

IMPORTANT NOTICE

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering memorandum and you are therefore advised to read this disclaimer page carefully before reading, accessing or making any other use of the attached offering memorandum. In accessing the attached offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: In order to be eligible to view this offering memorandum or make an investment decision with respect to the securities, you must: (i) not be a U.S. person (within the meaning of Regulation S under the U.S. Securities Act of 1933, as amended (the **Securities Act**)) and be outside the United States; or (ii) be a “qualified institutional buyer” (within the meaning of Rule 144A under the Securities Act). You have been sent the attached offering memorandum on the basis that you have confirmed to each of the initial purchasers set forth in the attached offering memorandum (collectively, the **Initial Purchasers**), being the sender or senders of the attached, that either: (A)(i) you and any customers you represent are not U.S. persons; and (ii) the electronic mail (or e-mail) address to which it has been delivered is not located in the United States of America, its territories and possessions, any state of the United States and the District of Columbia; “possessions” include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands; or (B) you and any customers you represent are “qualified institutional buyers” and, in either case, that you consent to delivery by electronic transmission.

This offering memorandum has been sent to you in an electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and, consequently, neither the Initial Purchasers nor any person who controls any Initial Purchaser nor MU Finance plc, Red Football Limited, Red Football Junior Limited, Manchester United Limited or Manchester United Football Club Limited nor any director, officer, employer, employee or agent of theirs, or affiliate of any such person accepts any liability or responsibility whatsoever in respect any difference between the offering memorandum distributed to you in electronic format and the hard copy version available to you on request from the Initial Purchasers.

You are reminded that the attached offering memorandum has been delivered to you on the basis that you are a person into whose possession this offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this offering memorandum to any other person. You will not transmit the attached offering memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Initial Purchasers.

Restrictions: Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction. Recipients of this offering memorandum who intend to subscribe for or purchase securities are reminded that any subscription or purchase may only be made on the basis of the information contained in this offering memorandum. Any securities to be issued will not be registered under the Securities Act and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons (as such terms are defined in Regulation S under the Securities Act) unless registered under the Securities Act or pursuant to an exemption from such registration. There will be no public offer of securities in the United States. Notwithstanding the foregoing, prior to the expiration of a 40-day distribution compliance period (as defined under Regulation S under the Securities Act) commencing on the closing date, the securities may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons, except pursuant to another exemption from the registration requirements of the Securities Act.

This communication is directed solely at persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the **Financial Promotion Order**), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The Notes are being offered solely to “qualified investors” as defined in the Prospectus Directive and accordingly the offer of Notes is not subject to the obligation to publish a prospectus within the meaning of the Prospectus Directive.

Subject to completion dated 11 January 2010

Preliminary offering memorandum

Strictly confidential

MU Finance plc

£500,000,000

£ % Senior Secured Notes due 2017

\$ % Senior Secured Notes due 2017

Fully and unconditionally guaranteed by Red Football Limited and certain of its subsidiaries.

Interest payable and

Sterling Notes Price: % plus accrued interest from the issue date.

Dollar Notes Price: % plus accrued interest from the issue date.

MU Finance plc, a public limited company incorporated under the laws of England and Wales (the **Issuer**), is offering £ aggregate principal amount of its % Senior Secured Notes due 2017 (the **Sterling Notes**) and \$ aggregate principal amount of its % Senior Secured Notes due 2017 (the **Dollar Notes** and together with the Sterling Notes, the **Notes**). The Issuer will pay interest on the Notes semi-annually on each and , commencing 2010. Prior to 2013, the Issuer will be entitled, at its option, to redeem all or a portion of the Notes by paying the relevant "make-whole" premium. At any time on or after 2013, the Issuer may redeem all or part of the Notes by paying a specified premium to you. In addition, at any time prior to 2013, up to 35% of the aggregate principal amount of each of the Sterling Notes and the Dollar Notes may be redeemed with the net proceeds of certain equity offerings at % of the principal amount of the Sterling Notes and % of the principal amount of the Dollar Notes, in each case, plus accrued interest, if at least 65% of the principal amount of each of the Sterling Notes and the Dollar Notes remains outstanding.

All of the Notes may also be redeemed at 100% of their principal amount plus accrued interest if at any time the Issuer or any guarantor becomes obligated to pay withholding taxes as a result of a change in tax law. If certain change of control events occur, each holder of Notes may require the Issuer to repurchase all or a portion of its Notes.

The Notes will rank *pari passu* in right of payment with all of the Issuer's existing and future indebtedness that is not subordinated in right of payment to the Notes. The Notes will initially be unconditionally guaranteed by Red Football Limited (the **Parent**) and certain of the Parent's subsidiaries (together, the **Guarantors**). The Notes and the guarantees will be secured by substantially all of the assets of the Issuer and the Guarantors.

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and for trading on the Euro MTF Market.

Investing in the Notes involves a high degree of risk. See "Risk Factors" beginning on page 14.

The Notes and the guarantees have not been, and will not be, registered under the US Securities Act of 1933, as amended (the **Securities Act**). The Notes may not be offered or sold within the United States or to, or for the account or benefit of, US persons, except to qualified institutional buyers in reliance on the exemption from registration provided by Rule 144A under the Securities Act (**Rule 144A**) and to certain persons in offshore transactions in reliance on Regulation S under the Securities Act (**Regulation S**). You are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See "Notice to Investors" for additional information about eligible offerees and transfer restrictions.

We expect that delivery of the Notes will be made to investors in book-entry form through The Depository Trust Company (**DTC**), Euroclear Bank S.A./N.V. (**Euroclear**) and Clearstream Banking, *société anonyme*, (**Clearstream**) on or about 2010. Interests in each Global Note will be exchangeable for the relevant Definitive Notes only in certain limited circumstances. See "Book-Entry, Delivery and Form".

Book-running and joint lead managers

J.P. Morgan

BofA Merrill Lynch

Deutsche Bank

Goldman Sachs International

The Royal Bank of Scotland

Co-manager

KKR

The date of this offering memorandum is

2010.





You should rely only on the information contained in this offering memorandum. None of the Issuer, the Guarantors or any of the initial purchasers has authorised anyone to provide you with different information. None of the Issuer, the Guarantors or any of the initial purchasers is making an offer of the Notes in any jurisdiction where this offer is not permitted. You should not assume that the information contained in this offering memorandum is accurate at any date other than the date on the front of this offering memorandum.

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MU Finance plc was formed as a public limited company under the laws of England and Wales on 26 November 2009. Its registered office is located at Old Trafford, Manchester M16 0RA. We maintain a website at www.manutd.com. Information contained on our website does not constitute a part of this offering memorandum.

In this offering memorandum, references to "we," "us," "our", "ours", "Group" and "Manchester United" refer to, unless the context otherwise requires or it is otherwise indicated, Red Football Limited and its consolidated subsidiaries. References to "the Issuer" means MU Finance plc. References to the "Guarantors" means Red Football Limited, Red Football Junior Limited, Manchester United Limited and Manchester United Football Club Limited.

IN CONNECTION WITH THIS OFFERING, J.P. MORGAN SECURITIES LTD. (THE **STABILISING MANAGER**) (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF A STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE FINAL TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES.

We are providing this offering memorandum only to prospective purchasers of the Notes.

You are responsible for making your own examination of us and our business and your own assessment of the merits and risks of investing in the Notes. You may contact us if you need any additional information. By purchasing the Notes, you will be deemed to have acknowledged that:

- you have reviewed this offering memorandum;
- you have had an opportunity to request any additional information that you need from us; and
- the initial purchasers are not responsible for, and are not making any representation to you concerning, our future performance or the accuracy or completeness of this offering memorandum.

We are not providing you with any legal, business, tax or other advice in this offering memorandum. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

This offering memorandum does not constitute an offer to sell or an invitation to subscribe for or purchase any of the Notes in any jurisdiction in which such offer or invitation is not authorised or to any person to whom it is unlawful to make such an offer or invitation. You must comply with all laws that apply to you in any place in which you buy, offer or sell any Notes or possess this offering memorandum. You must also obtain any consents or approvals that you need in order to purchase any Notes. We and the initial purchasers are not responsible for your compliance with these legal requirements.

We are offering the Notes in reliance on exemptions from the registration requirements of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering. The Notes have not been recommended by any US federal, state or any non-US securities authorities, nor have any such authorities determined that this offering memorandum is accurate or complete. Any representation to the contrary is a criminal offence in the United States.

The Notes are subject to restrictions on resale and transfer as described under “*Notice to Investors*” and “*Plans of Distribution*.” By purchasing any Notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in those sections of this offering memorandum. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

We accept responsibility for the information contained in this offering memorandum. To the best of our knowledge and belief (which we have taken all reasonable care to ensure is the case), the information contained in this offering memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

We and the initial purchasers may reject any offer to purchase the Notes in whole or in part, sell less than the entire principal amount of the Notes offered hereby or allocate to any purchaser less than all of the Notes for which it has subscribed.

