company in Austria. Dividends and royalties received from Austrian sources will be basically subject to withholding taxes even if no permanent establishment exists. However, tax exemptions or double tax treaties may apply in this regard. Interest is generally only taxable for a non-resident company if it can be attributed to a permanent establishment in Austria. However, interest from loans secured by Austrian immovable property is in most cases taxable. Furthermore certain other Austrian source income may also become taxable.

### **Taxation of the resident Shareholders**

In general resident companies or individuals are subject to tax on their worldwide income including capital gains.

### **Taxation of Dividends**

#### ***Taxation of Individuals***

Foreign dividends are taxed at a final flat rate of 25 % by annual assessment irrespective if the shares are held as private or business assets. The gross dividends are the basis for taxation. Actual expenses in connection with the dividends are not deductible.

The shareholder has the option to apply half of the normal progressive income tax rate, if this leads to a lower tax burden.

In case the foreign dividends are subject to withholding tax at source, the foreign tax will, on request, be credited against the Austrian tax according to the provisions of the double tax treaty between Austria and the UK. According to the treaty the UK would be entitled to withhold taxes at a rate of 15 %.

### ***Taxation of Corporations***

Qualifying dividends from a company resident in an EU Member State are exempt under the Austrian law according to the EU Parent-Subsidiary Directive (90/435).

Dividends qualify for the international participation exemption if the parent company has held directly or indirectly at least 10 % in the equity of the subsidiary continuously for at least 1 year. A shift from the exemption method to the credit method takes place in case of tax evasion or abuse of law.

Under the Tax Amendment Law 2009, the participation exemption was extended to portfolio dividends (holdings of less than 10 %) derived from companies resident in the EU. No holding period is required for applying the tax exemption for such dividends. A shift from the exemption to the credit method may take place for portfolio dividends from EEA countries which tax level is not comparable with the Austrian corporate income tax (at least 10 % lower than the Austrian tax).

Basically, expenses are not deductible if it is incurred to generate tax-free income. However, where a resident company incurs interest to finance the acquisition of a participation in the share capital of another resident or non-resident company attributed to the business assets of the company, the interest paid on the loan is deductible even if the dividends received from such participation are tax-exempt in the hands of the recipient company. Since January 1, 2011 the interest is only deductible if the shares are acquired from a non-affiliated company.

### ***Taxation of Private Foundations***

With respect to dividends received by private foundations the participation exemption applies under the general conditions (see "Taxation of Corporations").

### **Taxation of Capital Gains**

#### ***Taxation of Individuals***

##### *Tax consequences effective until September 30, 2011:*

Capital gains from the disposal of shares regardless if the shares have been held as a business asset or as a private asset will be subject to the normal progressive tax rate if they are sold within 1 year after the acquisition and before October 1, 2011. Capital gains from the disposal of the shares before October 1, 2011 have to be included in the annual tax return of the recipient.

Capital gains from the sale of shares held as a business asset are computed as the amount by which the proceeds exceed the book value of the shares. Under certain conditions roll-over is available.

Capital gains from the sale of shares held as a private asset are computed as the difference between the sales price on the one hand and the original costs of acquisition and income-related expenses on the other hand. The compensation of losses derived from the sale of shares is restricted.

##### *Tax consequences effective from October 1, 2011:*

According to the Tax Amendment Law 2011 which will enter into force as of October 1, 2011, capital gains derived from the sale of shares in a company which have been acquired after December 31, 2010 are subject to a tax rate of 25 % regardless of the holding period or the shareholding.

The basis of the taxation is the difference between the sales price and the original costs of acquisition. As of October 1, 2011 withholding tax of 25 % is levied on capitals gains if paid out in Austria. If the shares are held as business assets the capital gains from the disposal of the shares have to be included in the annual tax return of the recipient. The shareholder has the option to apply half of the normal progressive income tax rate, if this leads to a lower tax burden. The compensation of losses derived from the sale of shares is restricted.

### *Taxation of Corporations*

The flat rate of the corporate income tax is 25 %. This rate also applies to capital gains.

Capital gains derived from the sale of a substantial shareholding in a company resident in an EU Member State (at least 10 % shareholding held for at least 1 year) are exempt under the Austrian law. Capital losses and write-downs are non-deductible. A shift from the exemption method to the credit method takes place in case of tax evasion or abuse of law.

However, capital gains and losses will become taxable or deductible, if the parent company has opted for full taxation. The option has to be declared in the year of acquisition of the participation.

### *Taxation of Private Foundations*

*Tax consequences effective until September 30, 2011:*

Capital gains from the disposal of shares will be subject to the corporate income tax rate of 25 %, if they are sold within 1 year after the acquisition and before October 1, 2011.

## **SWISS TAX CONSIDERATIONS**

**The statements of Swiss taxation set forth below are based on the laws and regulations in force as of the date of this prospectus and may be subject to change possibly with retroactive effect. Such change could be due to modifications in Swiss law, or from any double tax treaty to which Switzerland is a party. The taxation discussion set forth below is of a general nature only and not exhaustive on all Swiss tax considerations that may be relevant to a particular holder of Shares in light of the holder's particular circumstances, nor does it address the tax considerations relevant to certain types of holders who may be subject to special treatment under the applicable tax laws. Except where noted, this discussion does not seek to address the applicability of any double tax treaty relief. The following statements are not intended to be, and should not be interpreted as, legal or tax advice to any particular holder of Shares, and no representation with respect to tax consequences to any particular holder is made.**

### *Swiss Stamp Duty upon Transfer of Securities*

The transfer of existing shares (including the Additional Shares from the Over-Allotment Option) in the course of this offering is subject to Swiss Federal securities transfer stamp tax of 0.3% and will be borne by the Selling Shareholder. Share transfers after this offering may be subject to a Swiss Federal securities transfer stamp tax of up to 0.3%, calculated with respect to proceeds from the sale of shares, if a Swiss bank or other Swiss securities dealers as defined in the Swiss Federal Stamp Tax Act acts as an intermediary in or is a party to, the transaction, unless an exemption applies.

The following categories of foreign institutional investors that are subject to regulation similar to that imposed by Swiss Financial Markets Authority FINMA, are exempt from the Swiss Federal securities transfer stamp tax: foreign collective investment schemes as defined in art. 119 of the Swiss Collective Investment Scheme Act ("CISA"), foreign social security institutions, foreign pension funds and foreign life insurance companies. In addition, Swiss collective investment schemes as defined in art. 7 of the CISA are also exempt from the Swiss Federal securities transfer stamp tax.

### *Swiss Federal Withholding Tax*

Dividends paid and similar payments or distributions in kind made by the Company to a shareholder (including liquidation proceeds and stock dividends) are not subject to Swiss Federal withholding tax (*Verrechnungssteuer*).

### *Swiss Income and Profit Taxes on Dividends and Other Distributions*

An individual who is a Swiss resident for tax purposes, or a non-Swiss resident holding shares through a Swiss permanent establishment or a fixed place of business in Switzerland, receiving dividends and

similar distributions (including liquidation proceeds and stock dividends) from the Company, which are not repayments of nominal capital (or as from January 1, 2011 qualify as repayments out of qualifying additional paid-in capital), has to include these distributions in his or her personal tax return and owes income taxes on the corresponding amounts. Furthermore, a reduced tax may apply to dividends and similar distributions if the investment amounts to at least 10.0% of the share capital of the issuer (*Teilbesteuerung*). Legal entities resident in Switzerland or non-Swiss resident entities holding shares as part of a Swiss permanent establishment are required to include all taxable distributions received on the shares in their profit and loss statement relevant for profit tax purposes; the taxable distribution is generally subject to profit taxes. A Swiss Corporation or co-operative, or a non-Swiss corporation or co-operative holding shares as part of a Swiss permanent establishment may, under certain circumstances, benefit from taxation relief with respect to distributions (*Beteiligungsabzug*), provided such shares represent at the time of the distribution a fair market value of at least CHF 1.0 million or at least 10.0% of the share capital.

### ***Swiss Taxes on Capital Gains on the Disposal of Shares***

Under applicable Swiss tax laws an individual with residence in Switzerland who holds shares as part of his or her private assets is generally, subject to certain exceptions, not subject to any income taxation on the federal, cantonal or communal level on gains arising from the sale or disposal of the shares, unless such individuals are qualified as professional securities dealers for income tax purposes. Upon repurchase of the shares by the Company, the portion of the repurchase price, which is not repayment of nominal capital (or as from January 1, 2011 qualifies as repayment out of qualifying additional paid-in capital), may under certain circumstances not be classified as tax-exempt capital gain, but as taxable income.

Capital gains realized by an individual or a legal entity from the disposition of shares that are held as part of such individual's or legal entity's business assets generally are subject to ordinary income or profit taxation. This also applies to persons who are deemed to be professional securities dealers for Swiss tax purposes.

A Swiss corporation or co-operative, or non-Swiss corporation or co-operative holding shares as part of a Swiss permanent establishment may, under certain circumstances, benefit at the Federal tax level from participation relief from taxation of capital gains realized upon the disposition of shares (*Beteiligungsabzug*), provided that such shares at the time of the disposition represent at least 10.0% of the share capital, were held for a period of at least one year and to the extent that the consideration exceeds the acquisition cost of such shares.

### ***Net Wealth and Annual Capital Taxes***

An individual who is a Swiss resident for tax purposes, or is a non-Swiss resident holding shares through a Swiss permanent establishment or a fixed place of business in Switzerland, is required to include his or her shares in his or her wealth that is subject to cantonal and communal net wealth tax. No net wealth tax is levied at the Federal level.

Legal entities resident in Switzerland or non-Swiss resident entities holding shares as part of a Swiss permanent establishment are required to include their shares in their assets. The cantonal and communal capital tax is levied on the basis of the net equity of the legal entities. No capital tax is levied at the Federal level.

### ***Gift and Inheritance Tax***

Transfers of shares may be subject to cantonal and/or communal inheritance, estate or gift taxes if the deceased or the donator was resident in a canton levying such taxes.

## OFFERING RESTRICTIONS

### General

No action has been or will be taken in any jurisdiction other than Germany, the United Kingdom, Austria and Switzerland that would permit a public offering of the Offered Shares or the possession, circulation or distribution of this Prospectus or any other material relating to the Issuer or the Offered Shares in any jurisdiction (other than Germany, the United Kingdom, Austria and Switzerland) where action for that purpose is required. Accordingly, the Offered Shares may not be sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisement in connection with the Offered Shares may be distributed or published by any person in any form or in any country or jurisdiction (other than Germany, the United Kingdom, Austria and Switzerland) except under circumstances that will result in compliance with any applicable laws, rules and regulations of each such country or jurisdiction.

Prospective investors in the Shares offered hereby must familiarise themselves and comply with all applicable laws and regulations relating to the offer, sale and transfer of such Shares. The comments set out in this section are intended as a general guide only and any prospective investor who is in doubt as to his position should consult his professional advisor without delay.

### United States

The Offered Shares have not been and will not be registered under the US Securities Act or with any securities regulatory authority of any state or other jurisdiction in the United States. Accordingly, the Offered Shares may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act and in compliance with any state securities laws. The Offered Shares are being offered and sold outside the United States only in accordance with Rule 903 of Regulation S under the Securities Act.

In addition, until 40 days after commencement of the Offering, an offer or sale of Shares within the United States by a dealer, whether or not such dealer is participating in the Offering, may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the US Securities Act.

### European Economic Area

In relation to each Member State of the European Economic Area (“**EEA**”) that has implemented the Prospectus Directive (each, a “**Relevant Member State**”), the Underwriters have represented and agreed that, they have not made and will not make an offer to the public of any Offered Shares in that Relevant Member State prior to the publication of a prospectus in relation to the Offered Shares which has been approved by the competent authority in that Relevant Member State, or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that they may make an offer to the public in that Relevant Member State of any Offered Shares at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- (a) to legal entities which are authorized or regulated to operate in the financial markets or, if not so authorized or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than EUR 43 000 000 and (3) an annual net turnover of more than EUR 50 000 000, as shown in its last annual or consolidated accounts;
- (c) the offer is made to natural persons resident in a Relevant Member State who have expressly requested pursuant to article 2(1)(e)(iv) of the Prospectus Directive (and any relevant implementing measures in a Relevant Member State) to be considered a qualified investor and who have satisfied at least two of the criteria set out in article 2(2) of the Prospectus Directive (and any requirements of any relevant implementing measures in a Relevant Member State); or
- (d) in any other circumstances falling within Article 3(2) or Article 4.1 of the Prospectus Directive;

provided that no such offer of Offered Shares shall otherwise result in a requirement for the publication of a prospectus or supplement to a prospectus by the Issuer, any Selling Shareholder, any Over-Allotment Shareholder, as the case may be, or the Underwriters.

For the purposes of this section, the expression an "offer to the public" in relation to any Offered Shares in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and any Offered Shares to be offered so as to enable an investor to decide to purchase or subscribe any Offered Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

### **Switzerland**

The Offered Shares will be publicly offered in Switzerland, however, the Offered Shares will not be listed on any stock exchange or regulated trading facility in Switzerland. This Prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652 a of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 f. of the SIX Swiss Exchange Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the Issuer or the Offered Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this Prospectus will not be filed with, and the offer of the Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA), and the offer of Shares has not been and will not be authorised under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection forwarded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Shares.

### **Canada**

This Prospectus is not, and under no circumstances to be construed as, an advertisement or a public offering of the Offered Shares in Canada or any province or territory thereof. Any offer or sale of Offered Shares in Canada will be made only under an exemption from the requirements to file a prospectus with the relevant Canadian securities regulators and only by a dealer properly registered under applicable provincial securities laws or, alternatively, pursuant to an exemption from the dealer registration requirement in the relevant province or territory of Canada in which such offer or sale is made.

### **Australia**

This Prospectus has not been and will not be lodged with the Australian Securities and Investments Commission or the Australian Stock Exchange, and is not a disclosure document for the purposes of Australian law. This Prospectus (whether in preliminary or definitive form) may not be issued or distributed in Australia and no offer or invitation may be made in relation to the issue, sale or purchase of Offered Shares in Australia (including an offer or invitation received by a person in Australia) and no Offered Shares may be sold in Australia, unless the offer or invitation does not need disclosure to investors under Part 6D. 2 or Division 2 of Part 7.9 of the Corporations Act (Cth). Restrictions on the resale of the Shares in Australia may also apply under Australia's Corporations Act and, as such, professional advice should be obtained in such a situation.

