

THE GAME GROUP PLC
TERMS OF REFERENCE
OF THE REMUNERATION COMMITTEE

As Established By Board Resolution Passed On 19 September 2003

1. Membership

1.1. The Committee shall comprise of at least three members, each of whom shall be appointed by the Board.

1.2. All members of the Committee shall be non-executive directors who are independent of management and free from any business or other relationship which could interfere with the exercise of their independent judgement.

1.3. The Board shall appoint the Committee Chairman and determine the period for which they shall hold office. The Chairman of the Company shall not normally be eligible to be appointed as Chairman of the Committee.

2. Secretary

2.1. The Company Secretary or their nominee shall act as the Secretary of the Committee.

3. Quorum

3.1. The quorum necessary for the transaction of business shall be two. A duly convened meeting of the Committee at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions vested or exercisable by the Committee.

4. Meetings

4.1. The Committee shall meet not less than twice a year and at such other times as the Chairman of the Committee shall require.

5. Notice of Meetings

5.1. Meetings of the Committee shall be convened by the Secretary of the Committee at the request of any member thereof.

5.2. Unless otherwise agreed, Notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the Committee, any other person required to attend and all other non-executive directors, no fewer than five working days prior to the date of the meeting.

5.3. The Chief Executive may be invited to attend and speak, but not vote, at meetings of the Committee; others may be called upon or shall be able to speak by prior arrangement with the Chairman of the Committee.

6. Minutes of Meetings

6.1. The Secretary shall minute the proceedings and resolutions of all Committee meetings, including the names of those present and in attendance.

6.2. Minutes of Committee meetings shall be circulated to all members of the Committee and to all members of the Board.

7. Annual General Meeting

7.1. The Chairman of the Committee shall attend the Annual General Meeting prepared to respond to any shareholder questions on the Committee's activities.

8. Duties

The Committee shall:

8.1 Policy

8.1.1 determine and agree with the Board the framework or broad policy for the Remuneration of the Company's Executive Directors and the Subsidiary Board Directors. The remuneration of Non-executive Directors including the Non-executive Chairman shall be a matter for the executive members of the Board. No director or manager shall be involved in any decisions as to his or her own remuneration;

8.1.2 in determining such policy, take into account all factors that it deems necessary. The objective of such policy shall be to ensure that members of the executive management of the Company are provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their individual contributions to the success of the Company. The policy adopted for the financial year current at the date of adoption of these Terms of Reference is set out in the attached Appendix, and such policy will be confirmed or amended at the commencement each succeeding financial year;

8.1.3 determine targets for any performance-related pay schemes operated by the Company;

8.2 Executive Directors – Main Board

8.2.1 within the terms of the agreed policy, determine the total individual remuneration package of each Executive Director including, where appropriate, bonuses, incentive payments, share options and benefits;

8.2.2 determine the policy for and scope of pension arrangements, service agreements for the Executive Directors, termination payments and compensation commitments;

8.3 Subsidiary Board Directors

8.3.1 communicate the terms of the agreed policy to executive management who will be responsible for determining in line with that policy the total individual remuneration

package of each Subsidiary Board Director including, where appropriate, pension payments, bonuses, incentive payments and benefits;

8.3.2 be notified in advance by executive management, for the Committee's consideration, of any exceptional change in the terms of employment of any Subsidiary Board Director or employee, or of any new employee remunerated at a level of £100,000 or over per annum.

8.4 Grants of Share Options

8.4.1 within the terms of the agreed policy, approve the individual grants of share options to each such Subsidiary Board Director based on recommendations from executive management;

8.4.2 within the terms of the agreed policy, approve the total grants of share options to employees below the level of Subsidiary Board Director based on recommendations from executive management;

8.5 Other duties

8.5.1 in determining such packages and arrangements, give due regard to the comments and recommendations of the Combined Code as well as the UK Listing Authority's Listing Rules and associated guidance;

8.5.2 oversee any major changes in employee benefit structures throughout the Company or group;

8.5.3 ensure that provisions regarding disclosure of remuneration, including pensions, are fulfilled; and

8.5.4 produce annually the Directors' Remuneration Report which will form part of the Company's Annual Report and Accounts and be submitted to shareholders for approval.

9. Authority

9.1. The Committee is authorised by the Board to seek any information it requires from any employee of the Company in order to perform its duties.

9.2. In connection with its duties the Committee is authorised by the Board to obtain, at the Company's expense, any outside legal or other professional advice including the advice of independent remuneration consultants, to secure the attendance of external advisers at its meetings if it considers this necessary, and to obtain reliable, up-to-date information about remuneration in other companies. The Committee shall have full authority to commission any reports or surveys that it deems necessary to help it fulfil its obligations.

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Chairman