The information contained under the caption “Currency Presentation and Exchange Rate Information” includes extracts from information and data publicly released by official and other sources. While we accept responsibility for accurately summarising the information concerning exchange rate information, we accept no further responsibility in respect of such information. The information set out in relation to sections of this offering memorandum describing clearing and settlement arrangements, including the section entitled “Book-Entry, Delivery and Form,” is subject to change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear or Clearstream currently in effect. While we accept responsibility for accurately summarising the information concerning DTC, Euroclear and Clearstream, we accept no further responsibility in respect of such information.

Notice to New Hampshire Residents

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE UNIFORM SECURITIES ACT WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT, ANY REPRESENTATION INCONSISTENT WITH THE PROVISION OF THIS PARAGRAPH.

Notice to US Investors

The Notes and the guarantees have not been and will not be registered under the Securities Act and the Notes may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, registration requirements of the Securities Act. The Notes shall not be offered, sold or delivered (i) as part of the initial purchasers’ distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering and the latest closing date, within the United States or to, or for the account or benefit of, US persons, and each dealer to which Notes have been sold during the distribution compliance period will be sent a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US persons. Terms used in this paragraph have the meanings given to them by Regulation S. See “*Notice to Investors*”.

Notice to Luxembourg Investors

The Notes may not be offered or sold to the public in the Grand Duchy of Luxembourg, directly or indirectly, and, neither this offering memorandum nor any other circular, prospectus, form of application, advertisement, communication or other material may be distributed, or otherwise made available in, or from or published in, the Grand Duchy of Luxembourg, except for the sole purpose of the admission to trading of the Notes on the Luxembourg Stock Exchange’s Euro MTF Market and listing on the official list of the Luxembourg Stock Exchange and except in circumstances which do not constitute an offer of securities to the public.

Notice to Certain European Investors

European Economic Area This offering memorandum has been prepared on the basis that all offers of the Notes will be made pursuant to an exemption under Article 3 of Directive 2003/71/EC (the **Prospectus Directive**), as implemented in member states of the European Economic Area (the **EEA**), from the requirement to produce a prospectus for offers of the Notes. Accordingly, any person making or intending to make any offer within the EEA of the Notes should only do so in circumstances in which no obligation arises for us or any of the initial purchasers to produce a prospectus for such offer. Neither we nor the initial purchasers have authorised, nor do they authorise, the making of any offer of Notes through any financial intermediary, other than offers made by the initial purchasers, which constitute the final placement of the Notes contemplated in this offering memorandum.

In relation to each Member State of the European Economic Area that has implemented the Prospectus Directive (each, a **Relevant Member State**), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, the offer is not being made and will not be made to the public of any Notes which are the subject of the offering contemplated by this offering memorandum in that Relevant Member State, other than: (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities; (b) to any legal entity which has two or more of (i) an average of at least 250 employees during the last financial year; (ii) a total balance sheet of more than €43,000,000; and (iii) an annual net turnover of more than €50,000,000, as shown in its last annual or consolidated accounts; or (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive; provided that no such offer of the Notes shall require us or the initial purchasers to publish a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an “offer of Notes to the public” in relation to the Notes 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 the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, 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.

United Kingdom This offering memorandum is for distribution only to, and is only directed at, persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended, (the **Financial Promotion Order**), (ii) are persons falling within Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any Notes may otherwise lawfully be communicated (all such persons together being referred to as “relevant persons”). This offering memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this document relates is available only to relevant persons and will be engaged in only with relevant persons. The Notes are being offered solely to “qualified investors” as defined in the Prospectus Directive and accordingly the offer of Notes is not subject to the obligation to publish a prospectus within the meaning of the Prospectus Directive.

Spain This offering has not been registered with the *Comisión Nacional del Mercado de Valores* (the **CNMV**) and therefore the Notes may not be offered in Spain by any means, except in circumstances which do not qualify as a public offer of securities in Spain in accordance with article 30 bis of the Securities Market Act (“*Ley 24/1988, de 28 de julio del Mercado de Valores*”) as amended and restated, or pursuant to an exemption from registration in accordance with article 41 of the Royal Decree 1310/2005 (“*Real Decreto 1310/2005, de 4 de noviembre por el que se desarrolla parcialmente la Ley 24/1988, de 28 de julio, del Mercado de Valores, en*

materia de admisión a negociación de valores en mercados secundarios oficiales, de ofertas públicas de venta o suscripción y del folleto exigible a tales efectos”).

France This offering memorandum has not been prepared in the context of a public offering in France within the meaning of Article L. 411-1 of the *Code Monétaire et Financier* and Title I of Book II of the *Règlement Général* of the Autorité des marchés financiers (the **AMF**) and therefore has not been submitted for clearance to the AMF. Consequently, the Notes may not be, directly or indirectly, offered or sold to the public in France, and offers and sales of the Notes will only be made in France to providers of investment services relating to portfolio management for the account of third parties (*personnes fournissant le service d’investissement de gestion de portefeuille pour le compte de tiers*) and/or to qualified investors (*investisseurs qualifiés*) and/or to a closed circle of investors (*cercle restreint d’investisseurs*) acting for their own accounts, as defined in and in accordance with Articles L. 411-2 and D. 411-1 of the *Code of Monétaire et Financier*. Neither this offering memorandum nor any other offering material may be distributed to the public in France.

Germany The offering of the Notes is not a public offering in the Federal Republic of Germany. The Notes may only be offered, sold and acquired in accordance with the provisions of the Securities Prospectus Act of the Federal Republic of Germany (the **Securities Prospectus Act** *Wertpapierprospektgesetz, WpPG*), as amended, and any other applicable German law. No application has been made under German law to publicly market the Notes in or out of the Federal Republic of Germany. The Notes are not registered or authorised for distribution under the Securities Prospectus Act and accordingly may not be, and are not being, offered or advertised publicly or by public promotion. Therefore, this offering memorandum is strictly for private use and the offer is only being made to recipients to whom the document is personally addressed and does not constitute an offer or advertisement to the public. The Notes will only be available to and this offering memorandum and any other offering material in relation to the Notes is directed only at persons who are qualified investors (*qualifizierte Anleger*) within the meaning of Section 2, No. 6 of the Securities Prospectus Act. Any resale of the Notes in Germany may only be made in accordance with the Securities Prospectus Act and other applicable laws.

The Netherlands The Notes (including rights representing an interest in each Global Note that represents the Notes) may not be offered or sold to individuals or legal entities in The Netherlands unless a prospectus relating to the offer is available to the public which is approved by the Dutch Authority for the Financial Markets (*Autoriteit Financiële Markten*) or by a supervisory authority of another member state of the European Union (the **EU**). Article 5:3 Financial Supervision Act (the **FSA**) and article 53 paragraph 2 and 3 Exemption Regulation FSA provide for several exceptions to the obligation to make a prospectus available such as an offer to qualified investors within the meaning of article 5:3 FSA.

Notice to Certain Other Investors

Indonesia The offering of the Notes is not registered under the Indonesian Capital Market law and its implementing regulations, and is not intended to become a public offering of securities under the Indonesian Capital Market law and regulations. Accordingly,

- (i) this offering memorandum may not be distributed or passed on within Indonesia or to persons who are citizens of Indonesia (wherever they are domiciled or located) or entities of or residents in Indonesia; and/or
- (ii) and the Notes may not be offered or sold, directly or indirectly, within Indonesia or to Indonesian citizens (wherever they are domiciled or located), entities or residents in any manner which constitutes a public offer of securities under the laws of Indonesia.

Singapore This offering memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this offering memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or

sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (1) an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), (2) to a relevant person or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA, or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA, in each case subject to compliance with conditions set forth in the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor,

shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Notes under Section 275 of the SFA except:

- to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA;
- where no consideration is given for the transfer; or
- by operation of law.

Hong Kong The Notes may not be offered or sold in the Hong Kong Special Administrative Region of the People's Republic of China (**Hong Kong**) by means of any document other than to (1) professional investors within the meaning of the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong and any rules made thereunder, or (2) in circumstances that do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of the laws of Hong Kong or that do not constitute an offer to the public within the meaning of that Ordinance. No invitation, advertisement or document relating to the Notes may be issued, whether in Hong Kong or elsewhere, that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes that are intended to be disposed of only to persons outside Hong Kong or only to professional investors, as defined under the Securities and Futures Ordinance (Cap. 571) of the laws of Hong Kong and any rule made thereunder.

Japan The Notes have not been and will not be registered under the Financial Instruments and Exchange Law of Japan, and may not be offered or sold in Japan or to, or for the account or benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to, or for the account or benefit of, any person for reoffering or resale, directly or indirectly, in Japan or to, or for the account or benefit of, any resident of Japan, except pursuant to an exemption from the registration requirements of, or otherwise in compliance with, the Financial Instruments and Exchange Law of Japan, and in compliance with the other relevant laws and regulations of Japan.