### **Japan**

The Offered Shares have not been and will not be registered under the Securities and Exchange Law of Japan, as amended (the "SEL"), and accordingly, the Underwriters have undertaken that they have not offered or sold, or will not offer or sell, any Offered Shares, directly or indirectly, in Japan or to, or for the account or benefit of, any Japanese Person, except under circumstances which will result in the compliance with the SEL and any applicable laws and regulations promulgated by the relevant Japanese governmental and regulatory authorities in effect at the relevant time. For the purpose of this paragraph, "Japanese Person" shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## DEFINITIONS AND GLOSSARY

The following definitions and glossary terms apply throughout this document unless the context otherwise requires:

Additional Shares	the additional Shares of the Over-Allotment Shareholder that may be offered in the Offering under the Over-Allotment Option provided for by the Underwriting Agreement
Articles of Association or Articles	the articles of association of the Issuer adopted on 7 February 2011
AT&T	AT&T Operations, Inc.
Audit Committee	the committee which assists the Board of Directors in discharging its responsibilities with regard to financial reporting, external and internal audits and controls as defined and further described in the Section entitled "Board of Directors, Management and Auditors — Board Committees — Audit Committee."
Baader Bank	Baader Bank AG, Unterschleißheim, Germany
Bank am Bellevue	Bank am Bellevue AG; Küsnacht/Zurich, Switzerland
Board or Board of Directors	the board of directors of the Issuer
Clearstream	Clearstream Banking AG, Frankfurt am Main, Germany and its group companies, a subsidiary of Deutsche Börse AG, Frankfurt am Main, Germany, providing <i>inter alia</i> clearing, settlement and administration services relating to securities
Company	Williams Grand Prix Holdings PLC
Concorde Agreement	the agreement renamed from time to time between, <i>inter alia</i> , the Formula One Teams, the FIA, FOA and FOWC as defined and further described in the Section entitled "Industry Overview and Trends — Formula One History — Commercial and Regulatory Structure."
Constructors' Championship	the FIA Formula One Constructors' Championship awarded each year by the FIA
Corporate Governance Code	the UK Corporate Governance Code of the UK Financial Reporting Council dated June 2010
CREST	the real time gross settlement system and central securities depository for the UK operated by Euroclear UK & Ireland as further described in the Section entitled "Offering and Sale — Form Of The Shares, Settlement and Clearing."
Deutsche Börse AG	the operator of Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> )
DIL	driver-in-the-loop
Directors	the directors of the Issuer
Directors Nomination Agreement	an agreement between Sir Frank Williams CBE, Mr Wolff, WIHL and WHL under which Sir Frank Williams CBE will agree to vote in favour of Mr Wolff to remain a Director for as long as Mr Wolff directly or indirectly holds 2.5% or more of the issued share capital of the Issuer and Mr Wolff, WIHL and WHL will agree to vote in fa-

voir of Sir Frank Williams CBE to remain a Director for as long as Sir Frank Williams CBE holds 2.5% or more of the issued share capital of the Issuer

Drivers' Championship	the FIA Formula One World Drivers' Championship awarded each year by the FIA
EBITDA	earnings before interest, tax, depreciation and amortization
EEA	the European Economic Area
Entry Standard	the segment of the Open Market at Frankfurt Stock Exchange ( <i>Frankfurter Wertpapierbörse</i> )
EUR, € or euro	the single currency of the member states of the European Union participating in the third stage of the Economic and Monetary Union
FIA	<i>Fédération Internationale de l'Automobile</i>
Financial Promotion Order	the UK Financial Services and Markets Act (2000) Order 2005
FOA	Formula One Administration Limited
FOM	Formula One Management Limited
Formula One Championship or Championship	the FIA Formula One World Championship organized each year by the FIA
Formula One Group of Companies	FOA, FOM, FOWC and any other companies which are in the same group of companies as any of these companies, where “group” is defined in the UK Companies Act
Formula One Teams	the Formula One teams taking part from time to time in the Formula One Championship
FOTA	the Formula One Teams Association
FOWC	Formula One World Championship Limited
FSA	the Financial Services Authority acting in its capacity as competent authority for the purposes of Part VI of FSMA
Frankfurt Stock Exchange	The stock exchange in Frankfurt am Main, Germany, ( <i>Frankfurter Wertpapierbörse</i> ) operated by Deutsche Börse AG, Frankfurt am Main, Germany
FSMA	the UK Financial Services and Markets Act 2000 (as amended)
GAC	Gulf Agency Company Limited
GBP or pound sterling or £	the currency of the UK
Grand Prix	a race event within the Formula One Championship
Group	the Issuer together with its subsidiaries (as defined by the UK Companies Act)
HMRC	Her Majesty's Revenue & Customs

IFRS	International Financial Reporting Standards and interpretations from the International Financial Reporting Interpretations Committee that were definitive and effective as of 31 December 2009, as adopted by the European Union
Issuer	Williams Grand Prix Holdings PLC
JSOP	the Joint Share Ownership Plan, established by WGP Trustees of the WGP Trust, under which the Directors Mr Parr, Mr Michael and Mr Burns are the current potential beneficiaries, subject to certain conditions of the JSOP
KERS	Kinetic Energy Recovery System
LIBOR	London Interbank Offered Rate
MAN	MAN Truck and Bus UK Limited
McGregor	McGregor Fashion Group NV
MLC	Magnetically Loaded Composite
Mr Head	Mr Patrick Head
Mr Wolff	Mr Torger Christian Wolff
Noon Buying Rate	the noon buying rate for pound sterling, as reported by the Bank of England
Offer Price	the price per Share under the Offering
Offered Shares	the Sale Shares and, as the case may be, the Additional Shares
Offeree	each prospective investor in the Offered Shares
Offering	the public offering of up to 2,739,383 Shares of GBP 0.05 each
ORIS	Oris S.A.
Over-Allotment Option	the option granted by the Over-Allotment Shareholder to Bank am Bellevue to purchase Additional Shares exercisable within 30 days after the first day of trading on the Entry Standard as further defined and described in the Section entitled "Offering and Sale."
Over-Allotment Shareholder	WIHL in its capacity as shareholder of the Issuer having granted an Over-Allotment Option to Bank am Bellevue, as further described in the Section entitled "Offering and Sale."
PDVSA	Petróleos de Venezuela S.A.
Pirelli	Pirelli Tyre S.p.A.
Porsche	Dr. Ing. h.c. F. Porsche AG
PPG	PPG Industries (UK) Limited
Prize Fund	the proportion of the EBITDA generated by the Formula One Group of Companies received by the Formula One Teams under the Concorde Agreement

Prospectus Directive	Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003 on the prospectus to be published when securities are offered to the public or admitted to trading
Prospectus Rules	the prospectus rules made by the FSA under section 73A of FSMA
QSTP	Qatar Science & Technology Park
Qatari riyals	the currency of Qatar
Randstad	Randstad Holding N.V.
Rays	Rays Company Limited
Regulation S	Regulation S of the US Securities Act
Relevant Member State	each state party to the EEA which has implemented the Prospectus Directive
Remuneration and Nomination Committee	the committee which assists the Board of Directors in discharging its responsibilities in relation to remuneration and the composition of the Board of Directors as further defined and described in the Section entitled "Board of Directors, Management and Auditors — Board Committees — Remuneration and Nomination Committee."
Reorganisation	the reorganisation of the Group that was carried out on 7 February 2011 for the purpose of this Offering, as described in the Section entitled "Reorganisation, Acquisitions and Financings."
Resource Restriction Agreement	the resource restriction agreement as described in the Section "Industry Overview and Trends — Formula One Industry — Formula One Teams Association and Resource Restriction Agreement."
Ridge	Ridge Solutions Gestão & Participações, LDA
RTGS	real time gross settlement
Sale Shares	the Shares which are being offered for sale by the Selling Shareholders
Selling Shareholders	Sir Frank Williams CBE and Mr Patrick Head
Senior Managers or Senior Management	Ms Evans, Mr Reilly, Dr Wood and Mr Tomlinson
Share Exchange Agreement	the share for share exchange agreement dated 7 February 2011 between the Issuer and the shareholders of Williams pursuant to which the shareholders of Williams agreed to sell all their shares in Williams to the Issuer in consideration for the allotment and issue of Shares on the basis of 100 Shares for each GBP 1 ordinary share in the capital of Williams
Shares	the ordinary shares of GBP 0.05 each in the capital of the Issuer
Shareholders	the holders of Shares
Sparco	Sparco S.p.A.
Sporting and Technical Regulations	the sporting and technical regulations regulating the Formula One Championship issued from time to time by the FIA

Stabilisation Agent	Bank am Bellevue AG (see the Section entitled "Offering and Sale — Stabilisation")
Takeover Code	the UK City Code on Takeovers and Mergers
Team	the team entered by Williams in the Formula One Championship, currently titled AT&T Williams
The Williams F1 Team Foundation	The Williams F1 Team Foundation, a company limited by guarantee and registered in England and Wales under company number 07136191
Thomson Reuters	Reuters Limited
US dollars or USD	the currency of the United States
US LIBOR	LIBOR denominated in US Dollars
US Securities Act	the US Securities Act of 1933, as amended
UK	the United Kingdom
UK Companies Act	the UK Companies Act 2006
UK GAAP	the Generally Accepted Accounting Principles in the UK
UK Holders	the absolute beneficial owners of Offered Shares and of any dividends paid in respect of them (in circumstances where the dividends paid are regarded for UK tax purposes as that person's own income, and not the income of another person) who are resident and (in the case of individuals only) ordinarily resident and domiciled solely in the UK for UK tax purposes, and are not resident in any other jurisdiction and who do not have a permanent establishment or fixed base in any other jurisdiction with which the holding of Offered Shares is effectively connected (see the Section entitled "Certain Tax Consideration — United Kingdom Tax Considerations")
Underwriters	Bank am Bellevue AG, Küsnacht/Zurich, Switzerland, and Baader Bank AG, Unterschleißheim, Germany
Underwriting Agreement	the underwriting agreement dated 7 February 2011 entered into between the Issuer, the Selling Shareholders, the Over-Allotment Shareholder, the Underwriters, WGP Trustees and the Directors as defined and further described in the Section entitled "Offering and Sale — Underwriting Agreement"
United States or US	the United States of America, its territories and possessions, any state of the United States and the District of Columbia
WGP Trust	an employee benefit trust holding 350,000 Shares transferred to WGP Trustees as trustee of the WGP Trust by the Selling Shareholders and the Over-Allotment Shareholder and under which the trustee has established a joint share ownership plan with the beneficiaries, Adam Parr, Sam Michael and Alex Burns, enabling the beneficiaries to participate in any future growth in the value of the Group
WGP Trustees	WGP Trustees Limited
WHL	Williams Holdings Limited

WHL Agreement	an agreement dated 7 February 2011 under which the Selling Shareholders and WHL make provision for certain transfers of Shares between WHL and the Selling Shareholders and for a payment by the Selling Shareholders to WHL, each dependent on the success of the Offering
WHP or Williams Hybrid Power	Williams Hybrid Power Limited
WIHL	Williams Invest Holdings Limited
Williams	Williams Grand Prix Engineering Limited
WTCQ	the Williams Technology Centre in Qatar

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## FINANCIAL INFORMATION

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2. Unaudited group financial information of Williams Grand Prix Engineering Limited for the 10 month periods ended 31 October 2010 and 2009 .....F-71
3. Unaudited balance sheet for Williams Grand Prix Holdings PLC as of 31 January 2011 ...F-81



Grant Thornton

Financial statements  
Williams Grand Prix  
Engineering Limited

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**For the period from 1 December 2008 to 31 December 2009**

**Company No. 01297497**

## Officers and professional advisers

<b>Company registration number</b>	01297497
<b>Registered office</b>	Grove Wantage Oxfordshire OX12 0DQ
<b>Directors</b>	Sir FOG Williams PM Head A Parr SD Michael AM Burns M Biddle TC Wolff
<b>Secretary</b>	M Biddle
<b>Bankers</b>	Barclays PO Box 42 ABINGDON Oxfordshire OX14 1GU
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Statutory Auditor 1 Westminster Way OXFORD OX2 0PZ

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## Report of the directors

The directors present their report and the financial statements of the company for the period from 1 December 2008 to 31 December 2009.

### **Principal activities and business review**

The principal activity of the company during the year remained design and construction of racing cars, motorsport consultancy and participation in motor racing events throughout the world.

During 2009 the company continued to focus on building its technical capabilities and developing long term relationships with commercial partners.

Revenue for the 13 month period ended 31 December 2009 was £108.3m (year ended 30 November 2008: £125.6m) which was in line with expectation. The 2008 results include revenue which became receivable on signature of the revised Concorde Agreement.

Profit for the 13 month period was £4.5m (year ended 30 November 2008: £9.2m). These retained earnings have enabled the Company to significantly reduce its overall indebtedness with closing net cash at 31 December 2009 of £3.9m compared to net debt of £25.5m at 30 November 2008. The net debt position at 31 December 2010 is expected to increase as approximately £14.6m of the balance at 31 December 2009 relates to income attributable to 2010 received during 2009. The reduction in structured debt was in line with the strategy set by the Board.

The team finished 7th in the 2009 F1 Constructors Championship. The Directors believe that this result represents unfulfilled potential and key strategic changes have been made which will address the identified deficiencies in 2010 and beyond.

The company has changed its year end from 30 November to 31 December during the period and has presented financial statements for a 13 month period. This amendment was made to better reflect its business cycle and improve financial reporting, particularly in respect of the Resource Restriction Agreement signed by all Formula One teams.

### **Principal risks and uncertainties**

The company will maintain its focus on revenue generation, expenditure control and cash management in 2010 and beyond.

The Directors are of the opinion that a thorough risk management process is adopted which involves the formal review of financial performance on a regular basis. Where possible, processes are in place to monitor and mitigate financial risks.

### **Results and dividends**

The profit for the period amounted to £4,524,815. The directors have not recommended a dividend.

## **Financial risk management objectives and policies**

The company uses various financial instruments including overdrafts, loans, cash, equity reserves and various items, such as trade receivables and trade payables, that arise directly in the course of its business. The main purpose of these financial instruments is to raise finance for the Company's ongoing operations.

These financial instruments expose the company to a number of risks, principally translation and transaction exchange risk, liquidity risk, interest rate risk and credit risk.

### *Translation and transaction exchange risk*

In order to manage this, the company seeks to match foreign currency assets and expenditure to income and appropriate levels of borrowings. In addition the company enters into a number of derivative contracts including forward foreign currency contracts to achieve an economic hedge. While the Company aims to achieve an economic currency hedge position it does not adopt an accounting policy of hedge accounting for these financial statements.

### *Liquidity risk*

The company seeks to manage this risk by ensuring that sufficient liquidity is available to meet foreseeable needs. The company's policy throughout the period has been to achieve this objective through management's day-to-day involvement in the business decisions rather than setting maximum or minimum liquidity ratios.

### *Interest rate risk*

The company seeks to manage this risk by entering into an interest rate swap agreement. The term loan carries a floating interest rate of 2.5% over US LIBOR. In June 2007 the company entered into an interest rate swap arrangement for the period of the term loan which provided maximum interest payable of 6.40% and minimum interest payable of 5.65% during the life of the facility. This arrangement runs until April 2011.

### *Credit risk*

The company's principal financial assets are cash and trade receivables. The company assesses the credit quality of each commercial partner before accepting any contract arrangement. The credit risk for cash and cash equivalents is considered negligible, since the counterparties are reputable banks with high quality credit ratings.

## **Research and development**

The company has sought to manage expenditure wherever possible but continues to invest in developing its people and in specifically identified research and development programmes in order to be competitive in the future.

The total charge in the profit and loss account for research and development expenditure during the period was £36.1m (year ended 30 November 2008: £41.0m).

## **Directors**

The directors who served the company during the period were as follows:

Sir FOG Williams

PM Head

A Parr

SD Michael

AM Burns

M Biddle

TC Wolff

J Moffat

(Appointed 13 March 2009)

(Appointed 6 November 2009)

(Retired 13 March 2009)

## **Williams Grand Prix Engineering Limited**

**Financial statements for the period from 1 December 2008 to 31 December 2009**

### **Fixed assets**

In the opinion of the Directors the market value of the freehold properties is in excess of the current carrying amount.

### **Insurance**

The company purchases liability insurance covering its Directors and officers.

### **Directors' responsibilities**

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Donations**

The company made charitable donations in the period of £6,909 (2008: £5,010).

### **Post balance sheet event**

After the year end, the company increased its shareholding in Williams Hybrid Power Limited from 40% to 78% of the ordinary share capital at a cost of £1.58m.

**Williams Grand Prix Engineering Limited**

**Financial statements for the period from 1 December 2008 to 31 December 2009**

**Disabled employees**

It is the company's policy to offer equal opportunities to all persons, including disabled persons, applying for vacancies having regard to their aptitudes and abilities in relation to the jobs for which they apply.

**Employee involvement**

The company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through a staff forum, information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

**Auditor**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

Sir FOG Williams  
Director  
19 May 2010

## Report of the independent auditor to the members of Williams Grand Prix Engineering Limited

We have audited the financial statements of Williams Grand Prix Engineering Limited for the period from 1 December 2008 to 31 December 2009 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Part 3 of Chapter 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

As explained more fully in the Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the period then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the directors for the financial period for which the financial statements are prepared is consistent with the financial statements.

# Report of the independent auditor to the members of Williams Grand Prix Engineering Limited (continued)

## **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Janet Crookes  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP,  
Statutory Auditor, Chartered Accountants  
Oxford  
19 May 2010

## Principal accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

At the time of approving the financial statements the company has sufficient contracted income to meet its expenditure and debt service commitments for the foreseeable future. The company maintains sufficient short term borrowing requirements to meet its fluctuating short term working capital requirements. As a result of this the directors have determined that it is appropriate for the financial statements to be prepared on the going concern basis.

The principal accounting policies of the company are set out below and have remained unchanged from the previous year.

### **Consolidation**

Consolidated accounts are not prepared as the Directors consider the impact of consolidating to be immaterial in order to give a true and fair view.

Although the company owns >20% of the issued share capital of Williams Hybrid Power Ltd ("WHPL"), the company has not recognised the results of this entity under the equity method prescribed under FRS 9 as the directors are of the opinion that they did not exercise sufficient influence or control over the entity's financial and operating policies at the balance sheet date.

### **Turnover**

Turnover represents the amount receivable from sponsorship income and for the value of goods sold, the amount receivable with respect to prize monies, commercial rights income and the commission receivable from sponsors on media deals negotiated on their behalf. All turnover includes value added tax.

Where sponsorship is paid by the provision of goods and services, turnover and costs are recognised in the financial statements where the market value of the goods or services may be readily ascertained. Where a value cannot be readily ascertained, neither turnover or costs are recognised.

