

A PROPOSAL TO AMEND THE SOCIETY'S RULES TO SAFEGUARD THE STATUS OF AFC WIMBLEDON AS A FOOTBALL CLUB OWNED AND CONTROLLED BY ITS FANS

The proposal in this paper is submitted by the Board for discussion and approval at the SGM on 28 June 2007. This fulfils the commitment given at the AGM in December 2006 that the DTB would bring forward by June 2007 proposals to amend the Trust's constitution in order to safeguard the status of AFC Wimbledon as a football club owned and controlled by its fans.

Explanatory notes are provided at pages 5 and 6.

The Board would like to put on record its thanks to David Boyle of Supporters' Direct for his continuing assistance with this important issue.

Amendments to be made:

Resolution 1

The Society resolves:

- **to amend the rules as laid out below**
- **to create Schedule 1 as laid out below**
- **to allow section 2 of Schedule 1 to be added to by members at the next AGM of the Society by a majority of members voting by person and by proxy at that meeting. Thereafter, any amendment to Schedule 1 shall be in accordance with the provisions laid down within it.**

Replace current rule 22 with new Rule 22

22 The members have the following rights and powers:

- a) the rights and powers available to them under the law relating to industrial and provident societies and also to decide in particular the issues specifically restricted to them by these rules.
- b) to solely determine whether the society undertakes those Restricted Actions reserved to them by the addition of Schedule 1 to these rules which shall not be taken by the Society without the approval of members by the specific majority and by the specific procedure laid down in Schedule 1.
- c) Clause 22b, 22c and Schedule 1 may only be added to, amended or removed if the members approve such resolutions in accordance with the provisions laid down in Schedule 1.

Rationale

- to establish the principle of the Restricted Action in the appropriate section of the rules.
- The process of rescinding the principle of Restricted Actions must be as difficult as passing a restricted action itself, so there is no short-cut to avoiding it by removing it from the rules.

• Schedule 1 – Restricted Actions

1 Preamble

- a) The society was created by Wimbledon fans as a means of exercising as much control and ownership of their football club as possible, which is now expressed through ownership of AFC Wimbledon. Actions that threaten that status of ownership and similar major decisions are classified as Restricted under Rule 22b and listed in section 2 of this Schedule.
- b) They can only be approved by the members of the Society, and can only be undertaken if they are approved subject to the provisions laid down below.
- c) Actions have been graded according to the thresholds required to approve them. They indicate both the outcomes of actions in addition to specific actions that could be taken. A restricted action is not just a rigidly defined act, but one which results in a certain outcome occurring. These apply to actions of the Dons Trust, but as the Dons Trust Board is the controlling interest of the club and its subsidiaries, they also apply to all actions by the Trust or its subsidiaries which result in the same outcomes or which have the same effect, and the Dons Trust Board is responsible for ensuring that proper scrutiny is applied to its subsidiaries to fulfil this requirement.

2 Restricted Actions

Action	Status Designation
<p><i>Any action that results in the Dons Trust voting capacity in AFCW plc falling below 75%. In particular, this covers the following non-exhaustive list:</i></p> <ul style="list-style-type: none"> • <i>Creation of new A Ordinary Shares in AFCW plc.</i> • <i>Creation of new Ordinary shares</i> • <i>Transfer of existing Ordinary Shares in AFCW plc from the Dons Trust to other parties.</i> • <i>Creation of any new class of share or variation in the rights attached to the A Ordinary or Ordinary Shares that has the effect of decreasing the voting capacity of the Dons Trust's shareholding within AFCW plc below 75%.</i> 	A
<i>Sale or reassignment of any of the leases at Kingsmeadow in favour of outside parties</i>	A
<i>Assignment of existing A Ordinary shares in AFCW plc, or transfer of A Ordinary shares owned by the Dons Trust in AFCW plc, to parties other than the Dons Trust.</i>	B
<i>Any alteration in the ownership or corporate status of AFCW Ltd or AFCW Stadium Ltd that increases the influence of 3rd parties over either of those two companies vis-à-vis the Dons Trust</i>	A
<i>Altering the terms of the lease to play at Kingsmeadow to leave the club having less favourable terms in respect of length of tenure, rights or rents paid</i>	B
<i>Name of the club and change to the ownership of the shares in the FA or relevant leagues in which the club plays</i>	A
<i>Amending Rule 22b and 22c of the Society's Rules</i>	A
<i>Reclassification of the status designation of a Restricted Action</i>	As per the existing status of that