Taiwan The Notes have not been and will not be registered with the Financial Supervisory Commission of Taiwan, the Republic of China pursuant to relevant securities laws and regulations and may not be offered or sold in Taiwan, the Republic of China through a public offering or in any circumstance which constitutes an offer within the meaning of the Securities and Exchange Act of Taiwan, the Republic of China that requires a registration or approval of the Financial Supervisory Commission of Taiwan, the Republic of China. No person or entity in

Taiwan, the Republic of China has been authorised to offer or sell the Note in Taiwan, the Republic of China.

Australia This offering memorandum 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 purposes of Australian law. This offering memorandum 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 any Notes in Australia (including an offer or invitation received by a person in Australia) and no Notes 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 Australia Corporations Act.

Forward-looking Statements

This offering memorandum contains “forward-looking statements,” as that term is defined by the US federal securities laws, relating to our business, financial condition and results of operations. You can find many of these statements by looking for words such as “may,” “will,” “expect,” “anticipate,” “believe,” “estimate” and similar words used in this offering memorandum.

By their nature, forward-looking statements are subject to numerous assumptions, risks and uncertainties. Accordingly, actual results may differ materially from those expressed or implied by the forward-looking statements. We caution readers not to place undue reliance on the statements, which speak only as at the date of this offering memorandum.

The cautionary statements set forth above should be considered in connection with any subsequent written or oral forward-looking statements that we or persons acting on our behalf may issue. We do not undertake any obligation to review or confirm analysts’ expectations or estimates or to release publicly any revisions to any forward-looking statements to reflect events or circumstances after the date of this offering memorandum.

Risks and uncertainties that could cause actual results to vary materially from those anticipated in the forward-looking statements included in this offering memorandum include factors such as:

- the performance of the first team of Manchester United (the **First Team**) in domestic and European competitions;
- changes, if any, in our management team, key employees and members of the First Team;
- significant changes in the state of the United Kingdom economy;
- our ability to continue to attract talented players and key commercial sponsors;
- the popularity of football and of Manchester United in England, Europe and the rest of the world;
- possible changes to the regulation of football in the United Kingdom, Europe and the rest of the world; and
- our leverage and ability to generate sufficient cash to service our debt.

We disclose important factors that could cause our actual results to differ materially from our expectations under “*Risk Factors*”, “*Management’s Discussion and Analysis of Financial Condition and Results of Operations*” and elsewhere in this offering memorandum. These cautionary statements qualify all forward-looking statements attributable to us or persons acting on our behalf. When we indicate that an event, condition or circumstance could or would have an adverse effect on us, we mean to include effects upon our business, operating, financial and other conditions, results of operations and ability to make payments on the Notes.

Industry and Market Data

In this offering memorandum, we rely on and refer to information regarding our business and the industry in which we operate and compete. We obtained this information from various third party sources, discussions with our customers and our own internal estimates. In certain cases, we have made statements on the basis of information obtained from third-party sources that we believe are reliable, including the National Fan Survey published by the Premier League (published for the 2007/08 season), a report by the Sports Business Group at Deloitte entitled "Lost in Translation, Football Money League" published in February 2009 and a report by Deloitte entitled "Annual Review of Football Finance" published in June 2009.

In the summer of 2007, we commissioned a report from TNS Sport on our global fan base and the following of Manchester United throughout the world. As used in this offering memorandum, the term "core fan" refers to those respondents who currently support Manchester United and the club as their favourite team, while "follower" refers to those respondents who mention Manchester United as a football club they support or follow outside their own country, each of which are defined in the TNS Sport report. In June 2009, we received a report from Futures Sport + Entertainment on our global television audience. Information from the TNS Sport and Futures reports may be found under "*Business*", "*The Football Industry*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*".

Industry publications, surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable. We confirm that all information from third-party sources in this offering memorandum has been adequately reproduced. We have not independently verified these industry publications, surveys and forecasts and cannot guarantee their accuracy or completeness.

In addition, in many cases, we have made statements in this offering memorandum regarding our industry and our position in the industry based on our experience and our own evaluation of general market conditions. We cannot assure you that any of these assumptions is accurate or correctly reflects our position in the industry, and none of our internal surveys or information has been verified by any independent sources.

Presentation of Financial Information

Our financial year commences on 1 July and ends on 30 June of each year. Our consolidated financial statements included in this offering memorandum have been prepared in accordance with generally accepted accounting principles in the United Kingdom (**UK GAAP**).

This offering memorandum contains:

- our consolidated financial statements as at and for the years ended 30 June 2007, 2008 and 2009;
- our unaudited consolidated interim financial information as at and for the three months ended 30 September 2008 and 2009; and
- our unaudited consolidated financial information for the year ended 30 September 2009 which is derived from our annual financial statements for the year ended 30 June 2009 and our interim financial information for the three month period ended 30 September 2009 and 2008.

Our consolidated financial statements for the years ended 30 June 2009, 2008 and 2007 have been extracted from our signed statutory Annual Report and financial statements for 2009, 2008 and 2007, respectively, although page references have been modified solely for the convenience of the reader. The 30 June 2008 Annual Report and financial statements and the 30 June 2007 Annual Report and financial statements have been filed with Companies House. The 30 June 2009 Annual Report and financial statements have been signed but have not been filed with Companies House.

The financial information set forth in this offering memorandum has been rounded for ease of presentation. Accordingly, in certain cases, the sum of the numbers in a column in a table may not conform to the total figure given for that column. Percentage figures included in this offering memorandum have not been calculated on the basis of rounded figures but have rather been calculated on the basis of such amounts prior to rounding.

Currency Presentation and Exchange Rate Information

In this offering memorandum:

- £, "pound" or "sterling" refers to the lawful currency of the United Kingdom;
- \$, "dollar" or "US dollar" refers to the lawful currency of the United States; and
- € or "euros" refers to the single currency of the participating member states of the European and Monetary Union of the Treaty Establishing the European Community, as amended from time to time.

The following tables set forth, for the periods indicated, certain information regarding the noon buying rate for the pound, expressed in dollars per pound. The rates below may differ from the actual rates used in the preparation of our consolidated financial statements and other financial information appearing in this offering memorandum. Our inclusion of the exchange rates is not meant to suggest that the sterling amounts actually represent such dollar amounts or that such amounts could have been converted into dollars at any particular rate, if at all.

Twelve months ended 30 June	US dollar per pound			
	Period end	Average rate ⁽¹⁾	High	Low
2005	1.793	1.860	1.948	1.773
2006	1.849	1.781	1.891	1.714
2007	2.006	1.946	2.006	1.820
2008	1.991	2.011	2.110	1.941
2009	1.645	1.603	2.004	1.366

Month	US dollar per pound			
	Period end	Average rate ⁽²⁾	High	Low
July 2009	1.671	1.638	1.671	1.603
August 2009	1.631	1.653	1.698	1.621
September 2009	1.600	1.632	1.670	1.591
October 2009	1.648	1.621	1.661	1.588
November 2009	1.648	1.660	1.680	1.638
December 2009	1.617	1.651	1.664	1.617
January 2010 (through 4 January)	1.611	1.611	1.611	1.611

(1) The average of the noon buying rates for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York on the last business day of each month during the applicable period.

(2) The average rate for the pound is calculated as the average of the month-end figures for the relevant year-long period or the average of the noon buying rates on each business day for the relevant month-long period.

The noon buying rate for cable transfers as certified for customs purposes by the Federal Reserve Bank of New York was \$1.611 per pound as at 4 January 2010.

Available Information

For so long as any of the Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to the reporting requirements of Section 13 or 15(d) of the US Securities Exchange Act of 1934, as amended (the **Exchange Act**), nor exempt from the reporting requirements of the Exchange Act under Rule 12g3-2(b) thereunder, provide to the holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the written request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

We are not currently subject to the periodic reporting and other reporting requirements of the Exchange Act. However, pursuant to the indenture governing the Notes and so long as the Notes are outstanding, we will furnish periodic information to holders of the Notes. For so long as the Notes are listed on the Euro MTF Market and the rules of the Luxembourg exchange so require, copies of the Issuer’s and the Guarantors’ organisational documents, the intercreditor agreement, the indenture governing the Notes, the security documents and the most recent consolidated financial statements published by us may be inspected and obtained at the office of the Luxembourg paying agent. See *“Listing and General information”*.

Summary

The following summary contains basic information about us and this offering and highlights information appearing elsewhere in this offering memorandum. This summary is not complete and does not contain all of the information that you should consider before investing in the Notes. For a more complete understanding of this offering, we encourage you to read this entire offering memorandum carefully, including "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our financial statements and the notes to those financial statements contained elsewhere in this offering memorandum.

Our business

We are one of the leading football clubs in the world. We have a distinguished tradition and history, a track record of success, one of the strongest and most valuable international sports brands and an extensive global fan base.