### **Research and development**

The company is heavily committed to research and development activities so as to maintain its position as a world leader in motor sport. All expenditure on research and development is written off to the profit and loss account as incurred.

### **Fixed assets and depreciation**

All fixed assets are initially recorded at cost. Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & machinery	- 20% reducing balance
Fixtures, fittings & equipment	- 20% reducing balance
Vehicles & pit equipment	- 20-25% straight line
Windtunnel and R&D equipment	- 10% straight line to 20% reducing balance

A nil depreciation rate is provided in respect of the freehold property, which is shown at cost, on the basis that the residual value of the freehold property would render any annual and accumulated charge immaterial.

### **Stocks**

Stock is valued at the lower of cost and net realisable value.

### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### **Deferred taxation**

Deferred tax is recognised in respect to all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### **Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the transaction date. All profits and losses on exchange are dealt with in the profit and loss account.

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual agreements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to the reserves.

### **Derivatives**

The company uses derivative financial instruments, primarily to manage exposures to fluctuations in foreign currency exchange rates and interest rates. Interest rate swaps and foreign exchange contracts entered into are not revalued to fair value or recognised in the balance sheet at the year end, as they are not designated as hedging instruments and are not held for trading purposes.

### **Investments**

Investments are recorded at cost less amounts written off.

### **Pension costs**

The pension costs charged in the financial statements represent the contributions payable by the company during the period. The company does not operate any defined benefit retirement arrangements.

## Profit and loss account

	Note	Period from 1 Dec 2008 to 31 Dec 2009 £	Year to 30 Nov 2008 £
Turnover	1	108,309,603	125,606,224
Cost of sales		<u>(25,442,289)</u>	<u>(32,184,017)</u>
Gross profit		82,867,314	93,422,207
Other operating charges	2	<u>(77,408,213)</u>	<u>(75,850,313)</u>
<b>Operating profit</b>	3	5,459,101	17,571,894
Interest receivable		26,660	252,512
Interest payable and similar charges	6	<u>(960,946)</u>	<u>(8,641,802)</u>
<b>Profit on ordinary activities before taxation</b>		4,524,815	9,182,604
Tax on profit on ordinary activities	7	-	-
<b>Profit for the financial period</b>		<u><u>4,524,815</u></u>	<u><u>9,182,604</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

**The accompanying accounting policies and notes form part of these financial statements.**

## Balance sheet

	Note	31 Dec 2009 £	30 Nov 2008 £
<b>Fixed assets</b>			
Tangible assets	8	37,540,042	40,958,104
Investments	9	201	201
		<u>37,540,243</u>	<u>40,958,305</u>
<b>Current assets</b>			
Stocks	10	7,425	11,098
Debtors	11	21,496,895	20,790,346
Cash at bank and in hand		13,205,932	14,539
		<u>34,710,252</u>	<u>20,815,983</u>
<b>Creditors: amounts falling due within one year</b>	12	<b>(40,378,673)</b>	<b>(27,776,186)</b>
<b>Net current liabilities</b>		<b>(5,668,421)</b>	<b>(6,960,203)</b>
<b>Total assets less current liabilities</b>		<b>31,871,822</b>	<b>33,998,102</b>
<b>Creditors: amounts falling due after more than one year</b>	13	<b>(3,098,661)</b>	<b>(9,749,756)</b>
		<u>28,773,161</u>	<u>24,248,346</u>
<b>Capital and reserves</b>			
Called-up equity share capital	21	100,000	100,000
Profit and loss account		28,673,161	24,148,346
<b>Shareholders' funds</b>	22	<b>28,773,161</b>	<b>24,248,346</b>

These financial statements were approved by the directors and authorised for issue on 19 May 2010, and are signed on their behalf by:

Sir FOG Williams  
Director

Company Registration Number: 01297497

**The accompanying accounting policies and notes form part of these financial statements.**

## Cash flow statement

	Note	Period from 1 Dec 2008 to 31 Dec 2009 £	Year to 30 Nov 2008 £
Net cash inflow from operating activities	23	31,424,471	10,156,282
Returns on investments and servicing of finance	23	(1,680,191)	(2,249,500)
Capital expenditure and financial investment	23	(704,466)	(2,482,595)
Cash inflow before financing		29,039,814	5,424,187
Financing	23	(6,550,491)	(14,720,796)
Increase/(decrease) in cash	23	22,489,323	(9,296,609)

## Notes to the financial statements

### 1 Turnover

An analysis of turnover by geographical market has not been included as the directors believe that the company operates in a single global market and that the allocation to geographical markets is neither practical nor possible.

### 2 Other operating charges

	Period from 1 Dec 2008 to 31 Dec 2009 £	Year to 30 Nov 2008 £
Distribution costs	56,551,771	52,273,133
Administrative expenses	20,856,442	23,577,180
	<u>77,408,213</u>	<u>75,850,313</u>

### 3 Operating profit

Operating profit is stated after charging/(crediting):

	Period from 1 Dec 2008 to 31 Dec 2009 £	Year to 30 Nov 2008 £
Depreciation of owned fixed assets	4,122,162	3,706,548
Depreciation of assets held under hire purchase agreements	1,344	36,155
Profit on disposal of fixed assets	(978)	(68,428)
Operating lease costs:		
- Plant and equipment	663,411	716,146
Net loss/(profit) on foreign currency translation	4,308,995	(1,446,106)
Auditor's remuneration - audit of the financial statements	40,000	33,000
Auditor's remuneration - other fees	138,894	136,213
	<u>31 Dec 2009</u>	<u>30 Nov 2008</u>
	£	£

Auditor's remuneration - other fees:

- Taxation services	26,660	20,000
- VAT advice	112,234	116,213
	<u>138,894</u>	<u>136,213</u>

**4 Particulars of employees**

The average number of staff employed by the company during the financial period amounted to:

	<b>Period from 1 Dec 2008 to 31 Dec 2009 No</b>	Year to 30 Nov 2008 No
Number of management and administrative staff	59	62
Number of research & production staff	449	452
Number of marketing staff	20	19
	<u>528</u>	<u>533</u>

The aggregate payroll costs of the above were:

	<b>Period from 1 Dec 2008 to 31 Dec 2009 £</b>	Year to 30 Nov 2008 £
Wages and salaries	30,874,678	28,332,162
Social security costs	3,377,947	3,234,729
Other pension costs	1,330,851	1,174,555
	<u>35,583,476</u>	<u>32,741,446</u>

**5 Directors**

Remuneration in respect of directors was as follows:

	<b>Period from 1 Dec 2008 to 31 Dec 2009 £</b>	Year to 30 Nov 2008 £
Remuneration receivable	2,903,701	1,804,700
Value of company pension contributions to money purchase schemes	35,421	8,075
	<u>2,939,122</u>	<u>1,812,775</u>

Remuneration of highest paid director:

	<b>Period from 1 Dec 2008 to 31 Dec 2009 £</b>	Year to 30 Nov 2008 £
Total remuneration (excluding pension contributions)	<u>1,110,020</u>	<u>975,000</u>

**5 Directors (continued)**

The number of directors who accrued benefits under company pension schemes was as follows:

	Period from 1 Dec 2008 to 31 Dec 2009 No	Year to 30 Nov 2008 No
Money purchase schemes	<u>3</u>	<u>3</u>

**6 Interest payable and similar charges**

	Period from 1 Dec 2008 to 31 Dec 2009 £	Year to 30 Nov 2008 £
Interest payable on bank borrowing	1,365,688	2,428,434
Finance charges payable under hire purchase agreements	393	1,369
Foreign exchange (gain)/loss on borrowing	(405,135)	6,211,999
	<u>960,946</u>	<u>8,641,802</u>

**7 Taxation on ordinary activities**

The company has estimated losses of approximately £81,300,000 (2008: £78,500,000) available to carry forward against future trading profits.

Factors affecting current tax charge

	Period from 1 Dec 2008 to 31 Dec 2009 £	Year to 30 Nov 2008 £
Profit on ordinary activities before taxation	<u>4,524,815</u>	<u>9,182,604</u>
Profit on ordinary activities by rate of tax at 28% (2008: 28.67%)	1,266,948	2,632,346
Expenditure not deductible for tax purposes	58,425	1,476,284
Depreciation in excess of capital allowances/(capital allowances in excess of depreciation)	926,440	(807,035)
Research and development adjustment	(3,032,956)	(3,331,959)
Tax losses carried forward	781,143	-
Unrelieved tax losses and other deductions	-	917
Movement in pensions	-	29,447
Total current tax	<u>-</u>	<u>-</u>

**8 Tangible fixed assets**

	Freehold property £	Plant & ma- chinery £	Fixtures, fittings & equipment £	Vehicles & pit equip- ment £	Windtunnel, R & D equipment £	Total £
Cost						
At 1 Dec 2008	20,942,625	13,987,386	4,586,996	3,555,225	30,010,517	73,082,749
Additions	17,199	357,379	165,761	–	166,627	706,966
Disposals	–	(64,000)	–	–	–	(64,000)
At 31 Dec 2009	<u>20,959,824</u>	<u>14,280,765</u>	<u>4,752,757</u>	<u>3,555,225</u>	<u>30,177,144</u>	<u>73,725,715</u>
Depreciation						
At 1 Dec 2008	–	9,592,058	4,007,805	3,137,494	15,387,288	32,124,645
Charge for the period	–	975,630	129,146	83,546	2,935,184	4,123,506
On disposals	–	(62,478)	–	–	–	(62,478)
At 31 Dec 2009	<u>–</u>	<u>10,505,210</u>	<u>4,136,951</u>	<u>3,221,040</u>	<u>18,322,472</u>	<u>36,185,673</u>
Net book value						
At 31 Dec 2009	<u>20,959,824</u>	<u>3,775,555</u>	<u>615,806</u>	<u>334,185</u>	<u>11,854,672</u>	<u>37,540,042</u>
At 30 Nov 2008	<u>20,942,625</u>	<u>4,395,327</u>	<u>579,191</u>	<u>417,732</u>	<u>14,623,229</u>	<u>40,958,104</u>

Included within the net book value of £37,540,042 is £7,730 (2008 - £146,968) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the period in respect of such assets amounted to £1,344 (year ended 30 November 2008 - £36,155).

**9 Investments**

	£
Cost and net book value	
At 31 December 2009 and 30 November 2008	<u>201</u>

Details of the company's investments as at 31 December 2009 are as follows:

The company owns 40% of the ordinary share capital of Williams Hybrid Power Ltd, a company incorporated in the UK. For the year ended 28 February 2009 total profit for the year amounted to £58,783 and total reserves were £90,432. Although the company owns >20% of the issued share capital of WHPL, the company has not recognised the results of this entity under the equity method prescribed under FRS 9 as the directors are of the opinion that they did not exercise sufficient influence or control over the entity's financial and operating policies at the balance sheet date. After the year end, the company increased its shareholding in Williams Hybrid Power Limited from 40% to 78% at a cost of £1.58m.

The company owns 100% of the ordinary share capital of Engineering Design Ltd, a company incorporated in the UK. The company was dormant throughout the period and up to date the accounts were approved. The total reserves at 31 December 2009 were £1.

**10 Stocks**

	31 Dec 2009 £	30 Nov 2008 £
Conference centre inventories	<u>7,425</u>	<u>11,098</u>

**Williams Grand Prix Engineering Limited**  
**Financial statements for the period from 1 December 2008 to 31 December 2009**

**11 Debtors**

	31 Dec 2009	30 Nov 2008
	£	£
Trade debtors	11,110,958	7,880,537
Amounts owed by group undertakings	4,000	4,000
Other debtors	53,250	289,928
Director's current account	–	150,000
Prepayments and accrued income	10,328,687	12,465,881
	<u>21,496,895</u>	<u>20,790,346</u>

The director's current account in 2008 represented amounts owed to the company by Sir F O G Williams.

**12 Creditors: amounts falling due within one year**

	31 Dec 2009	30 Nov 2008
	£	£
Bank loans and overdrafts	6,197,323	15,797,768
Trade creditors	5,011,736	3,298,750
Other taxation and social security	2,193,435	975,154
Amounts due under hire purchase agreements	–	2,016
Other creditors	4,351	198,917
Accruals and deferred income	26,971,828	7,503,581
	<u>40,378,673</u>	<u>27,776,186</u>

All bank loans are secured by a legal charge over the freehold property owned by the company. A fixed and floating charge in favour of the bank is held over all assets, present and future.

**13 Creditors: amounts falling due after more than one year**

	31 Dec 2009	30 Nov 2008
	£	£
Bank loans	<u>3,098,661</u>	<u>9,749,756</u>

**14 Creditors - capital instruments**

Creditors include finance capital which is due for repayment as follows:

	31 Dec 2009	30 Nov 2008
	£	£
Amounts repayable:		
In one year or less or on demand	6,197,323	6,499,838
In more than one year but not more than two years	3,098,661	6,499,837
In more than two years but not more than five years	–	3,249,919
	<u>9,295,984</u>	<u>16,249,594</u>

## 15 Commitments under hire purchase agreements

Future commitments under hire purchase agreements net of future finance lease charges are as follows:

	31 Dec 2009	30 Nov 2008
	£	£
Amounts payable within 1 year	-	2,016
	<u>-</u>	<u>2,016</u>
	<u>-</u>	<u>2,016</u>

## 16 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

## 17 Derivatives

The fair value of derivatives held by the company at 31 December 2009, not recognised in the financial statements, is as set out below.

Current Assets	2009		2008	
	Book value	Fair Value	Book Value	Fair Value
	£	£	£	£
Foreign exchange contracts	-	1,094,044	-	-
	<u>-</u>	<u>1,094,044</u>	<u>-</u>	<u>-</u>
Current Liabilities	2009		2008	
	Book value	Fair Value	Book Value	Fair Value
	£	£	£	£
Foreign exchange contracts	-	-	-	(4,951,312)
Interest rate swaps	-	(297,626)	-	(754,825)
	<u>-</u>	<u>(297,626)</u>	<u>-</u>	<u>(5,706,137)</u>
	<u>-</u>	<u>(297,626)</u>	<u>-</u>	<u>(5,706,137)</u>

Market values have been used to determine fair values.

Foreign exchange contracts are held to mitigate foreign exchange risks. Interest rate swaps are held to mitigate interest rate risks.

## 18 Commitments under operating leases

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets other than land and buildings	
	31 Dec 2009	30 Nov 2008
	£	£
Operating leases which expire:		
Within 1 year	155,348	762,902
Within 2 to 5 years	181,731	381,872
	<u>337,079</u>	<u>1,144,774</u>
	<u>337,079</u>	<u>1,144,774</u>

**19 Contingencies**

There were no contingent liabilities as at 31 December 2009 or 30 November 2008.

**20 Related party transactions**

Williams Hybrid Power Limited ("WHPL") is a related party by virtue of the company's 40% shareholding. During the period ended 31 December 2009 the company made purchases of £572,146 (year ended 30 November 2008: £743,057) from WHPL and sales of £72,003 (year ended 30 November 2008: £nil) to WHPL. At 31 December 2009 there was an outstanding balance owed to the company by WHPL of £13,143 (2008: £nil) included in trade receivables.

The company also made a loan of £4,000 to WHPL during the year ended 30 November 2008. At 31 December 2009 the full amount remains outstanding. No provision or write offs were made against this balance during the period.

At 30 November 2008 the Director's current account represented a balance of £150,000 being amounts owed to the company by Sir FOG Williams. This has been repaid in full during the period ended 31 December 2009. No interest was charged on this balance during the period (2008: £nil).

Directors of WHPL, who are also key management personnel of the company, do not receive remuneration from WHPL.