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	Action
<i>Addition of items to the list of Restricted Actions after the 2007 Annual General Meeting</i>	B
<i>Addition of items to the list of Restricted Actions up to and including the 2007 Annual General Meeting</i>	D
<i>Revoking this Schedule</i>	A
<i>Amending this schedule, other than as outlined in sections 6-8</i>	B
<i>Amending this schedule, other than as outlined in sections 6-8, which the Dons Trust Board believe is likely to make it easier to achieve an category A Restricted Action</i>	A

3 Non-Restricted actions

- a) For the purposes of this Schedule, investigating opportunities to undertake Restricted Actions are not Restricted Actions in themselves provided that:
- such investigations do not commit the Society or its subsidiaries to undertake Restricted Actions
 - the Society Board takes reasonable steps to ensure that relevant 3rd parties are aware of the requirement for member approval of Restricted Actions and members are made aware of the investigations as soon as practicable;

4 Status designation majorities and thresholds:

- a) For each class of restricted action, the following procedures and majorities must be achieved:

A First meeting as Category B, followed by a confirmatory meeting within one month to confirm the identical proposal. At the second meeting, the proposal must be approved by two-thirds of those present in person or by proxy at the meeting, and the meeting being attended in person or by proxy by at least 50% of members eligible to vote.

B i) at least 50% of total eligible membership cast a vote on the resolution;
ii) at least 75% of the votes so cast are cast in favour of the resolution;
iii) the number of votes so cast in favour of the resolution represent at least 40% of the total eligible membership.

C A vote by at least 75% of members present in person or by proxy at a general meeting on a resolution, which must also specify the risks of such a resolution resulting in Restricted Actions becoming more likely as a result of the action being approved

D A vote by two-thirds of the members present in person or by proxy at a general meeting on a resolution

E A vote by the Dons Trust Board which at their discretion may be referred to the membership

- b) All references to meeting in this section shall include the use of postal votes to determine outcomes, save that any such vote must be preceded by a properly convened meeting to provide members with the opportunity to discuss the matter.

5 Certification of Restricted Actions

- a) Each resolution to be placed before the members should be certified by the Secretary that it is a Restricted Action or not, and if it is, which status category it falls

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into and so what majority is required to approve it. The Secretary shall take the necessary advice in order to form this judgement.

- b) If a member feels that the classification of an issue is incorrect, they shall write to the Secretary within 5 days of the agenda being circulated stating why they believe it is an incorrect assessment. The Secretary shall ask for a definitive ruling from the Chief Executive of Supporters Direct whose decision shall be final within the terms of these rules.

6 Additions to Restricted Actions

- a) Up to and including the 2007 Annual General Meeting of the Society, actions may be added to Section 4 of this schedule by a simple majority of members voting in person or by proxy at a properly convened meeting.
- b) Thereafter, an action shall be added to Section 4 of this Schedule by a vote of members classified as a Restricted Action under Category B status.

7 Reclassification of Status

- a) Reclassification of status means either changing the status designation of an item in Section 4 from one category to a different category, or removal from the list of Restricted Actions in Section 4.
- b) An item's status can only be reclassified after a vote equivalent to approving a resolution authorising that Action. A proposal to reclassify an 'A' status item as 'B' status requires a vote equivalent to an A status item. A proposal to change a 'B' Status item to an 'A' Status item requires a vote equivalent to a B status item, and so on.

8 Rescinding this Schedule

- a) This Schedule once approved can only be removed by a vote classified as an A status restricted Action.

9 Amending this Schedule

- a) All amendments (other than reclassification of the status designation of an Action, or adding an Action, which are detailed above) shall be considered 'B' status items.
- b) The exception shall be that if the Dons Trust Board or the Secretary believe that an change is being proposed that in effect will make a current Restricted Action easier to achieve, they may classify it as an 'A' Status item.

Protecting Our Club

What does this proposal do?