For the twelve months ended 30 September 2009, we generated revenues of £288.9 million and EBITDA of £98.7 million. For the year ended 30 June 2009, we generated revenues of £278.5 million and EBITDA of £91.3 million. The primary drivers of our revenue are:

- **Matchday:** We have the largest football club stadium in the United Kingdom with a capacity of 75,797 seats, approximately 15,000 more than the next largest football club stadium. We have approximately 54,000 general admission season ticket holders, each of whom pays for their Premier League tickets in advance of the first game of the season, and 7,500 executive members, each of whom pays for all of their tickets in advance of the first game of the season. In addition, there are approximately 10,000 general admission matchday tickets, a portion of which are offered for sale to our One United club members, and we have approximately 3,000 tickets available for away fans. We have one of the highest capacity utilisations among English clubs. Average attendance for Premier League matches has been approximately 99% for each season since the 1997/98 season. We also derive significant revenues from the sale of hospitality packages, and food, drinks, parking and programmes on matchdays. We host 19 Premier League matches each season and further matches based on the performance and draws of the First Team in domestic and European cup competitions. In each of the last three seasons we hosted at least 29 matches. We also host a number of other events, including friendly football matches, other sporting competitions, concerts, entertainment and similar events. Matchday revenues accounted for 39.1% of our total revenues, or £108.8 million, in the year ended 30 June 2009.
- **Media:** As one of the most popular football clubs in the world, we receive significant revenues from our share of television, internet, mobile and radio rights relating to Premier League, Champions League and domestic cup matches. Historically, we have been among the top English clubs in earnings from those sources. We estimate that, on average, 45 million people globally watch each of our matches. We have also developed a television platform, MUTV, and have our own website and mobile services that deliver premium content to our global fan base and enable us to engage and transact with our fans. Media revenues accounted for 35.8% of our total revenues, or £99.7 million, in the year ended 30 June 2009.
- **Commercial:** According to research conducted by TNS Sport in 2007, we have 139 million core fans and 333 million followers worldwide. This global reach is of significant value to us and our sponsors. We have strong sponsorship relationships with leading international businesses across a range of industries. Our largest sponsorship contract is with Nike European Operations Netherlands B.V., a subsidiary of Nike, Inc. (**Nike**), which runs until 2015. Nike supplies our playing kit and manages our global merchandising, licensing and retail operations. Our current shirt sponsor is AIG Inc. (**AIG**). In June 2010, Aon Corporation (**Aon**) will succeed AIG as shirt sponsor on a contract running through the end of the 2013/14 season. We also have a number of global, regional, mobile and supplier sponsors in industries

including financial services, automotive, beverage, timepiece, betting and telecommunications. Our sponsorship arrangements provide us with stable and highly visible revenues in the near to medium term. Commercial revenues accounted for 25.1% of our total revenues, or £69.9 million, in the year ended 30 June 2009.

On the football pitch, we have been consistently successful since the inception of the Premier League in 1992. We have won the Premier League 11 times and have never finished lower than third place. In total, we have won 18 English League titles, 11 FA Cups, 3 League Cups, 3 European Champions Cups and 1 FIFA Club World Cup. The table below outlines our First Team's successes in the pre-eminent English and European football competitions over the past 13 years.

Competition	1996/ 1997	1997/ 1998	1998/ 1999	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009
Premier League	1	2	1	1	1	3	1	3	3	2	1	1	1
FA Cup	4R	5R	1	n/a	4R	4R	5R	1	2	5R	2	6R	SF
League Cup	4R	3R	5R	3R	4R	3R	2	4R	SF	1	4R	3R	1
Champions League	SF	QF	1	QF	QF	SF	QF	L16	L16	Grp	SF	1	2

As used in the table above: 1 = win; 2 = second/finalist; 3 = third; SF = semi-finalist; QF = quarter-finalist; L16 = last 16; Grp = Group stage; 3R = third round; 4R = fourth round; 5R = fifth round; 6R = sixth round.

In the 2008/09 season we won the FIFA Club World Cup, the Premier League and the League Cup, and we were a finalist in the Champions League. As at the date of this offering memorandum, we have qualified for the round of 16 of the Champions League and the semi-final of the League Cup for the 2009/10 season. We were eliminated from the 2009/10 FA Cup in the third round.

Business strengths

We believe that we have a number of business strengths that set us apart from our competitors. Our key business strengths are set out below.

- Global support and following:** Our club benefits from strong support across the globe. According to research conducted by TNS Sport in 2007, we have 139 million core fans and 333 million followers. We have approximately 54,000 general admission season ticket holders, approximately 7,500 executive members and, as at 31 December 2009, we had approximately 102,000 One United club members. Old Trafford is the largest football club stadium in the United Kingdom and average attendance for Premier League matches has been approximately 99% for each season since the 1997/98 season. We believe that the depth and breadth of our support is driven by our consistent success on the pitch, our distinguished tradition and history, and the resilience of our club.
- Most valuable global sports team:** Founded in 1878, our club has become one of the most well known, prestigious and successful football teams in the world. In 2009, Forbes named Manchester United the most valuable sports team in the world and valued us at \$1.9 billion. We believe that this value is underpinned by our success at leveraging our brand to secure stable revenue flows from a diversified international sponsor base and developing a strong customer base from our global following.
- Stable and highly visible revenue streams:** Our financial performance is underpinned by three diverse, stable and highly visible revenue streams. The majority of our matchday revenues are derived from advance ticket sales, as evidenced by 81% of available Premier League tickets having been sold prior to the start of the 2009/10 season. In addition, we have been consistently successful at selling the remaining tickets, resulting in average attendance for Premier League matches of approximately 99% for each season since the 1997/98 season. Demand for tickets is underpinned by our One United club membership programme that gives members the opportunity to apply for general admission tickets in

priority to others. Furthermore, we enter into medium to long term sponsorship contracts which give us clearly defined revenue entitlements and we benefit from three year contracts entered into by the Premier League and UEFA with broadcasters.

- ***Strong and consistent growth:*** Between 1 July 2005 and 30 June 2009 we achieved a compound annual revenue growth rate of 19.0% and a compound annual EBITDA growth rate of 26.5%. We expanded the seating capacity of Old Trafford in 2006 with the addition of approximately 7,400 seats which, when combined with increases in ticket prices over the last five years, has underpinned consistent growth in ticket sale revenues. We have benefitted from increases in the value of media rights for premium sports content in general and for football in particular. Our growth has also been driven by our success in securing valuable contracts with a diversified sponsor base and developing customers from our global following.
- ***Professional commercial operation with highly successful track record:*** Part of our growth has been achieved as a result of our successful commercial operations. These operations are set within a developed infrastructure that encompasses a team of approximately 45 people dedicated to commercial activities. In particular we have built a dedicated sales team, which focuses on developing commercial opportunities and sourcing new sponsors. As part of our commercial operations we seek to systematically consider potential sponsors within key product categories and we pursue a mix of global and regional sponsorship arrangements. We have had success at developing our sponsor base with significant agreements currently in place with AIG, Aon, Nike and a number of global, regional, mobile and supplier sponsors. As part of our commercial operations we also seek to utilise digital media and participate in international tours to engage and transact with our global fan base.
- ***Well invested stadium and facilities:*** Over the last 16 years we have made significant investments at Old Trafford to expand capacity and improve the facilities available at the stadium. We have developed a number of hospitality suites and added several entertainment facilities and restaurants. We increased the capacity of Old Trafford from approximately 44,000 in 1994 to 75,797 today. Despite this increase in capacity, average attendance for Premier League matches has remained approximately 99% for each season since the 1997/98 season. We believe that the sustained utilisation levels for Old Trafford are linked to the quality of the Old Trafford experience. We also believe that Old Trafford is one of the premier stadiums in the world and the investments that we have made have significantly contributed to the continued increase in matchday revenues. Old Trafford also operates as a venue for other sports, concerts, entertainment, conferences and other events, providing us with incremental revenue beyond our core football operations.
- ***Highly developed and professional football infrastructure:*** We have a highly developed and professional club infrastructure. Our manager is supported by our assistant team manager and club secretary who in turn are supported by a number of individuals, including coaching staff, fitness trainers and physiotherapists. We have a broad base of coaching staff, including First Team, reserve team and goalkeeping coaches. We have a professional network of scouts who evaluate players generally for the team as well as for specific positions and age groups. We also invest significant resources to develop younger players through our Youth Academy. Since 1992, a number of our past and current First Team players have come through the Youth Academy, including Ryan Giggs, Paul Scholes, David Beckham, Gary Neville, John O'Shea, Wes Brown and Darren Fletcher.
- ***Experienced management team and committed owners:*** Underpinning all of our strengths is our experienced and motivated management team. Our management team has a broad range of experience and expertise covering professional football management, stadium management and commercial, financial, entertainment, football and regulatory matters. Our management team is supported by our owners who have a proven track record in the sports sector and are committed to the further development of our club.