**21 Share capital**

Authorised share capital:

	31 Dec 2009	30 Nov 2008
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	31 Dec 2009		30 Nov 2008	
	No	£	No	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

**22 Reconciliation of movements in shareholders' funds**

	31 Dec 2009	30 Nov 2008
	£	£
Profit for the financial period	4,524,815	9,182,604
Opening shareholders' funds	<u>24,248,346</u>	<u>15,065,742</u>
Closing shareholders' funds	<u>28,773,161</u>	<u>24,248,346</u>

**23 Notes to the cash flow statement**

**Reconciliation of operating profit to net cash inflow from operating activities**

	Period from 1 Dec 2008 to 31 Dec 2009 £	Year to 30 Nov 2008 £
Operating profit	5,459,101	17,571,894
Depreciation	4,123,506	3,742,703
Profit on disposal of fixed assets	(978)	(68,428)
Decrease/(increase) in stocks	3,673	(1,509)
Increase in debtors	(706,549)	(9,153,739)
Increase/(decrease) in creditors	22,545,718	(1,934,639)
Net cash inflow from operating activities	<u>31,424,471</u>	<u>10,156,282</u>

**Returns on investments and servicing of finance**

	Period from 1 Dec 2008 to 31 Dec 2009 £	Year to 30 Nov 2008 £
Interest received	26,660	252,512
Interest paid	(1,706,458)	(2,500,643)
Interest element of hire purchase	(393)	(1,369)
Net cash outflow from returns on investments and servicing of finance	<u>(1,680,191)</u>	<u>(2,249,500)</u>

**Capital expenditure and financial investment**

	Period from 1 Dec 2008 to 31 Dec 2009 £	Year to 30 Nov 2008 £
Payments to acquire tangible fixed assets	(706,966)	(2,562,700)
Receipts from sale of fixed assets	2,500	80,306
Acquisition of fixed asset investments	-	(201)
Net cash outflow for capital expenditure and financial investment	<u>(704,466)</u>	<u>(2,482,595)</u>

**Financing**

	Period from 1 Dec 2008 to 31 Dec 2009 £	Year to 30 Nov 2008 £
Repayment of bank loans	(6,548,475)	(14,708,857)
Capital element of hire purchase	(2,016)	(11,939)
Net cash outflow from financing	<u>(6,550,491)</u>	<u>(14,720,796)</u>

**23 Notes to the cash flow statement (continued)**

**Reconciliation of net cash flow to movement in net funds**

	31 Dec 2009	30 Nov 2008
	£	£
Increase/(decrease) in cash in the period	22,489,323	(9,296,609)
Net cash outflow from bank loans	6,548,475	14,708,857
Cash outflow in respect of hire purchase	2,016	11,939
Change in net funds resulting from cash flows	29,039,814	5,424,187
Translation differences	405,135	(6,211,999)
Movement in net funds in the period	29,444,949	(787,812)
Net debt at 1 December 2008	(25,535,001)	(24,747,189)
Net funds at 31 December 2009	<u>3,909,948</u>	<u>(25,535,001)</u>

**Analysis of changes in net funds**

	At 1 Dec 2008	Cash flows	Exchange movement	At 31 Dec 2009
	£	£	£	£
Net cash:				
Cash in hand and at bank	14,539	13,191,393	–	13,205,932
Overdrafts	(9,297,930)	9,297,930	–	–
	<u>(9,283,391)</u>	<u>22,489,323</u>	<u>–</u>	<u>13,205,932</u>
Debt:				
Debt due within 1 year	(6,499,838)	302,515	–	(6,197,323)
Debt due after 1 year	(9,749,756)	6,245,960	405,135	(3,098,661)
Hire purchase agreements	(2,016)	2,016	–	–
	<u>(16,251,610)</u>	<u>6,550,491</u>	<u>405,135</u>	<u>(9,295,984)</u>
Net (debt)/funds	<u>(25,535,001)</u>	<u>29,039,814</u>	<u>405,135</u>	<u>3,909,948</u>

**24 Post balance sheet events**

After the year end, the company increased its shareholding in Williams Hybrid Power Limited from 40% to 78% at a cost of £1.58m.

**25 Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £43,486 (2008 - £111,234).

**26 Controlling related party**

Sir F O G Williams is the company's controlling related party by virtue of his holding of 63% of the company's share capital as at 31 December 2009.

# Financial statements Williams Grand Prix Engineering Limited

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**For the Year Ended 30 November 2008**

**Company No. 01297497**

## Company information

<b>Company registration number</b>	01297497
<b>Registered office</b>	Grove Wantage Oxfordshire OX12 0DQ
<b>Directors</b>	Sir F O G Williams P M Head A Parr S D Michael A M Burns M Biddle
<b>Secretary</b>	M Biddle
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors 1 Westminster Way Oxford OX2 0PZ

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 November 2008.

### **Principal activities and business review**

The principal activity of the company remains design and construction of racing cars, motorsport consultancy and participation in motor racing events throughout the world.

During 2008 the company continued to focus on building its technical capabilities and developing long term relationships to support a return to competitive on-track performance.

Turnover for the year ended 30 November 2008 was £125.6m - an increase of 88% on 2007, driven largely by improving sponsorship income and increased revenue from the commercial rights holder of Formula One. The profit on ordinary activities before taxation of £9.2m was in line with expectation.

Closing net debt is close to the position at 30 November 2007. A significant proportion of the term debt has been repaid during the year and since the year end. Following the recent renewal of its finance facilities the company fully expects to be able to meet its operating and financing commitments during the remaining term of the loan.

### **Principal risks and uncertainties**

The company will maintain its focus on revenue generation, expenditure control and cash management in 2009 and beyond.

The Directors are of the opinion that a thorough risk management process is adopted which involves the formal review of financial performance on a regular basis. Where possible, processes are in place to monitor and mitigate financial risks.

### **Results and dividends**

The profit for the year amounted to £9,182,604. The directors have not recommended a dividend.

### **Financial risk management objectives and policies**

The company uses various financial instruments including overdrafts, loans, cash, equity reserves and various items, such as trade debtors and trade creditors, that arise directly in the course of its business. The main purpose of these financial instruments is to raise finance for the company's ongoing operations.

These financial instruments expose the company to a number of risks, principally translation and transaction exchange risk. In order to manage this, the company seeks to match foreign currency assets and expenditure to income and appropriate levels of borrowings. In addition the company enters into a number of derivative contracts including forward foreign currency contracts to achieve an economic hedge. While the company aims to achieve an economic currency hedge position it does not adopt an accounting policy of hedge accounting for these financial statements.

## **Research and development**

The company has sought to manage expenditure wherever possible but continues to invest in developing its people and in specifically identified research and development programmes in order to be competitive in the future.

## **Directors**

The directors who served the company during the year were as follows:

Sir F O G Williams  
P M Head  
A Parr  
S D Michael  
A M Burns  
J V Moffat

A Parr was appointed as a director on 18 September 2008.

S D Michael was appointed as a director on 18 September 2008.

A M Burns was appointed as a director on 18 September 2008.

J V Moffat was appointed as a director on 18 September 2008 and resigned on 13 March 2009.

M Biddle was appointed as a director on 13 March 2009.

## **Fixed assets**

In the opinion of the directors the market value of the freehold properties is approximately £5.9m higher than the current net book value.

## **Insurance**

The company purchases liability insurance covering its directors and officers.

## **Directors' responsibilities**

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

### **Donations**

During the year the company made the following contributions:

	2008	2007
	£	£
Charitable	<u>5,010</u>	<u>7,260</u>

### **Disabled employees**

It is the company's policy to offer equal opportunities to all persons, including disabled persons, applying for vacancies having regard to their aptitudes and abilities in relation to the jobs for which they apply.

### **Employee involvement**

The company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through a staff forum, information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

### **Auditor**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act unless the company receives notice under section 488(1) of the Companies Act 2006.

ON BEHALF OF THE BOARD

Sir F O G Williams  
Director  
4 September 2009

## Report of the independent auditor to the members of Williams Grand Prix Engineering Limited

We have audited the financial statements of Williams Grand Prix Engineering Limited for the year ended 30 November 2008 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement and notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

# Report of the independent auditor to the members of Williams Grand Prix Engineering Limited (continued)

We planned and performed our audit 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2008 and of its profit for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

GRANT THORNTON UK LLP  
REGISTERED AUDITOR  
CHARTERED ACCOUNTANTS  
OXFORD  
7 September 2009

## Principal accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

At the time of approving the financial statements the company had recently renewed its borrowing facilities to provide sufficient funding beyond one year from the approval of these financial statements.

Having assessed the future funding requirements of the company, the Directors have determined that the company will have adequate resources to continue operating for the foreseeable future and that it is appropriate for the financial statements to be prepared on a going concern basis.

The principal accounting policies of the company are set out below and have remained unchanged from the previous year.

### **Consolidation**

Consolidated accounts are not prepared as the Directors consider the impact of consolidating to be immaterial in order to give a true and fair view.

### **Turnover**

Turnover represents the amount receivable for the value of goods sold and sponsorship income, the amount receivable with respect to prize monies, commercial rights income and the commission receivable from sponsors on media deals negotiated on their behalf. All turnover excludes value added tax.

Where sponsorship is paid by the provision of goods or services, turnover and costs are recognised in the financial statements where the market value of the goods or services may be readily ascertained. Where a value cannot be readily ascertained, neither turnover nor costs are recognised.

### **Research and development**

The company is heavily committed to research and development activities so as to maintain its position as a world leader in motor sport. All expenditure on research and development is written off to the profit and loss account as incurred.

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & machinery	- 20% reducing balance
Fixtures, fittings & equipment	- 20% reducing balance
Vehicles & pit equipment	- 20% - 25% straight line
Windtunnel & R & D equipment	- 10% straight line - 20% reducing balance

A nil depreciation rate is provided in respect of the freehold property, which is shown at cost, on the basis that the residual value of the freehold property would render any annual and accumulated charge immaterial.

### **Stocks**

Stock is valued at the lower of cost and net realisable value.

### **Leasing and hire purchase commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

### **Pension costs**

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

### **Deferred taxation**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### **Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the transaction date. All profits and losses on exchange are dealt with in the profit and loss account.

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

The company uses interest rate swaps to manage interest rate exposures. Interest rate swaps are not revalued to fair value or recognised in the balance sheet at the year end.

### **Investments**

Investments are included at cost less amounts written off.

## Profit and loss account

	Note	2008 £	2007 £
Turnover	1	125,606,224	66,898,970
Cost of sales		<u>(32,184,017)</u>	<u>(33,362,929)</u>
Gross profit		93,422,207	33,536,041
Other operating charges	2	<u>(75,850,313)</u>	<u>(54,674,113)</u>
<b>Operating profit/(loss)</b>	3	17,571,894	(21,138,072)
Interest receivable	6	252,512	180,333
Interest payable and similar charges	7	<u>(8,641,802)</u>	<u>(448,968)</u>
<b>Profit/(loss) on ordinary activities before taxation</b>		<u>9,182,604</u>	<u>(21,406,707)</u>
Tax on profit/(loss) on ordinary activities	8	–	–
<b>Profit/(loss) for the financial year</b>	22	<u><u>9,182,604</u></u>	<u><u>(21,406,707)</u></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

**The accompanying accounting policies and notes form part of these financial statements.**

## Balance sheet

		2008	2007
	Note	£	£
<b>Fixed assets</b>			
Tangible assets	9	40,958,104	42,149,986
Investments	10	201	–
		<u>40,958,305</u>	<u>42,149,986</u>
<b>Current assets</b>			
Stocks	11	11,098	9,589
Debtors	12	20,790,346	11,636,607
Cash in hand		14,539	13,218
		<u>20,815,983</u>	<u>11,659,414</u>
<b>Creditors: amounts falling due within one year</b>	13	<u>27,776,186</u>	<u>26,653,836</u>
<b>Net current liabilities</b>		<u>(6,960,203)</u>	<u>(14,994,422)</u>
<b>Total assets less current liabilities</b>		<u>33,998,102</u>	<u>27,155,564</u>
<b>Creditors: amounts falling due after more than one year</b>	14	<u>9,749,756</u>	<u>12,089,822</u>
		<u>24,248,346</u>	<u>15,065,742</u>
<b>Capital and reserves</b>			
Called-up equity share capital	21	100,000	100,000
Profit and loss account	22	24,148,346	14,965,742
<b>Shareholders' funds</b>	22	<u>24,248,346</u>	<u>15,065,742</u>

These financial statements were approved by the directors and authorised for issue on 4 September 2009, and are signed on their behalf by:

Sir F O G Williams  
 Director

**The accompanying accounting policies and notes form part of these financial statements.**

## Cash flow statement

	Note	2008 £	2007 £
<b>Net cash inflow/(outflow) from operating activities</b>	23	<b>10,156,282</b>	(17,060,041)
<b>Returns on investments and servicing of finance</b>			
Interest received		252,512	180,333
Interest paid		(2,500,643)	(436,691)
Interest element of hire purchase		(1,369)	(12,277)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(2,249,500)</b>	(268,635)
<b>Capital expenditure and financial investment</b>			
Payments to acquire tangible fixed assets		(2,562,700)	(569,827)
Receipts from sale of fixed assets		80,306	485,730
Acquisition of investments		(201)	–
<b>Net cash outflow for capital expenditure and financial investment</b>		<b>(2,482,595)</b>	(84,097)
<b>Cash inflow/(outflow) before financing</b>		<b>5,424,187</b>	(17,412,773)
<b>Financing</b>			
(Repayment of)/increase in bank loans		(14,708,857)	24,175,612
Capital element of hire purchase		(11,939)	(124,080)
<b>Net cash (outflow)/inflow from financing</b>		<b>(14,720,796)</b>	24,051,532
<b>(Decrease)/increase in cash</b>	23	<b>(9,296,609)</b>	6,638,759

**The accompanying accounting policies and notes form part of these financial statements.**

## Notes to the financial statements

### 1 Turnover

An analysis of turnover by geographical market has not been included as the directors believe that the company operates in a single global market and that the allocation to geographical markets is neither practical nor possible.

### 2 Other operating charges

	2008 £	2007 £
Distribution costs	52,273,133	45,567,650
Administrative expenses	23,577,180	9,106,463
	<u>75,850,313</u>	<u>54,674,113</u>

### 3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2008 £	2007 £
Depreciation of owned fixed assets	3,706,548	3,683,648
Depreciation of assets held under hire purchase agreements	36,155	44,856
Profit on disposal of fixed assets	(68,428)	(485,730)
Operating lease costs:		
Plant and equipment	716,146	555,473
Net profit on foreign currency translation	(1,446,106)	(218,640)
Auditor's remuneration - audit of the financial statements	33,000	33,000
Auditor's remuneration - other fees	136,213	19,832
	<u>33,000</u>	<u>33,000</u>

	2008 £	2007 £
Auditor's remuneration - audit of the financial statements	<u>33,000</u>	<u>33,000</u>

Auditor's remuneration - other fees:

- Taxation services	20,000	17,150
- VAT advice	116,213	2,682
	<u>136,213</u>	<u>19,832</u>

**4 Directors and employees**

The average number of staff employed by the company during the financial year amounted to:

	<b>2008</b>	2007
	<b>No</b>	No
Number of management and administrative staff	<b>62</b>	60
Number of research & production staff	<b>452</b>	421
Number of marketing staff	<b>19</b>	19
	<u><b>533</b></u>	<u>500</u>

The aggregate payroll costs of the above were:

	<b>2008</b>	2007
	<b>£</b>	£
Wages and salaries	<b>28,332,162</b>	26,288,242
Social security costs	<b>3,234,729</b>	2,959,286
Other pension costs	<b>1,174,555</b>	1,019,489
	<u><b>32,741,446</b></u>	<u>30,267,017</u>

**5 Directors**

Remuneration in respect of directors was as follows:

	<b>2008</b>	2007
	<b>£</b>	£
Emoluments	<b>1,804,700</b>	1,545,031
Value of company pension contributions to money purchase schemes	<b>8,075</b>	17,500
	<u><b>1,812,775</b></u>	<u>1,562,531</u>

Emoluments of highest paid director:

	<b>2008</b>	2007
	<b>£</b>	£
Total emoluments (excluding pension contributions)	<b>975,000</b>	1,007,282
Value of company pension contributions to money purchase schemes	<b>–</b>	17,500
	<u><b>975,000</b></u>	<u>1,024,782</u>

The number of directors who accrued benefits under company pension schemes was as follows:

	<b>2008</b>	2007
	<b>No</b>	No
Money purchase schemes	<u><b>3</b></u>	<u>1</u>

**6 Interest receivable**

	2008	2007
	£	£
Bank interest receivable	<u>252,512</u>	<u>180,333</u>

**7 Interest payable and similar charges**

	2008	2007
	£	£
Interest payable on bank borrowing	2,428,434	1,467,974
Finance charges payable under hire purchase agreements	1,369	12,277
Foreign exchange loss/(gain) on borrowing	6,211,999	(1,031,283)
	<u>8,641,802</u>	<u>448,968</u>

**8 Taxation on ordinary activities**

The company has estimated losses of approximately £78,500,000 (2007: £79,000,000) available to carry forward against future trading profits.