Whilst the Dons Trust owns the majority of shares in AFCW plc, those shares are currently 'used' by the Dons Trust Board. After the approach last summer by someone wanting to buy the club, the Dons Trust Board realised that there was nothing in the Rules governing the Trust forbidding them from neither selling those shares without reference to members, nor making any such decision one that only members could take.

At the last AGM, the members passed a resolution saying that they wanted the DTB to come up with a way of resolving this, and in the meantime, passed policy that stated that until this had been resolved, things like selling the club were not able to be done.

This proposal amends the Rules of the Trust to say that there is a new section of the Rules called 'Schedule 1' which lists all the decisions that must be taken by members and what majorities are necessary to take them.

Why is this approach being taken? Why not amend the rules to say 'the club cannot be sold without the members' approval'?

The difficulty here is that there are several ways in which the members' rights could be side-stepped. There is always the danger that something would be missed out, creating a loophole.

Alternatively, if you put in a general clause like 'nothing shall be done that undermines the ability of the members to exercise majority control of the club without the members approving it', that runs the risk of being interpreted differently by different people, and them saying that the proposal in question does nothing of the sort, when in fact it might do just that.

As a result, this proposal tries to balance these approaches, by creating a process in the first instance that says:

- There are certain decisions which only members can take
- These decisions need certain majorities to be approved
- These decisions are listed in Schedule 1

The list, contained in Schedule 1, details some specific items, like the DT shares being sold or transferred, but also has more general issues in it to. Using both of these approaches means we cover the specifics, and if a loophole were later found, this would be covered by the more general restrictions. The general principle is that the more far reaching a proposal, the greater the threshold needed to approve it.

Put simply, decisions such as selling the club that will be near impossible to reverse must be approved by such majorities that make it impossible for them to happen without a full debate in the first instance, and the clear majority of members to approve them. Such important decisions cannot be taken by a small number of people, nor be done quickly to bounce members into making them.

Because it is a list, we can add to it later, or refine it. We can remove some things too if we think they are too restrictive.

How would it work in practice?

If a course of action were proposed, it is the job of the Secretary to certify whether it is a Restricted Action. This means they have to say whether the proposal is one that comes under the Schedule. If they rule that it does, then the proposal must pass by the required majority.

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If a member felt that the proposal was not a far-reaching proposal, and the Secretary had ruled it as Restricted Action by mistake, then they can appeal for this to be changed. If the Secretary doesn't rule it a Restricted Action when members think that it is, they can also appeal against this.

Once it has been agreed as a Restricted Action, it can only be approved if the members vote according to the required majority. The more important the action, the higher the threshold needed to approve it.

What if we wanted to change what was on the list, or the majorities needed to pass the threshold?

If it was easier to remove an Action from the list than to approve it, then we would create a loophole. These can be amended, but because it must be as hard to change something as do it, the majorities are the same.

The list doesn't contain some things we might want to add into it. Why is that?

The list at present contains what the Dons Trust Board consider to be the 'basics', the sorts of things that most members would agree need to be put firmly into the hands of members.

There is another category of actions that are subtler. For example, what about getting into debt? Doesn't that ultimately give power to our creditors, regardless of who owns the shares? However, with many of these, there is a downside that could affect the club. In that instance, we could make borrowing secured against the lease impossible, but that could affect the club, if for example we ever wanted to redevelop a stand and need to borrow money to do this.

With these types of decision, there is no right answer, except that the right decision is ultimately the one members are happy with. In order to help members make the decision on the basis of a full debate, the DTB will be consulting with members between now and the AGM over the types of decision that need to be added to the list, and then members will vote on it at the AGM. After that point, the only way to add things to the list is through the process in the Schedule.

What if a poorly attended meeting added something quite mundane to the list, like the price of burgers. Wouldn't that create problems for the club?

If members wanted to they could add it to the list, but after the AGM, because once it's on the list it's harder to do or remove', to get it onto the list in the first place needs a sizeable majority of members to be in favour.

Looking at the proposal in detail, what are members being asked to do?

The first thing members are asked to do is change the rules to say that there will be a class of decision that only they can take, and this is listed in Schedule 1. They will also agree that once agreed, the rule can only be changed by a big majority (so as to not make it easier to just remove the rule if you wanted to achieve a particular action).

At the same time, we create the schedule, which lists the actions, the majorities needed, and the ways in which the schedule is amended in future.