Strategy

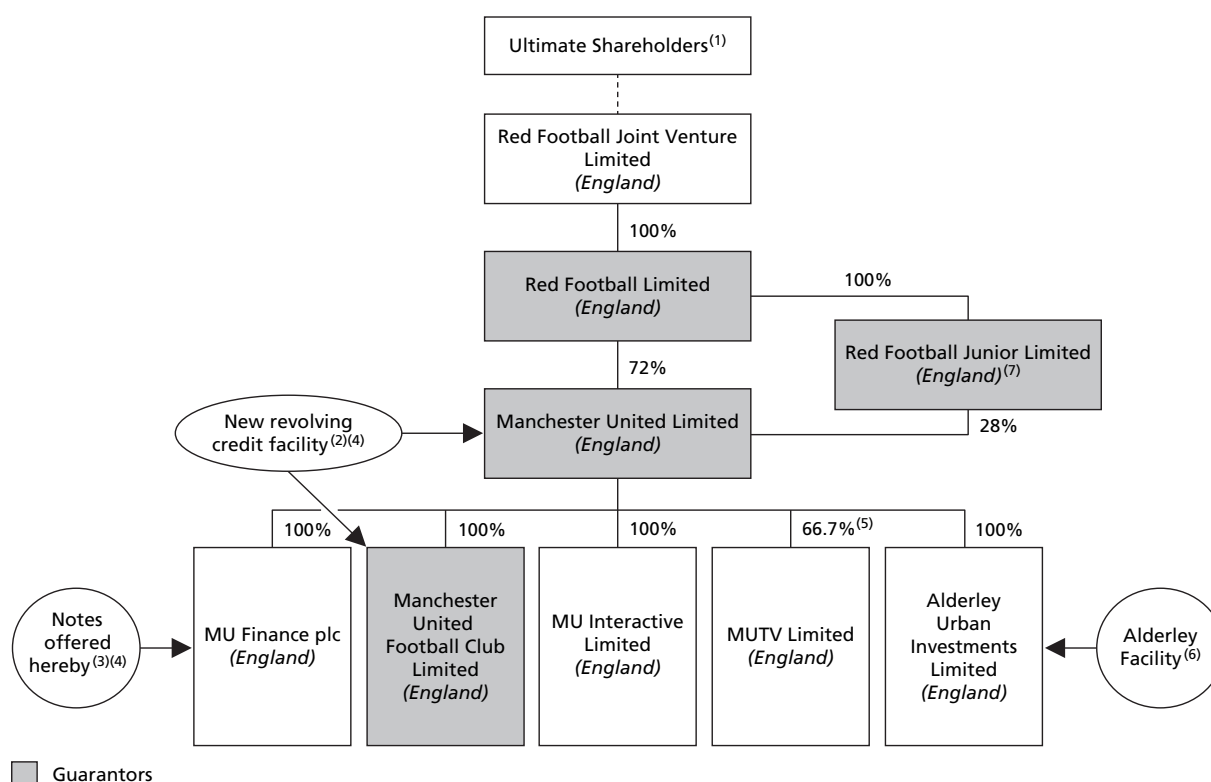
Our goal is to maintain and build on our leading position as one of the top global football clubs and to increase our revenue, profitability and free cash flow generation. The key elements of our strategy in this regard are set out below.

- ***Continue the consistent success of the First Team:*** We aim to maintain and build upon the historical success of our First Team by continuing to seek to attract some of the best players in the world and committing significant resources to developing the highest quality players through our Youth Academy. We intend to support these efforts by continuing to provide state of the art training facilities and a world class coaching team.
- ***Develop our fan base:*** We will continue to seek to build on our core fan base, which, according to research conducted by TNS Sport in 2007, consists of 139 million people globally. To broaden our fan base we will seek to build upon the historical success of our First Team and to further raise our profile through promotional tours. We will continue to develop our customer relationship management programme and to use the information that we gather from that programme to tailor our products and services to meet the demands of our fans. We also aim to deepen our engagement with our fans through our digital media assets.
- ***Develop our commercial sponsorship portfolio:*** With continued investment in our commercial operations and infrastructure, we will continue to drive commercial revenues by leveraging the Manchester United brand. The strong appeal of the Manchester United brand and the club's global fan base provide us with the opportunity to develop and enhance our commercial relationships. We are confident that significant sponsorship demand exists and believe that there are eight to ten sectors that play an active role in global sponsorship, with key opportunities existing in the energy, information technology, mobile handsets and airlines industries. We have global, regional, mobile and supplier sponsors in a number of key sectors and we believe there is significant potential to expand this platform by achieving growth in existing categories and selectively targeting companies within categories less typically associated with sports sponsorship.
- ***Enhance the value proposition of the Old Trafford matchday experience:*** We will continue to seek to improve the Old Trafford experience whilst keeping ticket prices at a level where they are regarded by fans as value for money. When setting future ticket prices, our goal is to meet demand across the fan spectrum and maintain attendance at or near full capacity. In the context of the quality of the Old Trafford experience and levels of demand, we believe that our current ticket prices reflect good value. To maintain demand for tickets, we plan to increase the mix of experiences available at each game by providing a range of options from general admission tickets to multi-seat facilities and hospitality suites that incorporate food, beverage and other services. We have made significant investments at Old Trafford over the last 16 years and we will continue to focus on improvements to further enhance the experience for our supporters.
- ***Own and control our brand and key assets:*** We intend to continue to preserve and expand our control of revenue generating assets. In 2007, we purchased ITV plc's 33.3% share in MUTV Limited (**MUTV**) to bring our total interest to 66.7%. We have also sought to exert greater control over the content of our website, *www.manutd.com*. In order to enhance the global reach of our brand, we intend to continue to invest significantly in developing an experienced and motivated commercial team. We will also continue to work with our sponsors to grow the value of our brand.
- ***Enhance the value of our media rights and digital media assets:*** We believe significant value resides in live sports content. This value is underpinned by demand from broadcasters, advertisers and consumers. We will continue to work with other teams, governing bodies and organisations in the industry to increase revenues from the sale of rights to Premier League and European cup matches. We will also continue to develop our digital media assets which

are an important means by which we engage and transact with our global fan base. Our website, *www.manutd.com*, is among the most popular sports team websites in the world and is accessible in multiple languages including Arabic, Chinese, Korean and Japanese. We will seek to further enhance the digital experience for our supporters and further increase the value of our brand through our website. We will also continue to make premium digital content available to mobile devices, and seek to expand our reach to mobile subscribers.

Summary corporate and financing structure

The diagram below shows our corporate and financing structure as at the issue date of the Notes after giving effect to the offering of Notes and application of proceeds therefrom, as described in *"Use of Proceeds"*.



(1) Family trusts affiliated with the Glazer family.

(2) In connection with the offering of Notes, we will enter into a new revolving credit facility that will provide for drawings up to £75 million, which will be undrawn at the issue date.

(3) We are offering £ million % Senior Secured Notes due 2017 and \$ million % Senior Secured Notes due 2017.

(4) The Notes and the new revolving credit facility will initially each be guaranteed on a senior basis by the Guarantors. The new revolving credit facility will also be guaranteed by the Issuer. The guarantees will be subject to contractual and legal limitations and may be released under certain circumstances. See *"Description of the Notes—Guarantees"*. The Notes and the new revolving credit facility will be secured by substantially all of the assets of the Issuer and the Guarantors. Liabilities under the new revolving credit facility and certain hedging obligations will receive priority with respect to any proceeds from the enforcement of security and the guarantees. During the twelve months ended 30 September 2009, the Guarantors represented approximately 96.5% of our consolidated revenues and approximately 99.0% of our EBITDA, and as of 30 September 2009, the Guarantors represented approximately 98.7% of our consolidated total assets.

(5) 33.3% of MUTV is owned by Sky Ventures Limited, a wholly-owned subsidiary of British Sky Broadcasting Group PLC. As at 30 September 2009, £5 million in aggregate principal amount of loan stock was held by Sky Ventures Limited.

(6) In May 2008, we entered into a ten year amortising term loan facility with The Royal Bank of Scotland plc in an aggregate principal amount of £8.0 million that matures in October 2018. The proceeds of the loan facility were used to purchase the Manchester International Freight Terminal, and the loan facility is secured by a mortgage on that property. As at 30 September 2009, £7.7 million was outstanding under this loan facility. See *"Description of Other Indebtedness—Existing Alderley Facility"*.

(7) Red Football Junior Limited was incorporated in order to acquire shares in Manchester United Limited as part of the overall acquisition of Manchester United Limited by Glazer family interests. Red Football Junior Limited is an intermediate holding company and does not engage in any operations.

Certain subsidiaries have been omitted from the above diagram where they are dormant or immaterial in the context of our business.