Factors affecting current tax charge

	2008	2007
	£	£
Profit/(loss) on ordinary activities before taxation	<u>9,182,604</u>	<u>(21,406,707)</u>
Loss on ordinary activities by rate of tax at 28.67% (2007: 30%)	2,632,346	(6,422,012)
Income/expenditure not taxable	1,476,284	82,156
Depreciation	(807,035)	933,652
Other tax adjustments	-	(2,856)
Adjustments to tax charge in respect of previous periods	-	93,760
Research and development adjustment	(3,331,959)	(2,685,102)
Tax losses carried forward	-	8,024,865
Unrelieved tax losses and other deductions	917	
Movement in pensions	29,447	(24,463)
Total current tax	<u>-</u>	<u>-</u>

**9 Tangible fixed assets**

	Freehold property £	Plant & machinery £	Fixtures, fittings & equipment £	Vehicles & pit equip- ment £	Windtun- nel, R & D equipment £	Total £
Cost						
At 1 Dec 2007	20,942,625	11,854,423	4,562,406	3,483,430	29,767,271	70,610,155
Additions	–	2,203,763	24,590	91,100	243,246	2,562,699
Disposals	–	(70,800)	–	(19,305)	–	(90,105)
At 30 Nov 2008	<u>20,942,625</u>	<u>13,987,386</u>	<u>4,586,996</u>	<u>3,555,225</u>	<u>30,010,517</u>	<u>73,082,749</u>
Depreciation						
At 1 Dec 2007	–	8,911,085	3,872,174	3,031,031	12,645,879	28,460,169
Charge for the year	–	739,895	135,631	125,768	2,741,409	3,742,703
On disposals	–	(58,922)	–	(19,305)	–	(78,227)
At 30 Nov 2008	<u>–</u>	<u>9,592,058</u>	<u>4,007,805</u>	<u>3,137,494</u>	<u>15,387,288</u>	<u>32,124,645</u>
Net book value						
At 30 Nov 2008	<u><b>20,942,625</b></u>	<u><b>4,395,328</b></u>	<u><b>579,191</b></u>	<u><b>417,731</b></u>	<u><b>14,623,229</b></u>	<u><b>40,958,104</b></u>
At 30 Nov 2007	<u>20,942,625</u>	<u>2,943,338</u>	<u>690,232</u>	<u>452,399</u>	<u>17,121,392</u>	<u>42,149,986</u>

Included within the net book value of £40,958,104 is £146,968 (2007 - £183,123) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £36,155 (2007 - £44,856).

**10 Investments**

**Investments**

	£
Cost	
Additions	<u>201</u>
At 30 November 2008	<u>201</u>
Net book value	
At 30 November 2008	<u>201</u>
At 30 November 2007	<u>-</u>

**10 Investments (continued)**

On 7 May 2008 the company incorporated a 100% subsidiary, Engineering Design Limited. This company was dormant throughout the period and up to date that the accounts were approved. The total reserves at 30 November 2008 were £1, which represents the amount paid for the ordinary share capital.

On 28 March 2008 the company purchased 40% of the ordinary share capital of Williams Hybrid Power Limited (formerly Automotive Hybrid Power Limited). The total consideration was £200, which is included in investments. For the year ended 28 February 2008 total profit for the year amounted to £31,129 and total reserves were £34,429.

**11 Stocks**

	2008	2007
	£	£
Conference centre stocks	<u>11,098</u>	<u>9,589</u>

**12 Debtors**

	2008	2007
	£	£
Trade debtors	7,880,537	8,546,315
Amounts owed by group undertakings	4,000	–
Other debtors	289,928	20,006
Director's current account	150,000	–
Prepayments and accrued income	12,465,881	3,070,286
	<u>20,790,346</u>	<u>11,636,607</u>

The director's current account, represents amounts owed to the Company by Sir F O G Williams.

**13 Creditors: amounts falling due within one year**

	2008	2007
	£	£
Bank loans and overdrafts	15,797,768	12,658,646
Trade creditors	3,298,750	3,975,409
Other taxation and social security	975,154	1,230,843
Amounts due under hire purchase agreements	2,016	11,939
Other creditors	198,917	63,951
Accruals and deferred income	7,503,581	8,713,048
	<u>27,776,186</u>	<u>26,653,836</u>

The bank loans and overdrafts are secured by a legal charge over the land owned by the company. A fixed and floating charge in favour of the bank is held over all property and assets, present and future.

**14 Creditors: amounts falling due after more than one year**

	2008	2007
	£	£
Bank loans	9,749,756	12,087,806
Amounts due under hire purchase agreements	–	2,016
	<u>9,749,756</u>	<u>12,089,822</u>

**15 Creditors - capital instruments**

Creditors include finance capital which is due for repayment as follows:

	2008	2007
	£	£
Amounts repayable:		
In one year or less or on demand	6,501,854	12,087,806
In more than one year but not more than two years	6,499,837	4,835,122
In more than two years but not more than five years	3,249,919	7,252,683
	<u>16,251,610</u>	<u>24,175,611</u>

**16 Commitments under hire purchase agreements**

Future commitments under hire purchase agreements net of future finance lease charges are as follows:

	2008	2007
	£	£
Amounts payable within 1 year	2,016	11,939
Amounts payable between 2 to 5 years	–	2,016
	<u>2,016</u>	<u>13,955</u>

**17 Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

**18 Derivatives**

The fair value of derivatives held by the company at 30 November 2008, not recognised in the financial statements is as set out below.

	2008	2008	2007	2007
	Book value	Fair value	Book value	Fair value
	£	£	£	£
Forward exchange contracts	<u>–</u>	<u>5,706,137</u>	<u>–</u>	<u>46,267</u>

Market values have been used to determine fair values.

Forward exchange contracts are held to mitigate foreign exchange risks.

**19 Leasing commitments**

At 30 November 2008 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Assets other than land &amp; buildings</b>	
	<b>2008</b>	2007
	<b>£</b>	£
Operating leases which expire:		
Within 1 year	<b>762,902</b>	121,462
Within 2 to 5 years	<b>381,872</b>	665,336
	<u><b>1,144,774</b></u>	<u>786,798</u>

**20 Related party transactions**

During the year the company made purchases of £743,057 (2007: £nil) from Williams Hybrid Power Limited (WHPL), a related party by virtue of the company's 40% shareholding. At the year end there was no outstanding balance.

The company also made a loan to WHPL of £4,000, at the year end the full amount was outstanding. No provisions or write offs were made against this balance in the year.

**21 Share capital**

Authorised share capital:

	<b>2008</b>	2007
	<b>£</b>	£
100,000 Ordinary shares of £1 each	<u><b>100,000</b></u>	<u>100,000</u>

Allotted, called up and fully paid:

	<b>2008</b>		2007	
	<b>No</b>	<b>£</b>	No	£
Ordinary shares of £1 each	<u><b>100,000</b></u>	<u><b>100,000</b></u>	<u>100,000</u>	<u>100,000</u>

**22 Reconciliation of shareholders' funds and movement on reserves**

	Share capital	Profit and loss account	Total share- holders' funds
	£	£	£
At 1 December 2006	100,000	36,372,449	36,472,449
Loss for the year	–	(21,406,707)	(21,406,707)
At 30 November 2007 and 1 December 2007	100,000	14,965,742	15,065,742
Profit for the year	–	9,182,604	9,182,604
At 30 November 2008	<u>100,000</u>	<u>24,148,346</u>	<u>24,248,346</u>

**23 Notes to the statement of cash flows**

**Reconciliation of operating profit/(loss) to net cash  
inflow/(outflow) from operating activities**

	2008	2007
	£	£
Operating profit/(loss)	17,571,894	(21,138,072)
Depreciation	3,742,703	3,728,504
Profit on disposal of fixed assets	(68,428)	(485,730)
Increase in stocks	(1,509)	(9,589)
Increase in debtors	(9,153,739)	(2,148,575)
(Decrease)/increase in creditors	(1,934,639)	2,993,421
Net cash inflow/(outflow) from operating activities	<u>10,156,282</u>	<u>(17,060,041)</u>

**Reconciliation of net cash flow to movement in net debt**

	2008	2007
	£	£
(Decrease)/increase in cash in the period	(9,296,609)	6,067,919
Net cash outflow from/(inflow) from bank loans	14,708,857	(23,604,772)
Cash outflow in respect of hire purchase	11,939	124,080
Change in net debt resulting from cash flows	5,424,187	(17,412,773)
Translation differences	(6,211,999)	–
Movement in net debt in the period	<u>(787,812)</u>	<u>(17,412,773)</u>
Net debt at 1 December 2007	<u>(24,747,189)</u>	<u>(7,334,416)</u>
Net debt at 30 November 2008	<u>(25,535,001)</u>	<u>(24,747,189)</u>

**Analysis of changes in net debt**

	At 1 Dec 2007 £	Cash flows £	Exchange movement £	At 30 Nov 2008 £
Net cash:				
Cash in hand and at bank	13,218	1,321	–	14,539
Overdrafts	–	(9,297,930)	–	(9,297,930)
	<u>13,218</u>	<u>(9,296,609)</u>	<u>–</u>	<u>(9,283,391)</u>
Debt:				
Debt due within 1 year	(12,658,646)	8,643,608	(2,484,800)	(6,499,838)
Debt due after 1 year	(12,087,806)	6,065,249	(3,727,199)	(9,749,756)
Hire purchase agreements	(13,955)	11,939	–	(2,016)
	<u>(24,760,407)</u>	<u>14,720,796</u>	<u>(6,211,999)</u>	<u>(16,251,610)</u>
Net debt	<u>(24,747,189)</u>	<u>5,424,187</u>	<u>(6,211,999)</u>	<u>(25,535,001)</u>

**24 Contingent liabilities**

There were no contingent liabilities as at 30 November 2008 or 30 November 2007.

**25 Capital commitments**

Amounts committed to but not contracted for and not provided in the financial statements amounted to £111,234 (2007 - £46,404).

Financial statements  
Williams Grand Prix  
Engineering Limited

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**For the Year Ended 30 November 2007**

**Company No. 01297497**

## Company information

<b>Company registration number</b>	01297497
<b>Registered office</b>	Grove Wantage Oxfordshire OX12 0DQ
<b>Directors</b>	Sir F O G Williams P M Head
<b>Secretary</b>	J V Moffat
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditor 1 Westminster Way Oxford OX2 0PZ

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 November 2007.

### **Principal activities and business review**

The principal activity of the company remains design and construction of racing cars, motorsport consultancy and participation in motor racing events throughout the world.

During 2007 the Company continued to focus on rebuilding its technical capabilities and developing long term relationships to support a return to profitability and competitive on-track performance. In particular the team has entered into new long term sponsorship agreements.

Turnover for the year ended 30 November 2007 was £66,898,970 - an increase of 15% on 2006, driven largely by improving sponsorship income. The loss on ordinary activities before taxation of £21,406,707 was in line with expectation and supported by increased borrowings. The decision to increase net debt to support a return to competitive on-track performance was driven by a strong long term business plan.

### **Principal risks and uncertainties**

The company will maintain its focus on revenue generation, expenditure control and cash management in 2008 and beyond.

The Directors are of the opinion that a thorough risk management process is adopted which involves the formal review of financial performance on a regular basis. Where possible, processes are in place to monitor and mitigate financial risks.

### **Results and dividends**

The loss for the year amounted to £21,406,707 (2006: £27,701,014). The directors have not recommended a dividend.

### **Financial risk management objectives and policies**

The company uses various financial instruments including overdrafts, loans, cash, equity reserves and various items, such as trade debtors and trade creditors that arise directly in the course of its business. The main purpose of these financial instruments is to raise finance for the company's ongoing operations.

These financial instruments expose the company to a number of risks, principally translation and transaction exchange risk. In order to manage this, the company seeks to match foreign currency assets and expenditure to income and appropriate levels of borrowings. In addition the company enters into a number of derivative contracts including forward foreign currency contracts to achieve an economic hedge. While the company aims to achieve an economic currency hedge position it does not adopt an accounting policy of hedge accounting for these financial statements.

### **Research and development**

The company has sought to reduce expenditure wherever possible but continues to invest in developing its people and in specifically identified research and development programmes in order to be competitive in the future.

### **Directors**

The directors who served the company during the year were as follows:

Sir F O G Williams  
P M Head

### **Fixed assets**

In the opinion of the directors the market value of the freehold properties is approximately £5.9m higher than the current net book value.

### **Insurance**

The company purchases liability insurance covering its directors and officers.

### **Directors' responsibilities**

The directors are responsible for preparing the Report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Williams Grand Prix Engineering Limited**  
**Financial statements for the year ended 30 November 2007**

In so far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Donations**

During the year the company made the following contributions:

	2007	2006
	£	£
Charitable	<u>7,260</u>	<u>12,219</u>

**Disabled employees**

It is the company's policy to offer equal opportunities to all persons, including disabled persons, applying for vacancies having regard to their aptitudes and abilities in relation to the jobs for which they apply.

**Employee involvement**

The company's policy is to consult and discuss with employees, through staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through a staff forum, information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the company's performance.

**Auditor**

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD

Sir F O G Williams  
Director  
22 September 2008



## Report of the independent auditor to the members of Williams Grand Prix Engineering Limited

We have audited the financial statements of Williams Grand Prix Engineering Limited for the year ended 30 November 2007 which comprise the principal accounting policies, profit and loss account, balance sheet, cash flow statement, statement of total recognised gains and losses and notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditor**

The directors' responsibilities for preparing the Report of the Directors and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

# Report of the independent auditor to the members of Williams Grand Prix Engineering Limited (continued)

We planned and performed our audit 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 financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

## **Opinion**

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 November 2007 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Report of the Directors is consistent with the financial statements.

GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
OXFORD  
23 September 2008

## Principal accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

At the time of approving the financial statements the company has available total borrowing facilities of approximately £33.75 million. Having assessed the future funding requirements of the Company, the directors have determined that there is a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future and that it is appropriate for the financial statements to be prepared on a going concern basis.

The principal accounting policies of the Company are set out below and, other than in respect of the timing of recognition of prize monies, have remained unchanged from the previous year.

### **Turnover**

Turnover represents the amount receivable for the value of goods sold and sponsorship income excluding value added tax. Turnover also includes the amount receivable with respect to prize monies excluding value added tax. This is a change in the previous basis, and the impact has been further explained in note 9.

Where sponsorship is paid by the provision of goods or services, turnover and costs are recognised in the financial statements where the market value of the goods or services may be readily ascertained. Where a value cannot be readily ascertained, neither turnover nor costs are recognised.

### **Research and development**

The company is heavily committed to research and development activities so as to maintain its position as a world leader in motorsport. All expenditure on research and development is written off to the profit and loss account as incurred.

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & machinery	- 20% reducing balance
Fixtures, fittings & equipment	- 20% reducing balance
Vehicles & pit equipment	- 20% - 25% straight line
Windtunnel and R & D equipment	- 10% straight line - 20% reducing balance

A nil depreciation rate is provided in respect of the freehold property, which is shown at cost, on the basis that the residual value of the freehold property would render any annual and accumulated charge immaterial.

### **Stocks**

Stock is valued at the lower of cost and net realisable value.

### **Leasing and hire purchase commitments**

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts, are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

### **Pension costs**

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

### **Deferred taxation**

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the exception that deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### **Foreign currencies**

Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange prevailing at the transaction date. All profits and losses on exchange are dealt with in the profit and loss account.

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Dividends and distributions relating to equity instruments are debited directly to reserves.

The company uses interest rate swaps to manage interest rate exposures. Interest rate swaps are not revalued to fair value or shown on the group balance sheet at the year end.

## Profit and loss account

	2007	2006
	£	(restated) £
Note		
Turnover	1 <b>66,898,970</b>	58,400,175
Cost of sales	<b>(33,362,929)</b>	(31,171,244)
Gross profit	<b>33,536,041</b>	27,228,931
Other operating charges	2 <b>(54,674,113)</b>	(61,861,085)
<b>Operating loss</b>	3 <b>(21,138,072)</b>	(34,632,154)
Interest receivable	6 <b>180,333</b>	706,772
Interest payable and similar charges	7 <b>(448,968)</b>	(533,308)
<b>Loss on ordinary activities before taxation</b>	<b>(21,406,707)</b>	(34,458,690)
Tax on loss on ordinary activities	8 <b>–</b>	6,757,676
<b>Loss for the financial year</b>	21 <b>(21,406,707)</b>	(27,701,014)

All of the activities of the company are classed as continuing.