The Offering

The following summary of the offering contains basic information about the Notes, the guarantees and the security. It is not intended to be complete and it is subject to important limitations and exceptions. For a more complete understanding of the Notes and the guarantees, including certain definitions of terms used in this summary, see "Description of the Notes".

Issuer	MU Finance plc.
Notes offered	£ aggregate principal amount of % Senior Secured Notes due 2017 and \$ aggregate principal amount of its % Senior Secured Notes due 2017.
Issue date	2010.
Maturity date	2017.
Interest payment dates	Semi annually in arrears on each and , commencing 2010. Interest will accrue from the issue date of the Notes.
Denominations	Sterling Notes in denominations of £50,000 and any integral multiple of £1,000 in excess of £50,000. Dollar Notes in denominations of \$100,000 and any integral multiple of \$1,000 in excess of \$100,000. Notes in denominations of less than £50,000 or \$100,000, as the case may be, will not be available.
Ranking of the Notes	The Notes will be the general obligations of the Issuer and: • will be <i>pari passu</i> in right of payment with all existing and future indebtedness of the Issuer that is not subordinated in right of payment to the Notes; • will rank senior in right of payment to all of existing and future indebtedness of the Issuer that is subordinated in right of payment to the Notes; • be unconditionally guaranteed by the Guarantors; • will be effectively subordinated to all existing and future indebtedness of the Issuer that is secured by liens senior to the liens securing the Notes, or secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness; and • will be effectively subordinated to all obligations of the subsidiaries of the Parent that do not guarantee the Notes.
Guarantees	The Issuer's obligations under the Notes and the indenture will be guaranteed by Red Football Limited, Red Football Junior Limited, Manchester United Limited and Manchester United Football Club Limited (collectively, the Guarantors).

Ranking of the guarantees	<p>The guarantee of each Guarantor will be a general obligation of such Guarantor and:</p> <ul style="list-style-type: none"> • will be <i>pari passu</i> in right of payment with all existing and future indebtedness of such Guarantor that is not subordinated in right of payment to such Note Guarantee; • will rank senior in right of payment to all of existing and future indebtedness of such Guarantor that is subordinated in right of payment to such Note Guarantee; and • will be effectively subordinated to any existing and future indebtedness of such Guarantor that is secured by liens senior to the liens securing such Note Guarantee or secured by property and assets that do not secure such note guarantee, to the extent of the value of the property and assets securing such indebtedness.
Security	<p>The Notes will be secured by a first-ranking lien over all of the shares in, and a first-ranking lien over substantially all of the property and assets of, the Issuer and the Guarantors (excluding our training ground). See <i>"Description of the Notes—Security"</i>.</p>
Optional redemption	<p>The Issuer may redeem all or part of the Sterling Notes and/or the Dollar Notes on or after 2013 at the redemption prices as described under <i>"Description of the Notes—Optional Redemption"</i>.</p> <p>Prior to 2013, the Issuer may redeem all or part of the Sterling Notes and/or Dollar Notes by paying a "make whole" premium as described under <i>"Description of the Notes—Optional Redemption"</i>.</p> <p>Prior to 2013, the Issuer may on one or more occasions use the net proceeds of specified equity offerings to redeem up to 35% of the principal amount of each of the Sterling Notes and the Dollar Notes at a redemption price equal to % of the principal amount of the Sterling Notes and % of the principal amount of the Dollar Notes, in each case, plus accrued and unpaid interest and additional amounts, if any, up to the redemption date, provided that at least 65% of the original principal amount of each of the Sterling Notes and the Dollar Notes remains outstanding after the redemption.</p>
Additional amounts; tax redemption	<p>All payments in respect of the Notes or with respect to any Note Guarantee will be made without withholding or deduction for any taxes or other governmental charges, except to the extent required by law. If withholding or deduction is required by law, subject to certain exceptions, the Issuer, the relevant Guarantor or other</p>

payor, as applicable, will pay additional amounts so that the net amount you receive is no less than that which you would have received in the absence of such withholding or deduction. See *"Description of the Notes—Additional Amounts"*. The Issuer may redeem the Notes in whole, but not in part, at any time, upon giving prior notice, if certain changes in tax law impose certain withholding taxes on amounts payable on the Notes, and, as a result, the Issuer or a guarantor is required to pay additional amounts with respect to such withholding taxes. If the Issuer decides to exercise such redemption right, it must pay you a price equal to the principal amount of the Notes plus interest and additional amounts, if any, to the date of redemption. See *"Description of the Notes—Redemption for Changes in Taxes"*.

Original issue discount	The Notes may be issued with original issue discount (OID) for US federal income tax purposes. If the Notes are issued with more than de minimis original issue discount, in addition to the stated interest on the Notes, US Holders (as defined under <i>"Taxation—US Taxation"</i>) of Notes issued with OID will be required to include the amounts representing the OID in gross income (as ordinary income) generally on a constant yield basis in advance of receipt of the cash payments to which such income is attributable, regardless of the US Holder's regular method of accounting for US federal income tax purposes. For a discussion of the material tax consequences of an investment in the Notes, see <i>"Tax Considerations—US Taxation"</i> .
Change of control	If the Issuer experiences a change of control, it will be required to offer to repurchase the Notes at 101% of their principal amount plus accrued interest to the date of such repurchase. See <i>"Description of the Notes—Repurchase at the Option of Holders—Change of Control"</i> .
Certain covenants	<p>The Issuer will issue the Notes under the indenture. The indenture will limit, among other things, the ability of the Parent and its restricted subsidiaries to:</p> <ul style="list-style-type: none"> • incur or guarantee additional indebtedness and issue certain preferred stock; • pay dividends, redeem capital stock and make certain investments; • make certain other restricted payments; • create or permit to exist certain liens; • enter into sale and leaseback transactions; • impose restrictions on the ability of our subsidiaries to pay dividends or make other payments to us;

- transfer, lease or sell certain assets including subsidiary stock;
- merge or consolidate with other entities;
- enter into certain transactions with affiliates; and
- impair the security interests for the benefit of the holders of the Notes.

Each of these covenants is subject to a number of significant exceptions and qualifications. See *"Description of the Notes—Certain covenants"* and the related definitions.

Transfer restrictions	The Notes and the guarantees have not been, and will not be, registered under the US Securities Act or the securities laws of any other jurisdiction. The Notes are subject to restrictions on transfer and may only be offered or sold in transactions that are exempt from or not subject to the registration requirements of the Securities Act. See <i>"Notice to Investors"</i> and <i>"Plans of Distribution"</i> .
Absence of a public market for the Notes	The Notes will be new securities for which there is currently no market. Although the initial purchasers have informed us that they intend to make a market in the Notes, they are not obligated to do so and they may discontinue market making at any time without notice. Accordingly, we cannot assure you that a liquid market for the Notes will develop or be maintained.
Listing	Application has been made to have the Notes admitted for trading on the Euro MTF Market, and to list the Notes on the official list of the Luxembourg Stock Exchange.
Trustee and Principal Paying Agent	The Bank of New York Mellon, acting through its London Branch.
Listing agent, Luxembourg paying agent and transfer agent	The Bank of New York Mellon (Luxembourg) S.A.
US Registrar and US paying agent	The Bank of New York Mellon, New York.
Security agent	J.P. Morgan Europe Limited.
Governing law of the Indenture, Notes and Note Guarantees	The State of New York.
Governing law of the Security Documents	England and Wales.

Summary Historical Financial Information

The summary financial information provided below has been derived from our consolidated financial statements as at and for the years ended 30 June 2007, 2008 and 2009, which were audited by PricewaterhouseCoopers LLP, and our unaudited condensed consolidated interim financial information as at and for the three month periods ended 30 September 2008 and 2009, each of which has been prepared in accordance with UK GAAP using the same accounting principles and on the same basis. Our interim results are not necessarily indicative of results to be expected for the full year.

The consolidated financial information for the twelve month period ended 30 September 2009 has been derived from our consolidated annual financial statements for the year ended 30 June 2009 and our condensed consolidated financial information for the three month periods ended 30 September 2009 and 2008. While this information represents a full twelve month period, the results are not necessarily indicative of results to be expected for a full financial year and may be materially different from our annual results.

You should read this summary historical financial information section along with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements included elsewhere in this offering memorandum.

Consolidated Income Statement Data

(£ thousands)	Year ended 30 June			Twelve months ended 30 September 2009	Three months ended 30 September	
	2007	2008	2009		2008	2009
Turnover: Group and share of joint venture . . .	212,189	257,116	278,476	288,888	47,266	57,678
Less: share of joint venture	(2,108)	(877)	—	—	—	—
Group turnover	210,081	256,239	278,476	288,888	47,266	57,678
<i>Analysed as:</i>						
Matchday turnover	92,562	101,468	108,799	111,911	16,463	19,575
Media turnover	61,484	90,723	99,735	104,385	14,015	18,665
Commercial turnover	56,035	64,048	69,942	72,592	16,788	19,438
	210,081	256,239	278,476	288,888	47,266	57,678
Operating expenses—other	(201,476)	(254,823)	(268,289)	(273,718)	(57,793)	(63,222)
<i>Analysed as:</i>						
Staff costs	(92,310)	(121,080)	(123,120)	(125,564)	(26,924)	(29,368)
Other operating expenses	(40,895)	(54,284)	(63,265)	(64,579)	(11,604)	(12,918)
Depreciation	(9,086)	(8,720)	(8,875)	(8,798)	(2,221)	(2,144)
Amortisation of players' registrations	(24,252)	(35,481)	(37,641)	(39,389)	(8,197)	(9,945)
Amortisation of goodwill	(34,933)	(35,258)	(35,388)	(35,388)	(8,847)	(8,847)
	(201,476)	(254,823)	(268,289)	(273,718)	(57,793)	(63,222)
Operating expenses—exceptional items	(1,436)	(490)	(837)	—	(837)	—
Total operating expenses	(202,912)	(255,313)	(269,126)	(273,718)	(58,630)	(63,222)
Group operating profit/(loss)	7,169	926	9,350	15,170	(11,364)	(5,544)
<i>Analysed as:</i>						
Group turnover	210,081	256,239	278,476	288,888	47,266	57,678
Staff costs and other operating expenses . . .	(133,205)	(175,364)	(186,385)	(190,143)	(38,528)	(42,286)
Operating expenses—exceptional items	(1,436)	(490)	(837)	—	(837)	—
Group operating profit before depreciation and amortisation of players' registrations and goodwill (EBITDA)	75,440	80,385	91,254	98,745	7,901	15,392
Amortisation and depreciation	(68,271)	(79,459)	(81,904)	(83,575)	(19,265)	(20,936)
	7,169	926	9,350	15,170	(11,364)	(5,544)

(£ thousands)	Year ended 30 June			Twelve months ended 30 September 2009	Three months ended 30 September	
	2007	2008	2009		2008	2009
Group operating profit/(loss)	7,169	926	9,350	15,170	(11,364)	(5,544)
Share of operating (loss)/profit in:						
Joint Venture	(292)	2	—	—	—	—
Associate	19	91	—	—	—	—
Total operating profit/(loss): Group and share of joint venture and associate	6,896	1,019	9,350	15,170	(11,364)	(5,544)
Profit on disposal of associate	—	1,209	—	—	—	—
Profit on disposal of players	11,760	21,831	80,724	85,774	1,262	6,312
Profit/(loss) before interest and taxation	18,656	24,059	90,074	100,944	(10,102)	768
Net interest payable	(42,977)	(45,496)	(41,889)	(40,382)	(11,079)	(9,572)
(Loss)/profit on ordinary activities before taxation	(24,321)	(21,437)	48,185	60,562	(21,181)	(8,804)
Taxation	(1,532)	(5,072)	(22,681)	(21,897)	351	1,135
(Loss)/profit on ordinary activities after taxation	(25,853)	(26,509)	25,504	38,665	(20,830)	(7,669)
Equity minority interests	—	254	83	(34)	76	(41)
(Loss)/profit for the financial year/period	(25,853)	(26,255)	25,587	38,631	(20,754)	(7,710)

Consolidated Balance Sheet Data

(£ thousands)	At 30 June			At 30 September 2009
	2007	2008	2009	
Fixed assets				
Intangible assets—goodwill	451,489	421,453	386,065	377,218
Intangible assets—players' registrations	123,091	92,739	113,406	110,858
Tangible assets	251,958	260,784	253,206	253,052
Investments	281	—	—	—
	826,819	774,976	752,677	741,128
Current assets—other	253,255	273,803	291,078	297,332
Cash at bank and in hand	62,129	49,745	150,530	146,583
Creditors—amounts falling due within one year	(82,009)	(72,494)	(98,248)	(82,829)
Net current assets	233,375	251,054	343,360	361,086
Total assets less current liabilities	1,060,194	1,026,030	1,096,037	1,102,214
Creditors—amounts falling due after more than one year	(530,365)	(519,779)	(509,734)	(509,883)
Net noncurrent assets—other	(70,532)	(74,110)	(130,796)	(144,485)
Net assets	459,297	432,141	455,507	447,846
Total shareholders' funds	459,297	435,002	458,451	450,749
Minority interests	—	(2,861)	(2,944)	(2,903)
Capital employed	459,297	432,141	455,507	447,846

Consolidated Cash Flow Data

(£ thousands)	Year ended 30 June			Three months ended 30 September	
	2007	2008	2009	2008	2009
Net cash inflow/(outflow) from operating activities	87,643	88,195	111,186	(3,271)	13,906
Net cash outflow from returns on investments and servicing of finance	(27,631)	(58,682)	(40,512)	(5,077)	(3,695)
Taxation received/(paid)	2,329	(205)	236	—	—
Net cash (outflow)/inflow from capital expenditure and financial investment	(20,995)	(43,021)	40,178	(27,777)	(14,086)
Net cash outflow from acquisitions and disposals	(4,717)	(921)	—	—	—
Net cash inflow/(outflow) from financing	19,471	2,250	(10,303)	(50)	(72)
Increase/(decrease) in net cash in the year/period	56,100	(12,384)	100,785	(36,175)	(3,947)

Other Financial Data

(£ thousands)	Year ended 30 June			Twelve months ended 30 September 2009	Three months ended 30 September	
	2007	2008	2009	2009	2008	2009
EBITDA ⁽¹⁾	75,440	80,385	91,254	98,745	7,901	15,392
Adjusted EBITDA ⁽²⁾	76,876	80,875	94,126	100,780	8,738	15,392

(1) EBITDA is not a uniformly or legally defined financial measure. We define EBITDA as Group operating profit before depreciation and amortisation of players' registrations and goodwill. Like many of our competitors, we present EBITDA because we believe it to be an important supplemental measure of our performance and believe it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Our EBITDA figures are not, however, necessarily comparable to other companies' EBITDA figures, as each is calculated in its own way and must be read in conjunction with the explanations that accompany it. EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for an analysis of our results as reported under UK GAAP. Some of these limitations are:

- EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;
- EBITDA does not reflect changes in, or cash requirements for, our working capital needs;
- EBITDA does not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments, on our debts;
- although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and EBITDA does not reflect any cash requirements that would be required for such replacements; and
- the fact that other companies in our industry may calculate EBITDA differently than we do, which limits its usefulness as a comparative measure.

Because of these limitations, you should not consider EBITDA to be a measure of cash available to us to invest at our discretion in the growth of our business.

(2) We present Adjusted EBITDA as a further supplemental measure of our performance. We prepare Adjusted EBITDA by adjusting EBITDA to eliminate the impact of items we do not consider to be indicative of our ongoing operating performance. We encourage you to evaluate each adjustment and the reasons we consider it appropriate as a method of supplemental analysis. In evaluating Adjusted EBITDA, you should be aware that, as an analytical tool, Adjusted EBITDA is subject to all of the limitations applicable to EBITDA. In addition, you should be aware that we may incur expenses similar to the adjustments in this presentation in the future and adjust those expenses in a way appropriate to arrive at a future Adjusted EBITDA result. You should not infer from our presentation of Adjusted EBITDA that our future results will be unaffected by unusual or non-recurring items.

Adjusted EBITDA is calculated by deducting certain income and gains and by adding certain items of expense and losses from or to EBITDA, that we believe are not indicative of our underlying operating performance. These items include significant gains and losses realised on the disposals of fixed assets, investments or businesses, restructuring expenses and other exceptional items which, in our opinion, are not indicative of our fundamental operating performance.

(£ thousands)	Years ended 30 June			Twelve months ended 30 September 2009	Three months ended 30 September	
	2007	2008	2009		2008	2009
EBITDA	75,440	80,385	91,254	98,745	7,901	15,392
Add: Operating expenses—exceptional items ^(a)	1,436	490	837	—	837	—
Other non-recurring items ^(b) :						
Add: Consultancy fees ^(c)	—	—	2,900	2,900	—	—
Less: Rates rebate received ^(d)	—	—	(865)	(865)	—	—
Adjusted EBITDA	76,876	80,875	94,126	100,780	8,738	15,392

(a) Operating expenses—exceptional items have been disclosed as exceptional operating expenses in our annual or interim financial statements.

(b) Other non-recurring items are those other items we do not consider to be indicative of our ongoing operating performance, which have not been included in (a) above.

(c) Consultancy fees represent a one time fee paid to SLP Partners, LLC (SLP), a company owned indirectly by our ultimate shareholders, pursuant to a consultancy agreement that Manchester United Limited entered into on 30 June 2009. See "Related Party Transactions".

(d) The amount represents a rebate of rates previously paid and charged to the income statement in prior periods, which has been rebated following a transitional relief claim.