**The accompanying accounting policies and notes form part of these financial statements.**

## Balance sheet

	Note	2007 £	2006 (restated) £
<b>Fixed assets</b>			
Tangible assets	10	<u>42,149,986</u>	<u>45,308,663</u>
<b>Current assets</b>			
Stocks	11	9,589	–
Debtors	12	11,636,607	9,488,032
Cash at bank and in hand		<u>13,218</u>	<u>32,245</u>
		11,659,414	9,520,277
<b>Creditors: amounts falling due within one year</b>	13	<u>26,653,836</u>	<u>18,342,536</u>
<b>Net current liabilities</b>		<u>(14,994,422)</u>	<u>(8,822,259)</u>
<b>Total assets less current liabilities</b>		<u>27,155,564</u>	<u>36,486,404</u>
<b>Creditors: amounts falling due after more than one year</b>	14	<u>12,089,822</u>	<u>13,955</u>
		<u>15,065,742</u>	<u>36,472,449</u>
<b>Capital and reserves</b>			
Called-up equity share capital	20	100,000	100,000
Profit and loss account	21	<u>14,965,742</u>	<u>36,372,449</u>
<b>Shareholders' funds</b>	21	<u>15,065,742</u>	<u>36,472,449</u>

These financial statements were approved by the directors and authorised for issue on 22 September 2008, and are signed on their behalf by:

Sir F O G Williams  
 Director

**The accompanying accounting policies and notes form part of these financial statements.**

## Cash flow statement

	Note	2007 £	2006 <i>(restated)</i> £
<b>Net cash outflow from operating activities</b>	22	<b>(17,060,041)</b>	(17,468,595)
<b>Returns on investments and servicing of finance</b>			
Interest received		180,333	706,772
Interest paid		(436,691)	(521,927)
Interest element of hire purchase		(12,277)	(11,381)
<b>Net cash (outflow)/inflow from returns on investments and servicing of finance</b>		<b>(268,635)</b>	173,464
<b>Capital expenditure</b>			
Payments to acquire tangible fixed assets		(569,827)	(1,879,283)
Receipts from sale of fixed assets		485,730	–
<b>Net cash outflow from capital expenditure</b>		<b>(84,097)</b>	(1,879,283)
<b>Cash outflow before financing</b>		<b>(17,412,773)</b>	(19,174,415)
<b>Financing</b>			
Increase in/(repayment of) bank loans		24,175,612	(8,714,850)
Capital element of hire purchase		(124,080)	(118,292)
<b>Net cash inflow/(outflow) from financing</b>		<b>24,051,532</b>	(8,833,142)
<b>Increase/(decrease) in cash</b>	22	<b>6,638,759</b>	(28,007,556)

**The accompanying accounting policies and notes form part of these financial statements.**

## Other primary statements

### **Statement of total recognised gains and losses**

	2007	2006
	£	<b>(restated)</b> £
Loss for the financial year	(21,406,707)	(27,701,014)
<b>Total recognised gains and losses for the year</b>	<u>(21,406,707)</u>	<u>(27,701,014)</u>
Prior year adjustment (see note 9)	1,550,130	–
<b>Total gains and losses recognised since the last financial statements</b>	<u><u>(19,856,577)</u></u>	<u><u>(27,701,014)</u></u>

**The accompanying accounting policies and notes form part of these financial statements.**

## Notes to the financial statements

### 1 Turnover

An analysis of turnover by geographical market has not been included as the directors believe that the company operates in a single global market and that the allocation to geographical markets is neither practical nor possible.

### 2 Other operating charges

	2007	2006 <i>(restated)</i>
	£	£
Distribution costs	45,567,650	48,287,757
Administrative expenses	9,106,463	13,573,328
	<u>54,674,113</u>	<u>61,861,085</u>

### 3 Operating loss

Operating loss is stated after charging/(crediting):

	2007	2006 <i>(restated)</i>
	£	£
Depreciation of owned fixed assets	3,683,648	3,870,347
Depreciation of assets held under hire purchase agreements	44,856	59,026
Profit on disposal of fixed assets	(485,730)	–
Operating lease costs:		
Plant and equipment	555,473	542,317
Net profit on foreign currency translation	(218,640)	(52,116)
Auditor's remuneration - audit of the financial statements	33,000	32,000
Auditor's remuneration - taxation services	19,832	82,972
	<u>19,832</u>	<u>82,972</u>

**4 Directors and employees**

The average number of staff employed by the company during the financial year amounted to:

	2007	2006 <i>(restated)</i>
	No	No
Number of management and administrative staff	60	64
Number of research & production staff	421	430
Number of marketing staff	19	20
	<u>500</u>	<u>514</u>

The aggregate payroll costs of the above were:

	2007	2006 <i>(restated)</i>
	£	£
Wages and salaries	26,288,242	27,407,227
Social security costs	2,959,286	3,118,548
Other pension costs	1,019,489	1,111,811
	<u>30,267,017</u>	<u>31,637,586</u>

**5 Directors**

Remuneration in respect of directors was as follows:

	2007	2006 <i>(restated)</i>
	£	£
Emoluments	1,545,031	2,305,776
Value of company pension contributions to money purchase schemes	17,500	131,250
	<u>1,562,531</u>	<u>2,437,026</u>

Emoluments of highest paid director:

	2007	2006 <i>(restated)</i>
	£	£
Total emoluments (excluding pension contributions)	1,007,282	1,145,756
Value of company pension contributions to money purchase schemes	17,500	96,250
	<u>1,024,782</u>	<u>1,242,006</u>

**Williams Grand Prix Engineering Limited**  
**Financial statements for the year ended 30 November 2007**

**5 Directors (continued)**

The number of directors who accrued benefits under company pension schemes was as follows:

	2007	2006 <i>(restated)</i>
	No	No
Money purchase schemes	<u>1</u>	<u>2</u>

**6 Interest receivable**

	2007	2006 <i>(restated)</i>
	£	£
Bank interest receivable	<u>180,333</u>	<u>706,772</u>

**7 Interest payable and similar charges**

	2007	2006 <i>(restated)</i>
	£	£
Interest payable on bank borrowing	1,467,974	521,927
Finance charges payable under hire purchase agreements	12,277	11,381
Foreign exchange gain on borrowing	<u>(1,031,283)</u>	<u>–</u>
	<u>448,968</u>	<u>533,308</u>

**8 Taxation on ordinary activities**

Analysis of charge in the year

	2007	2006 <i>(restated)</i>
	£	£
Deferred tax:		
Origination and reversal of timing differences	<u>-</u>	<u>(6,757,676)</u>

The company has estimated losses of approximately £79,000,000 (2006: £52,000,000) available to carry forward against future trading profits.

**8 Taxation on ordinary activities (continued)**

Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 - 30%).

	2007	2006
	£	(restated) £
Loss on ordinary activities before taxation	<u>(21,406,707)</u>	<u>(34,458,690)</u>
Loss on ordinary activities by rate of tax	(6,422,012)	(10,429,912)
Income/expenditure not taxable	82,156	44,251
Depreciation	933,652	836,244
Other tax adjustments	(2,856)	-
Adjustments to tax charge in respect of previous periods	93,760	-
Research and development adjustment	(2,685,102)	(3,206,526)
Tax losses carried forward	8,024,865	12,803,911
Movement in pensions	(24,463)	(47,968)
Total current tax	<u>-</u>	<u>-</u>

**9 Prior year adjustment**

The prior year financial statements included within turnover prize monies which had been accounted for on a received basis. Following the greater certainty provided by a change in the structure of commercial arrangements with third parties, the directors have deemed that it is more appropriate to account for this on a receivable basis.

The comparative financial information within these financial statements has been restated to reflect this change in accounting policy. This has resulted in a decrease in turnover in 2007 of £312,416 and an increase of £312,533 in 2006, with shareholders' funds at 1 December 2005 increased by £1,237,597.

**Williams Grand Prix Engineering Limited**  
**Financial statements for the year ended 30 November 2007**

**10 Tangible fixed assets**

	Freehold property £	Plant & ma- chinery £	Fixtures, fittings & equipment £	Vehicles & pit equip- ment £	Windtunnel, R & D equipment £	Total £
Cost						
At 1 Dec 2006	20,942,625	11,706,450	4,502,037	5,529,125	29,503,686	72,183,923
Additions	–	147,973	60,369	97,900	263,585	569,827
Disposals	–	–	–	(2,143,595)	–	(2,143,595)
At 30 Nov 2007	<u>20,942,625</u>	<u>11,854,423</u>	<u>4,562,406</u>	<u>3,483,430</u>	<u>29,767,271</u>	<u>70,610,155</u>
Depreciation						
At 1 Dec 2006	–	8,278,304	3,707,212	4,999,163	9,890,581	26,875,260
Charge for the year	–	632,781	164,962	175,463	2,755,298	3,728,504
On disposals	–	–	–	(2,143,595)	–	(2,143,595)
At 30 Nov 2007	<u>–</u>	<u>8,911,085</u>	<u>3,872,174</u>	<u>3,031,031</u>	<u>12,645,879</u>	<u>28,460,169</u>
Net book value						
At 30 Nov 2007	<u>20,942,625</u>	<u>2,943,338</u>	<u>690,232</u>	<u>452,399</u>	<u>17,121,392</u>	<u>42,149,986</u>
At 30 Nov 2006	<u>20,942,625</u>	<u>3,428,146</u>	<u>794,825</u>	<u>529,962</u>	<u>19,613,105</u>	<u>45,308,663</u>

Included within the net book value of £42,149,986 is £183,123 (2006 - £241,144) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £44,856 (2006 - £59,026).

**11 Stocks**

	2007 £	2006 (restated) £
Conference centre stocks	<u>9,589</u>	<u>–</u>

**12 Debtors**

	2007 £	2006 (restated) £
Trade debtors	8,546,315	6,590,162
Other debtors	20,006	17,551
Director's current account	–	56,212
Prepayments and accrued income	3,070,286	2,824,107
	<u>11,636,607</u>	<u>9,488,032</u>

The director's current account, representing amounts owed to the Company by Sir F O G Williams, was repaid during the year.

**Williams Grand Prix Engineering Limited**  
**Financial statements for the year ended 30 November 2007**

**13 Creditors: amounts falling due within one year**

	2007	2006 <i>(restated)</i>
	£	£
Bank loans and overdrafts	12,658,646	7,228,626
Trade creditors	3,975,409	3,438,844
Other taxation and social security	1,230,843	1,088,227
Amounts due under hire purchase agreements	11,939	124,080
Other creditors	63,951	6,694
Accruals and deferred income	8,713,048	6,456,065
	<u>26,653,836</u>	<u>18,342,536</u>

The bank loans and overdrafts are secured by a legal charge over the land owned by the company. A fixed and floating charge in favour of the bank is held over all property and assets, present and future.

**14 Creditors: amounts falling due after more than one year**

	2007	2006 <i>(restated)</i>
	£	£
Bank loans	12,087,806	–
Amounts due under hire purchase agreements	2,016	13,955
	<u>12,089,822</u>	<u>13,955</u>

**15 Creditors - capital instruments**

Creditors include finance capital which is due for repayment as follows:

	2007	2006 <i>(restated)</i>
	£	£
Amounts repayable:		
In one year or less or on demand	12,087,806	7,228,626
In more than one year but not more than two years	4,835,122	–
In more than two years but not more than five years	7,252,683	–
	<u>24,175,611</u>	<u>7,228,626</u>

**16 Commitments under hire purchase agreements**

Future commitments under hire purchase agreements net of future finance lease charges are as follows:

	2007	2006 <i>(restated)</i>
	£	£
Amounts payable within 1 year	11,939	124,080
Amounts payable between 2 to 5 years	2,016	13,955
	<u>13,955</u>	<u>138,035</u>

**17 Pensions**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

**18 Deferred taxation**

The movement in the deferred taxation provision during the year was:

	2007	2006 <i>(restated)</i>
	£	£
Provision brought forward	-	6,757,676
Profit and loss account movement arising during the year	-	<u>(6,757,676)</u>
Provision carried forward	<u>-</u>	<u>-</u>

The elements of deferred taxation, which result in a nil balance at the end of the year are as follows:

	2007	2006 <i>(restated)</i>
	£	£
Excess of taxation allowances over depreciation on fixed assets	8,065,499	8,816,552
Tax losses available	<b>(8,065,499)</b>	(8,864,520)
Other timing differences	-	47,968
	<u>-</u>	<u>-</u>

**19 Leasing commitments**

The company had annual commitments under non-cancellable operating leases as set out below.

	Assets other than land & buildings	
	2007	2006 (restated)
	£	£
Operating leases which expire:		
Within 1 year	121,462	32,450
Within 2 to 5 years	665,336	310,112
	<u>786,798</u>	<u>342,562</u>

**20 Share capital**

Authorised share capital:

	2007	2006 (restated)
	£	£
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

Allotted, called up and fully paid:

	2007		2006 (restated)	
	No	£	No	£
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>

**21 Reconciliation of shareholders' funds and movement on reserves**

	Share capital	Profit and loss account (res- tated)	Total share- holders' funds (restated)
	£	£	£
At 1 December 2005	100,000	62,835,866	62,935,866
Prior year adjustment (note 9)	–	1,237,597	1,237,597
Restated balance at 1 December 2005	<u>100,000</u>	<u>64,073,463</u>	<u>64,173,463</u>
Restated loss for the year	–	(27,701,014)	(27,701,014)
At 30 November 2006 and 1 December 2006	<u>100,000</u>	<u>36,372,449</u>	<u>36,472,449</u>
Loss for the year	–	(21,406,707)	(21,406,707)
At 30 November 2007	<u>100,000</u>	<u>14,965,742</u>	<u>15,065,742</u>

**22 Notes to the statement of cash flows**

**Reconciliation of operating loss to net cash outflow from operating activities**

	2007	2006
	£	(restated) £
Operating loss	(21,138,072)	(34,632,154)
Depreciation	3,728,504	3,929,373
Profit on disposal of fixed assets	(485,730)	–
Increase in stocks	(9,589)	–
(Increase)/decrease in debtors	(2,148,575)	16,418,871
Increase/(decrease) in creditors	2,993,421	(3,184,685)
Net cash outflow from operating activities	<u>(17,060,041)</u>	<u>(17,468,595)</u>

**Reconciliation of net cash flow to movement in net debt**

	2007	2006
	£	(restated) £
Increase/(decrease) in cash in the period	6,638,759	(28,007,557)
Net cash (inflow)/outflow from bank loans	(24,175,612)	8,714,850
Cash outflow in respect of hire purchase	124,080	118,292
	<u>(17,412,773)</u>	<u>(19,174,415)</u>
Change in net debt	(17,412,773)	(19,174,415)
Net debt at 1 December 2006	<u>(7,334,416)</u>	11,839,998
Net debt at 30 November 2007	<u>(24,747,189)</u>	<u>(7,334,416)</u>

**22 Notes to the statement of cash flows (continued)**

**Analysis of changes in net debt**

	At 1 Dec 2006 £	Cash flows £	At 30 Nov 2007 £
Net cash:			
Cash in hand and at bank	32,245	(19,027)	13,218
Overdrafts	(7,228,626)	7,228,626	-
	<u>(7,196,381)</u>	<u>7,209,599</u>	<u>13,218</u>
Debt:			
Debt due within 1 year	-	(12,658,646)	(12,658,646)
Debt due after 1 year	-	(12,087,806)	(12,087,806)
Hire purchase agreements	(138,035)	124,080	(13,955)
	<u>(138,035)</u>	<u>(24,622,372)</u>	<u>(24,760,407)</u>
Net debt	<u>(7,334,416)</u>	<u>(17,412,773)</u>	<u>(24,747,189)</u>

**23 Contingent liabilities**

There were no contingent liabilities as at 30 November 2007 or 30 November 2006.

**24 Capital commitments**

Amounts committed to but not contracted for and not provided in the financial statements amounted to £46,404 (2006 - £183,158).

Unaudited

# Williams Grand Prix Engineering Limited

**Company No. 01297497**

## Profit and loss account

	<b>10 months to 31 Oct 2010</b>	10 months to 31 Oct 2009
	<b>£</b>	£
Turnover	74,158,175	87,206,865
Cost of sales	<u>(15,979,760)</u>	<u>(19,160,464)</u>
Gross profit	58,178,415	68,046,401
Other operating charges	<u>(54,109,818)</u>	<u>(62,236,017)</u>
<b>Operating profit</b>	<b>4,068,597</b>	5,810,384
Interest receivable	8,338	17,462
Interest payable and similar charges	<u>(379,798)</u>	759,798
<b>Profit on ordinary activities before taxation</b>	<b>3,697,137</b>	6,587,644
Tax on profit on ordinary activities	-	-
Minority interests	<u>166,981</u>	-
<b>Profit for the financial period</b>	<b><u>3,864,117</u></b>	<u>6,587,644</u>

The interim financial information for the 10 months ended 31 October 2010 has been prepared on a consolidated basis and includes the results of Williams Hybrid Power Limited which became a subsidiary undertaking during the period. The 2009 comparative information only relates to Williams Grand Prix Engineering Limited.

## Balance sheet

	31 Oct 2010	31 Oct 2009
	£	£
<b>Fixed assets</b>		
Intangible assets	654,062	–
Tangible assets	35,862,629	37,960,222
Investments	1	201
	<u>36,516,692</u>	<u>37,960,423</u>
<b>Current assets</b>		
Stocks	18,194	9,578
Debtors	42,931,083	17,139,599
Cash at bank and in hand	8,362,212	54,448
	<u>51,311,489</u>	<u>17,203,625</u>
<b>Creditors: amounts falling due within one year</b>	<u>(55,104,626)</u>	<u>(26,076,603)</u>
<b>Net current liabilities</b>	<u>(3,793,137)</u>	<u>(8,872,978)</u>
<b>Total assets less current liabilities</b>	<u>32,723,555</u>	<u>29,087,445</u>
<b>Creditors: amounts falling due after more than one year</b>	<u>–</u>	<u>(3,022,792)</u>
	<u>32,723,555</u>	<u>26,064,653</u>
<b>Capital and reserves</b>		
Called-up equity share capital	100,000	100,000
Profit and loss account	32,537,278	25,964,653
Minority interests	86,277	–
<b>Shareholders' funds</b>	<u>32,723,555</u>	<u>26,064,653</u>

The interim financial information for the 10 months ended 31 October 2010 has been prepared on a consolidated basis and includes the results of Williams Hybrid Power Limited which became a subsidiary undertaking during the period. The 2009 comparative information only relates to Williams Grand Prix Engineering Limited.

## Cash flow statement

	<b>10 months to 31 Oct 2010</b>	10 months to 31 Oct 2009
	<b>£</b>	£
Net cash outflow from operating activities	(996,071)	20,578,463
Returns on investments and servicing of finance	(422,084)	(1,317,515)
Capital expenditure and financial investment	(1,407,428)	(483,212)
Acquisitions and Disposals	(321,473)	–
<b>Cash outflow before financing</b>	<b>(3,147,056)</b>	<b>18,777,736</b>
<b>Financing</b>	<b>(3,779,075)</b>	<b>(5,428,093)</b>
<b>Increase/(decrease) in cash</b>	<b>(6,926,131)</b>	<b>13,349,643</b>

The interim financial information for the 10 months ended 31 October 2010 has been prepared on a consolidated basis and includes the results of Williams Hybrid Power Limited which became a subsidiary undertaking during the period. The 2009 comparative information only relates to Williams Grand Prix Engineering Limited.

## Notes to the interim financial information

### 1 Basis of preparation

The interim financial information of Williams Grand Prix Engineering Limited (the company) and its subsidiary undertaking Williams Hybrid Power Limited (together the group) for the 10 months ended 31 October 2010 and 31 October 2009 ("the interim financial information") set out in this Section of the Prospectus has been prepared specifically by the directors of the company for the purposes of the Prospectus in accordance with the Listing Rules of the Entry Standard of the Frankfurt Stock Exchange.

The interim financial information does not constitute statutory accounts within the meaning of the UK Companies Act 2006.

The interim financial information has been prepared under the historical cost convention and in accordance with the accounting policies adopted and disclosed in the company's most recent financial statements for the period ended 31 December 2009. The only change to the accounting policies is in respect of the treatment of Williams Hybrid Power Limited which, following the additional investment in the period to 31 October 2010, now meets the criteria to be recognised as a subsidiary. The acquisition method of accounting has been applied.

The interim financial information for the period ended 31 October 2010 incorporates the financial results of the company and its group undertakings for the period since acquisition. Results of subsidiaries are adjusted, where appropriate, to conform to group accounting policies.

### 2 Interest payable and similar charges

	10 months to 31 Oct 2010	10 months to 31 Oct 2009
	£	£
Interest payable on bank borrowing	378,332	916,860
Finance charges payable under hire purchase agreements	–	349
Foreign exchange (gain)/loss on borrowing	1,466	(1,677,007)
	<u>379,798</u>	<u>(759,798)</u>

### 3 Taxation on ordinary activities

The group has estimated losses of approximately £85,200,000 (31 October 2009: £82,700,000) available to carry forward against future trading profits.

**4 Intangible fixed assets**

	Goodwill £	Patents £	Total £
Cost			
At 1 Jan 2010	–	–	–
Additions	–	–	–
Acquisition of a subsidiary	682,287	7,428	689,715
At 31 Oct 2010	<u>682,287</u>	<u>7,428</u>	<u>689,715</u>
Amortisation			
At 1 Jan 2010	–	–	–
Charge for the period	34,114	1,539	35,653
At 31 Oct 2010	<u>34,114</u>	<u>1,539</u>	<u>35,653</u>
Net book value			
At 31 Oct 2010	<u>648,173</u>	<u>5,889</u>	<u>654,062</u>
At 31 Oct 2009	<u>–</u>	<u>–</u>	<u>–</u>

**5 Tangible fixed assets**

	Freehold property £	Leasehold property £	Plant & Ma- chinery £	Fixtures & Fittings £	Vehicles & Pit Equip- ment £	Total £
Cost						
At 1 Jan 2010	20,959,824		44,457,909	4,752,758	3,555,225	73,725,716
Additions	32,523	210,737	966,003	108,165	90,000	1,407,428
Acquisition of a subsidiary	–	–	37,596	624	–	38,220
At 31 Oct 2010	<u>20,992,347</u>	<u>210,737</u>	<u>45,461,509</u>	<u>4,861,547</u>	<u>3,645,225</u>	<u>75,171,363</u>
Depreciation						
At 1 Jan 2010	–	–	28,827,681	4,136,951	3,221,039	36,185,672
Charge for the period	–	10,261	2,931,009	111,094	70,698	3,123,061
Acquisition of a subsidiary	–	–	–	–	–	–
At 31 Oct 2010	<u>–</u>	<u>10,261</u>	<u>31,758,691</u>	<u>4,248,045</u>	<u>3,291,737</u>	<u>39,308,733</u>
Net book value						
At 31 Oct 2010	<u>20,992,347</u>	<u>200,476</u>	<u>13,702,818</u>	<u>613,502</u>	<u>353,488</u>	<u>35,862,629</u>
At 1 Jan 2010	<u>20,959,824</u>	<u>–</u>	<u>15,630,228</u>	<u>615,806</u>	<u>334,185</u>	<u>37,540,043</u>

**6 Debtors**

	31 Oct 2010	31 Oct 2009
	£	£
Trade debtors	34,315,268	7,342,553
Amounts owed by group undertakings	–	4,000
Other debtors	879,917	707,658
Prepayments and accrued income	7,735,898	9,085,388
	<u>42,931,083</u>	<u>17,139,599</u>

**7 Creditors: amounts falling due within one year**

	31 Oct 2010	31 Oct 2009
	£	£
Bank loans and overdrafts	7,422,326	7,975,863
Trade creditors	2,615,876	1,507,415
Other taxation and social security	1,023,166	921,716
Amounts due under hire purchase agreements	–	–
Other creditors	19,836	5,162
Accruals and deferred income	44,023,422	15,666,447
	<u>55,104,626</u>	<u>26,076,603</u>

All bank loans are secured by a legal charge over the freehold property owned by the company. A fixed and floating charge in favour of the bank is held over all assets, present and future.

**8 Creditors: amounts falling due after more than one year**

	31 Oct 2010	31 Oct 2009
	£	£
Bank loans	–	<u>3,022,792</u>

**9 Derivatives**

The fair value of derivatives held by the company at 31 October 2010, not recognised in the financial statements, is as set out below.

Current Assets	2010		2009	
	Book value	Fair Value	Book Value	Fair Value
	£	£	£	£
Foreign exchange contracts	–	82,704	–	1,478,753
	<u>–</u>	<u>82,704</u>	<u>–</u>	<u>1,478,753</u>
Current Liabilities	2010		2009	
	Book value	Fair Value	Book Value	Fair Value
	£	£	£	£
Foreign exchange contracts	–	–	–	–
Interest rate swaps	–	(62,998)	–	(410,297)
	<u>–</u>	<u>(62,998)</u>	<u>–</u>	<u>(410,297)</u>

Market values have been used to determine fair values.

Foreign exchange contracts are held to mitigate foreign exchange risks. Interest rate swaps are held to mitigate interest rate risks.

## 10 Acquisitions

On the 23 April 2010, the company increased its shareholding in Williams Hybrid Power Limited from 40% to 78%. The company purchased 36 of the existing ordinary shares in issue at a cost of £330,000 of which £165,000 was paid in cash by the 31 October 2010 with the balance due for payment by 31 December 2010. On the same date Williams Hybrid Power Limited issued a further 700 ordinary shares to the company for cash consideration of £1,250,000 of which £1,000,000 was paid by 31 October 2010 with the balance due for payment by 30 November 2010. The fair value of the identifiable assets and liabilities of Williams Hybrid Power Limited at the date of acquisition equalled their book values:

	<b>Fair Value</b> <b>£</b>
<b>Assets</b>	
Intangible patents	7,428
Tangible fixed assets	38,220
Trade debtors	193,231
Amounts owed by group undertakings	1,250,000
Other debtors	36,546
Prepayments and accrued income	2,693
	<u>1,528,118</u>
<b>Liabilities : amounts falling due within one year</b>	
Bank overdraft	156,473
Trade creditors	187,215
Other taxation and social security	8,400
Other creditors	16,093
Accruals and deferred income	8,767
	<u>376,948</u>
<b>Total identifiable net assets at fair value</b>	<u>1,151,170</u>
Minority interest measured at fair value	(253,257)
Goodwill arising on acquisition	682,287
	<u>1,580,200</u>
<b>Purchase consideration transferred</b>	<u>1,580,200</u>
<b>Consolidated cash flow on acquisition</b>	<b>£</b>
Overdraft acquired with the subsidiary	156,473
Cash paid outside of the group	165,000
<b>Net cash outflow</b>	<u>321,473</u>

# Unaudited

Williams Hybrid Power Limited contribution to the group from the date of acquisition to 31 October 2010 are shown below.

	6 months to 31 Oct 2010 £
Turnover	44,775
Cost of sales	<u>(276,251)</u>
Gross loss	(231,476)
Other operating charges	<u>(527,526)</u>
Operating profit	(759,002)

**Balance Sheet for Williams Grand Prix Holdings PLC**

**31 January 2011**

**Fixed Assets**

Investments

500,000

500,000

**Current Assets**

Cash at bank and in hand

–

–

**Creditors: amounts falling due within one year**

–

**Net current assets**

–

**Total Assets less current liabilities**

**500,000**

**Capital and Reserves**

Called-up equity share capital

500,000

Profit and loss reserve

–

**Shareholders' funds**

**500,000**

## **RECENT DEVELOPMENT AND OUTLOOK**

The 2010 FIA Formula One World Championship ended on 14 November 2010 as one of the closest-fought in the sport's history. Four drivers from four different countries had the possibility of lifting the title. The season also saw its third new race venue in as many years: Korea joined Abu Dhabi and Singapore on the international circuit. This trend is expected to continue for the next two years as races have been announced in India and then the United States.

Early assessments suggest that the combined effects of more races and such an exciting season resulted in the 2009 global TV audience of 520 million increasing in 2010 to over 527 million.

Since 31 October 2010, Williams finished 6<sup>th</sup> in the Formula One Constructors' Championship. This position secured Williams' entitlement to a portion of the 2011 Prize Fund. In other respects trading was as expected and in line with the ten months ended 31 October 2010. The pre-payment of a substantial portion of 2011 sponsorship fees resulted in a stronger cash position as at 31 December 2010.

In December 2010 Sir Frank Williams CBE received the Helen Rollason lifetime achievement award at the BBC Sports Personality of the Year Awards 2010.

The Issuer believes Williams' combination of sporting heritage, corporate social responsibility and new technology will position it to benefit from any continued growth of sports as an economic sector and any growth of Formula One in particular; together with any increased interest in energy-related technologies.





## ZUSAMMENFASSUNG (GERMAN TRANSLATION OF THE SUMMARY)

*Diese Zusammenfassung sollte als Einleitung zu diesem Prospekt verstanden werden. Anleger sollten jede Entscheidung zur Anlage in die Aktien auf die Prüfung des gesamten Prospekts stützen. Für den Fall, dass vor einem Gericht Ansprüche aufgrund der in diesem Prospekt enthaltenen Informationen geltend gemacht werden, könnte der als Kläger auftretende Anleger in Anwendung der einzelstaatlichen Rechtsvorschriften des jeweiligen Staates des Europäischen Wirtschaftsraumes die Kosten der Übersetzung dieses Prospekts selbst zu tragen haben. Diejenigen Personen, die für diese Zusammenfassung einschließlich ihrer etwaigen Übersetzungen die Verantwortung übernommen haben, können zivilrechtlich haftbar gemacht werden, jedoch nur für den Fall, dass die Zusammenfassung irreführend, unrichtig oder widersprüchlich ist, wenn sie zusammen mit anderen Teilen des Prospekts gelesen wird.*

### 1. ZUSAMMENFASSUNG DER GESCHÄFTSTÄTIGKEIT

#### ***Überblick über Williams Grand Prix Engineering Limited („Williams“) und die mit ihr verbundenen Unternehmen (die „Gruppe“)***

Sir Frank Williams CBE nahm mit einem Rennfahrzeug erstmals 1969 an der Formel 1-Weltmeisterschaft teil. Im Jahr 1977 gründete er Williams Grand Prix Engineering Limited („Williams“) gemeinsam mit dem Gründungspartner Patrick Head. Seit dem hat Williams neun Konstrukteursweltmeisterschaften und sieben Fahrerweltmeisterschaften in der Formel 1 gewonnen und entwickelte sich neben Ferrari und McLaren zu einer der drei beständigsten Marken in der Formel 1.

Rund 470 Mitarbeiter von Williams sind in dem Geschäftsbereich der Formel 1 beschäftigt. Das Formel 1-Team von Williams hat im Vergleich mit den übrigen Formel 1-Teams eine der höchsten Fertigungstiefen mit erstklassigen Entwicklungs- und Produktionsanlagen am 33 Hektar großen Unternehmensstandort in der Grafschaft Oxford, England.

Die Gruppe erzielt ihre Umsätze gegenwärtig fast ausschließlich aus dem Geschäftsbereich der Formel 1, die sich aus den Einnahmen von Sponsorenverträgen und der Beteiligung an den Erlösen aus der Vermarktung der Formel 1-Rechte sowie aus Merchandising und Lizenzen zusammensetzen.

Die Gruppe beabsichtigt zukünftig außerhalb des Formel 1-Bereichs weitere wesentliche Umsätze aus der Vermarktung ihrer Marke, ihres geistigen Eigentums und Know-how sowie aus ihren Stärken in der technischen Entwicklungsarbeit zu erzielen. Ein Schwerpunkt hierbei ist der neue Geschäftsbereich Williams Hybrid Power („WHP“), ein Unternehmen der Gruppe, das auf die Entwicklung und Herstellung von elektromagnetisch aufgeladenen Schwungradspeichern spezialisiert ist, die Energie mechanisch in Form von Rotationsenergie speichern. Ursprünglich war diese Hochtechnologie für den Einsatz in Formel 1-Rennfahrzeugen gedacht, eröffnet jedoch weite Anwendungsmöglichkeiten in Automobilen, Bussen und anderen Transportfahrzeugen sowie in U-Bahnen, Straßenbahnen, Eisenbahnen und ferner im Bereich der Energieerzeugung.

Zukünftig will die Gruppe einerseits mit einem konkurrenzfähigen Formel 1-Team im sportlichen Wettbewerb um Formel 1-Weltmeisterschaften kämpfen und andererseits als erstklassiges Technologie-Unternehmen mit hoher Wertschöpfung seinen Aktionären regelmäßige Renditen ermöglichen.

Der Emittent ist eine neu gegründete Holding-Gesellschaft der Gruppe.

#### ***Wettbewerbsstärken***

Die Gruppe verfügt über folgende Wettbewerbsstärken:

- Eine weithin bekannte Marke im Sportbereich, die auf über 30-jähriger Teilnahme bei Formel 1-Rennen basiert
- Erstklassige technische Entwicklungs- und Produktionsanlagen
- Umfassende Erfahrung in der technischen Entwicklung von Formel 1-Fahrzeugen und damit verbundener Technologien
- Kapazität und Erfahrung im Bereich technischer Entwicklungen und deren Überführung zur Einsatzreife in kurzen Zeiträumen
- Eine erfahrene und stabile Führungsmannschaft

- Konsequente Kostenkontrolle
- Starke Partnerschaften mit führenden internationalen Unternehmen

### *Strategie*

Die Gruppe beabsichtigt auf der Grundlage ihrer Wettbewerbsstärken die sportlichen Leistungen im Formel 1-Bereich weiter zu entwickeln und seinen Anlegern mit folgenden Strategien Werte zu schaffen:

#### *Formel 1*

- Teilnahme an der Formel 1-Weltmeisterschaft als konkurrenzfähiges Team
- Partnerschaften mit führenden globalen Unternehmen
- Zusammenarbeit mit der Formula One Teams Association („FOTA“), der Fédération Internationale de l'Automobile („FIA“) und den Unternehmen der Formel 1-Gruppe<sup>1</sup>, um
  - weiteres Wachstum im Geschäftsbereich der Formel 1 zu erreichen, und zwar durch geographische Erweiterung der Rennveranstaltungen, durch Erweiterung der Zuschauerzahlen bei Formel 1-Rennveranstaltungen und bei Fernsehübertragungen sowie durch Steigerung der Attraktivität für Sponsoren, um so letztlich eine Erhöhung der Einnahmen der Gruppe zu erzielen
  - eine weitere Reduzierung der Kosten in der Formel 1 zu erreichen, um damit letztlich auch eine Kostenreduzierung für die Gruppe zu erzielen

#### *Andere Geschäftsbereiche außerhalb der Formel 1*

- Weitere Entwicklung von WHP und des Williams Technology Centre in Qatar („WTCQ“), um die Erlöse aus diesen Geschäftsbereichen zu maximieren
- Aufbau eines Angebots von Dienstleistungen für technische Entwicklungen zur kommerziellen Anwendung
- Prüfung zukünftiger Zusammenarbeit mit Autoherstellern

#### *Weitere Tätigkeiten*

- Aufbau eines Nachhaltigkeitsprogramms, das die Williams F1 Team Foundation als eine der weltweit führenden gemeinnützigen Organisationen für Verkehrssicherheit und Verkehrserziehung durch Motorsport etablieren soll

## **2. ZUSAMMENFASSUNG DES ANGEBOTS**

Das Angebot umfasst bis zu 2.739.383 Aktien, bestehend aus

- bis zu 2.409.383 Aktien (die „Verkaufsaktien“) aus dem Bestand der verkaufenden Altaktionäre (die „Verkaufenden Altaktionäre“); und
- bis zu 330.000 zusätzlichen Aktien (die „Zusätzlichen Aktien“) aus den Beständen eines Altaktionärs in Verbindung mit einer möglichen Mehrzuteilung (der „Verkaufende Mehrzuteilungsaktionär“) (die Verkaufsaktien und die Zusätzlichen Aktien werden gemeinsam die „Angebotenen Aktien“ genannt).

---

<sup>1</sup> Unternehmen der Formel 1-Gruppe sind Formula One Administration Limited („FOA“), Formula One Management Limited („FOM“), Formula One World Championship Limited („FOWC“) sowie alle mit diesen verbundenen Unternehmen.

Die Verkaufenden Altaktionäre – und der Verkaufende Mehrzuteilungsaktionär – werden den gesamten Nettoerlös aus dem Verkauf der Angebotenen Aktien erhalten. Die Gesellschaft wird keine Erlöse aus dem Verkauf der Angebotenen Aktien erhalten.

Der Verkaufende Mehrzuteilungsaktionär hat der Bank am Bellevue AG eine Option eingeräumt, innerhalb von 30 Kalendertagen nach der Notierung der Aktien der Gesellschaft im Entry Standard weitere Aktien zum Angebotspreis zu kaufen, um Mehrzuteilungen im Zusammenhang mit dem Angebot abzudecken (die „Mehrzuteilungsoption“).

Die Verkaufsaaktien machen bis zu 24,1 % des ausgegebenen Aktienkapitals des Emittenten unmittelbar nach dem Angebot aus (oder bis zu 27,4 % unter Berücksichtigung der Zusätzlichen Aktien, wenn die Mehrzuteilungsoption vollständig ausgeübt wird).

Der Preis für die Angebotenen Aktien wird voraussichtlich zwischen EUR 24,00 und EUR 29,00 pro Angebotene Aktie betragen. Der Angebotspreis wird voraussichtlich vom Emittenten, den Verkaufenden Altaktionären, der Bank am Bellevue AG und der Baader Bank AG (die „Banken“) nach Abschluss der Bookbuilding-Periode am 28. Februar 2011 festgesetzt und wird voraussichtlich am 28. Februar 2011 veröffentlicht.

Der Emittent, die Verkaufenden Altaktionäre, der Verkaufende Mehrzuteilungsaktionär und die Banken haben verschiedene Marktschutzvereinbarungen und Veräußerungsbeschränkungen vereinbart, die im Abschnitt „Offering and Sale – Lock-up“ in diesem Prospekt zusammengefasst sind.

### **3. ZUSAMMENFASSUNG AUSGEWÄHLTER FINANZINFORMATIONEN**

*Der Emittent wurde im Zuge von Restrukturierungsmaßnahmen – wie beschrieben in dem Abschnitt „Reorganisation, Acquisitions and Financings“ – am 21. Dezember 2010 gegründet und verfügt aus diesem Grund über keine historischen Finanzinformationen im Sinne von Anhang I, Ziffer 20.1 der Verordnung (EG) Nr. 809/2004. Das operative Geschäft der Gruppe wurde und wird von Williams und WHP ausgeübt. Williams ist eine 100 %ige, unmittelbare Tochtergesellschaft des Emittenten, während WHP eine unmittelbare Tochtergesellschaft von Williams ist. Williams war während der Berichtszeiträume bis und einschließlich 31. Dezember 2009 das einzige bedeutende operativ tätige Unternehmen der Gruppe.*

*Die folgende Tabelle enthält ausgewählte Finanzinformationen für die unten angegebenen Zeiträume. Die nachfolgend für die zum 31. Dezember 2009 endenden und für die zum 30. November 2008 und 2007 endenden Geschäftsjahre dargestellten Finanzinformationen sind den geprüften Jahresabschlüssen von Williams für das Geschäftsjahr (13 Monate) zum 31. Dezember 2009 und für die Geschäftsjahre (jeweils 12 Monate) zum 30. November 2008 und 2007 und den entsprechenden ausgewählten erläuternden Anhangangaben entnommen, die alle gemäß UK GAAP aufgestellt wurden. Die ausgewählten Finanzinformationen für die 10-Monats-Zeiträume zum 31. Oktober 2010 und 2009 sind den ungeprüften Zwischenabschlüssen von Williams für die zum 31. Oktober 2010 und 2009 endenden 10-Monats-Perioden entnommen und wurden gemäß UK GAAP aufgestellt.*

*Die ausgewählten Finanzinformationen müssen im Zusammenhang mit den weiteren in diesem Prospekt enthaltenen Informationen gelesen werden, einschließlich der Jahresabschlüsse und deren Anhänge sowie mit dem Abschnitt "Operating and Financial Review".*

Alle Angaben in Millionen GBP	Für das Geschäftsjahr zum 31. Dezember 2009 (13 Monate) (geprüft)		Für das Geschäftsjahr zum 30. November 2007 (12 Monate) (geprüft)		Für die zehn Monate zum 31. Oktober 2010 (10 Monate) (ungeprüft)	
<b>Umsatzerlöse</b> .....	<b>108,3</b>	<b>125,6</b>	<b>66,9</b>	<b>74,2</b>	<b>87,2</b>	
Umsatzkosten .....	(25,4)	(32,2)	(33,4)	(16,0)	(19,2)	
Andere operative Kosten .....	(73,3)	(72,1)	(50,9)	(51,0)	(59,1)	
<b>EBITDA</b> .....	<b>9,6</b>	<b>21,3</b>	<b>(17,4)</b>	<b>7,2</b>	<b>9,0</b>	
Abschreibung .....	(4,1)	(3,7)	(3,7)	(3,1)	(3,2)	
<b>EBIT</b> .....	<b>5,5</b>	<b>17,6</b>	<b>(21,1)</b>	<b>4,1</b>	<b>5,8</b>	
Nettofinanzaufwand .....	(0,9)	(8,4)	(0,3)	(0,4)	0,8	
<b>Ergebnis vor Steuern</b> .....	<b>4,6</b>	<b>9,2</b>	<b>(21,4)</b>	<b>3,7</b>	<b>6,6</b>	
Anteile im Fremdbesitz .....	-	-	-	0,2	-	
<b>Den Gesellschaftern zuzurechnender Jahres- überschuss(Jahresfehlbetrag)..</b>	<b>4,6</b>	<b>9,2</b>	<b>(21,4)</b>	<b>3,9</b>	<b>6,6</b>	

	Zum 31. Dez. 2009 (geprüft)	Zum 30. Nov. 2008 (geprüft)	Zum 30. Nov. 2007 (geprüft)	Zum 30. Okt. 2010 (ungeprüft)	Zum 30. Okt. 2009 (ungeprüft)
Kassenbestand .....	13,2	-	-	8,4	0,1
Umlaufvermögen (ohne Kassenbestand).....	21,5	20,8	11,6	42,9	17,1
Anlagevermögen .....	37,5	41,0	42,1	36,5	38,0
<b>Summe Aktiva</b> .....	<b>72,2</b>	<b>61,8</b>	<b>53,8</b>	<b>87,8</b>	<b>55,2</b>
Kurzfristige Verbindlichkeiten (Fälligkeit innerhalb eines Jahres) .....	40,4	27,8	26,7	55,1	26,1
Langfristige Verbindlichkeiten (Fälligkeit nach mehr als einem Jahr).....	3,1	9,7	12,1	-	3,0
Eigenkapital.....	28,8	24,2	15,1	32,7	26,1
<b>Summe Passiva</b> .....	<b>72,2</b>	<b>61,8</b>	<b>53,8</b>	<b>87,8</b>	<b>55,2</b>

#### 4. JÜNGSTE ENTWICKLUNGEN UND AUSBLICK

Nach dem 31. Oktober 2010 erzielte Williams den sechsten Platz in der Formel 1-Konstruktorsweltmeisterschaft des Jahres 2010.

Mit diesem Ergebnis hat Williams seine Beteiligung an den Erlösen aus der Formel 1-Rechte-Vermarktung für das Jahr 2011 gesichert. Im Übrigen war der Geschäftsverlauf nach dem 31. Oktober 2010 erwartungsgemäß und im Einklang mit dem vorherigen Verlauf des Geschäftsjahres. Die Abschlagszahlungen auf einen erheblichen Teil der Vergütungen aus Sponsorenverträgen führten zu einer Erhöhung der Liquidität zum 31. Dezember 2010.

#### 5. GESCHÄFTSKAPITAL

Die Gesellschaft ist der Auffassung, dass das Geschäftskapital für die derzeitigen Bedürfnisse der Gesellschaft ausreicht und sie aus heutiger Sicht in der Lage ist, in den nächsten zwölf Monaten (nach dem Datum dieses Prospekts) sämtlichen fälligen Zahlungsverpflichtungen nachzukommen.

## **6. DIVIDENDENPOLITIK**

Soweit zukünftig Gewinne erwirtschaftet werden, beabsichtigt die Gesellschaft einen Teil ihres Bilanzgewinns in die Entwicklung neuer Geschäftsfelder zu investieren. Im Falle zukünftiger Gewinne, beabsichtigt die Gesellschaft zukünftig, unter Berücksichtigung der rechtlichen Voraussetzungen des UK Companies Act, zwischen 25% und 35% des Jahresüberschusses als Dividende auszuschütten. Hierbei gibt es jedoch keinesfalls gesichert, ob zukünftig überhaupt eine Dividende ausgeschüttet wird, und wenn dies der Fall ist, ob eine Dividende in der zuvor genannten Größenordnung ausgeschüttet wird. Ferner gibt es keine Gewähr dafür, dass sich die Dividendenpolitik zukünftig nicht ändert.

## **7. ZUSAMMENFASSUNG DER RISIKOFAKTOREN**

### ***Risiken im Zusammenhang mit der Gesellschafter- und Gesellschaftsstruktur des Emittenten***

- Das Ergebnis von Gesellschafterbeschlüssen könnte für Aktionäre nicht vorhersehbar sein
- Bei der Gesellschaft handelt es sich um eine Gesellschaft nach dem Recht von England und Wales und Anleger könnten Schwierigkeiten haben, rechtlich gegen die Gesellschaft und/oder ihre Direktoren und ihr Management vorzugehen

### ***Risiken im Zusammenhang mit der Formel 1-Industrie***

- Risiken im Zusammenhang mit einer Abnahme der Popularität der Formel 1-Weltmeisterschaft
- Die Formel 1 könnte durch eine allgemeine Verschlechterung der Wirtschaftslage negativ betroffen sein
- Risiken im Zusammenhang mit dem Concorde Agreement
- Die Kosten im Zusammenhang mit der Wettbewerbsfähigkeit in der Formel 1 könnten steigen
- Risiken im Zusammenhang mit Veränderungen im Management der Formel 1
- Risiken im Zusammenhang mit regulatorischen Änderungen
- Risiken im Zusammenhang mit der Medienregulierung
- Risiken im Zusammenhang mit einer fehlenden Teilnahme an der Formel 1-Weltmeisterschaft
- Risiken im Zusammenhang mit steigenden Vergütungen für Rennfahrer
- Risiken im Zusammenhang mit Unfällen oder Terroranschlägen bei Grand Prix-Veranstaltungen
- Höhere Gewalt

### ***Risiken im Zusammenhang mit der Geschäftstätigkeit der Gruppe***

- Das Team ist intensivem Wettbewerb ausgesetzt und könnte nicht wettbewerbsfähig sein
- Einnahmen aus Sponsorenverträgen könnten sinken und Sponsorenverträge könnten beendet oder nicht erneuert werden
- Risiken durch die Abhängigkeit von großen Sponsorenverträgen und dem Concorde Agreement  
Einnahmen aus der Vermarktung der Formel 1-Rechte sind abhängig von dem sportlichen Erfolg des Teams und weiteren Faktoren
- Risiken im Zusammenhang mit Sponsorenverträgen, die abhängig von bestimmten Rennfahrern sind
- Risiken durch die Nichterfüllung von Verpflichtungen unter Sponsorenverträgen oder Rechteverwertungsverträgen seitens der Sponsoren bzw. der Unternehmen der Formel 1-Gruppe
- Williams ist möglicherweise nicht in der Lage, bestimmte neue Technologien zu entwickeln
- Abhängigkeit von Schlüsselmitarbeitern
- Betrug, Regelverstöße und Schiebung
- Risiken im Zusammenhang mit geistigem Eigentum

- Risiken im Zusammenhang mit Erweiterung der Geschäftstätigkeit in neuen Feldern und das Scheitern von Diversifikationsplänen
- Änderungen des Steuerrechts oder dessen Anwendungen oder andere Interpretationen des Steuerrechts könnten die Steuerbelastung der Gruppe negativ berühren
- Die Gruppe ist abhängig von dem fortlaufenden Betrieb des Teams und der technischen Einrichtungen
- Risiko des Todes oder der Verletzung sowie der Nichtverfügbarkeit von Rennfahrern
- Risiko von unzureichendem Versicherungsschutz

#### ***Marktrisiken***

- Währungs- und Wechselkursrisiken
- Zinsrisiken

#### ***Risiken im Zusammenhang mit den Aktien und dem Angebot***

- Vor dem öffentlichen Angebot gab es keinen öffentlichen Handel mit den Aktien und es ist nicht gesichert, dass sich ein aktiver Handel mit den Aktien entwickelt
- Die Aktienkurse nach dem Angebot können erheblichen Schwankungen unterliegen
- Verkauf einer erheblichen Anzahl von Aktien nach dem Angebot
- Es ist nicht gesichert, dass die Gesellschaft zukünftig Dividenden an seine Aktionäre ausschüttet
- Risiken im Zusammenhang mit Aktien, die an einer Börse gehandelt werden, die nicht nach EU- und nationalem Recht reguliert ist
- Aktionäre aus Ländern, die eine andere Währung als den Euro haben, könnten zusätzlichen Investitionsrisiken ausgesetzt sein, die auf Schwankungen der Wechselkurse im Zusammenhang mit ihrer Aktienbeteiligung beruhen
- Wenn Analysten keinen Research oder anderweitige Berichte über die Geschäftstätigkeit der Gesellschaft veröffentlichen oder wenn Analysten die Aktien der Gesellschaft negativ bewerten, könnten der Aktienkurs und das Handelsvolumen sinken
- Investoren können verwässert werden, wenn sie bei zukünftigen Bezugsrechtsemissionen nicht in der Lage sind, teilzunehmen
- Aktionäre, die Aktien über Clearstream halten, könnten bei der Ausübung bestimmter Aktionärsrechte Schwierigkeiten haben und sind dem Risiko ausgesetzt, dass Vidacos Nominees Ltd. und Citibank N.A., London, England, ihren jeweiligen Verpflichtungen nicht nachkommen