Pro Forma Financial Information and Ratios Data

(£ millions)	At 30 September 2009
Pro forma cash and liquid assets ⁽¹⁾	116.6
Pro forma gross indebtedness ⁽²⁾	512.7
Pro forma net indebtedness ⁽³⁾	396.1
Pro forma adjusted net indebtedness ⁽⁴⁾	466.1

(£ millions)	Twelve months ended 30 September 2009
Pro forma interest expense ⁽⁵⁾	46.3
Ratio of adjusted EBITDA to pro forma interest expense	2.2 to 1
Ratio of pro forma adjusted net indebtedness to Adjusted EBITDA	4.6 to 1

(1) Pro forma cash and liquid assets represents total cash at bank and in hand of £146.6 million as at 30 September 2009, adjusted to give effect to this offering of Notes and the application of proceeds as described in "Use of Proceeds".

Of our pro forma cash and liquid resources of £116.6 million as at 30 September 2009, we may, without restriction, make a distribution or loan of up to £70.0 million to our immediate parent company, Red Football Joint Venture Limited, that may, in turn, use the proceeds of that loan for general corporate purposes, including repaying existing indebtedness. See "Description of the Notes—Certain Covenants—Restricted Payments".

(2) Pro forma gross indebtedness of £512.7 million represents total debt of £519.7 million as at 30 September 2009, adjusted for the Notes offered hereby of £500.0 million and the repayment of our existing senior credit facilities of £507.0 million.

Pro forma gross indebtedness excludes any liabilities relating to our interest rate hedging agreements to hedge the interest costs on our existing senior credit facilities, which we will crystallise as at the closing date of the offering of Notes. The mark-to-market value of these hedging arrangements as at 6 January 2010 was a liability of approximately £35 million and we expect that we will make aggregate payments to such counterparties to reduce the liability by approximately £8 million.

Pro forma gross indebtedness assumes that the £75 million new revolving line of credit is undrawn.

(3) Pro forma net indebtedness is pro forma gross indebtedness minus pro forma cash and liquid assets.

(4) Pro forma adjusted net indebtedness represents pro forma net indebtedness excluding £70.0 million of cash that we may, without restriction, distribute or loan to our immediate parent.

(5) Pro forma interest expense represents interest expense on gross indebtedness for the twelve months ended 30 September 2009 after giving pro forma effect to the offering of Notes, the implementation of the new revolving credit facility, the repayment of our existing senior credit facility and the crystallisation of the "other creditor or liability" owed to our hedging counterparties.

Pro forma interest expense was calculated on the basis of certain assumptions as to interest rates. Pro forma interest expense has been presented for illustrative purposes only and does not purport to represent what our interest expense would have actually been had the repayment of our existing credit facilities, the issuance of the Notes and the crystallisation of the hedging liability occurred on the date assumed, nor does it purport to project our interest expense for any future period or our financial condition at any future date.

A ¼ percent increase in the assumed interest rate on the Notes would increase pro forma interest expense by £1.3 million.

Risk Factors

An investment in the Notes involves a high degree of risk. In addition to the other information contained in this offering memorandum, you should carefully consider the following risk factors before purchasing the Notes. The risks and uncertainties we describe below are not the only ones we face. Additional risks and uncertainties of which we are not aware or that we currently believe are immaterial may also adversely affect our business, financial condition or results of operations. If any of the possible events described below occurs, our business, financial condition or results of operations could be materially and adversely affected. If that happens, we may not be able to pay interest or principal on the Notes when due and you could lose all or part of your investment.

Risks relating to our business

We are dependent upon the performance and popularity of the First Team

Our revenues and, therefore, our ability to meet our obligations under the Notes, is dependent upon the performance and popularity of the First Team. Significant sources of revenue are the result of strong performances in domestic and European competitions, specifically the Football Association (FA) Premier League sponsored by Barclays (the **Premier League**), the FA Challenge Cup sponsored by E.ON (the **FA Cup**), the Football League Cup sponsored by Carling (the **League Cup**), the UEFA Champions League (the **Champions League**) and the UEFA Europa League (the **Europa League**). Our income varies significantly depending on the First Team's participation and performance in these competitions. First Team performance affects all three of our primary areas of revenue:

- matchday revenue through ticket sales;
- media revenue through the frequency of broadcast appearances and performance-based share of league broadcast revenues and prize money; and
- commercial and sponsorship revenue through merchandising and sponsorship revenues.

The First Team is currently playing in the Premier League. Our revenue from the sale of broadcasting rights, tickets and hospitality would fall considerably if the First Team were relegated from (or otherwise ceased to play in) the Premier League. In addition, our sponsorship contract with Nike has performance criteria pursuant to which the amount payable to us is dependent on the performance of the First Team.

Although the First Team has been relegated from the top division only once since 1938, in the 1974/75 season, the First Team could be relegated again. Relegation or a decline in the success of the First Team, particularly in consecutive seasons, would negatively affect our ability to attract or retain talented players and coaching staff, as well as supporters and key sponsors, and would materially adversely affect our business, our results of operations and our financial condition.

European competitions cannot be relied upon as a source of future income

During the 2008/09 season, our participation in the Champions League generated significant revenues. Qualification for the Champions League is dependent upon the First Team's performance in the Premier League and, in some circumstances, the Champions League itself in the previous season. Qualification for the Champions League cannot, therefore, be guaranteed. Failure to qualify for the Champions League would result in a material reduction in revenues for each season in which the First Team did not participate.

In addition, the number of places available to the clubs of each national football association in Europe can vary from year to year based on a ranking system. If the performance of English clubs in Europe declines, the number of places available to English clubs may fall and it may be more difficult for the First Team to qualify in future seasons. Furthermore, the rules governing

qualification for European competitions (whether at the European or national level) may change and make it more difficult for the First Team to qualify in future seasons.

If the First Team does not qualify for the Champions League in a particular season (or, under the current rules, if it qualifies but finishes third in the group stage, thereby failing to progress to the latter stages of the competition), it may qualify for a place in the Europa League, which would generate revenue from ticket sales and from our share of broadcast revenue generated from the sale of broadcasting rights. However, qualification for the Europa League would generate significantly less revenue than qualification for the Champions League. In addition, there is no guarantee that the First Team will qualify for the Europa League in any season.

Moreover, because of the prestige associated with participating in the European competitions and especially the Champions League, failure to qualify for any European competition, particularly for consecutive seasons, would negatively affect our ability to attract or retain talented players and coaching staff, as well as supporters and sponsors.

Negotiation of certain broadcasting contracts is outside our control and those contracts may change in the future

For the year ended 30 June 2009, 88.7% of our media revenues was generated from broadcasting rights for Premier League and Champions League matches. Contracts for these broadcasting and certain other revenues for those competitions are negotiated centrally by the Premier League and UEFA, respectively. We are not a party to such contracts and may not have any direct influence on the outcome of contract negotiations. As a result, we may be subject to broadcasting rights contracts with broadcasters with whom we may not otherwise contract or broadcast rights contracts that are not as favourable to us as we might otherwise be able to negotiate individually with broadcasters. For example, Setanta, which acquired the rights to broadcast certain Premier League matches through the 2009/10 season, entered into administration in June 2009. Those broadcasting rights have since been acquired by ESPN. While we believe that the transfer of the broadcasting rights to ESPN will not result in materially different aggregate revenue from Premier League broadcasting, future contracts negotiated by the Premier League or UEFA may result in unfavourable terms or broadcasters. Furthermore, the limited number of bidders for Premier League and Champions League broadcasting rights may result in reduced prices paid for those rights.

Although agreement has been reached for the sale of domestic broadcasting rights until the end of the 2012/13 football season, and for the Champions League until the end of the 2011/12 football season, subsequent agreements may not maintain our current level of broadcasting revenues. Future intervention by the European Commission may also have a material adverse effect on our revenues from broadcasting rights. For example, the European Commission raised competition concerns during the period when British Sky Broadcasting Group PLC (**Sky**) had exclusive broadcast rights for Premier League football games. If the European Commission were to intervene in the Premier League's negotiations with broadcasters, it could negatively affect the amount paid for future Premier League broadcasting rights, and, as a result, our revenues from the sale of those rights.

Our business is dependent upon our ability to attract and retain key personnel

We are highly dependent on members of our management, coaching staff, including our manager, Sir Alex Ferguson, and players. Our success is highly dependent on their performance and, to a lesser degree, the behaviour of players and staff on and off the pitch. Our ability to attract and retain the highest quality players and coaching staff is critical to the First Team's success in league and cup competitions and, consequently, critical to our financial performance. Any successor to our manager may not be as successful as he has been. A downturn in the performance of the First Team may adversely affect our ability to attract and retain such coaches and players. In addition, our popularity in certain countries or regions may depend, at least in part, on fielding certain players from those countries or regions. While we enter into employment contracts with each of our key personnel with the aim of securing their services

for the term of the contract, the retention of their services for the full term of the contract cannot be guaranteed.

An increase in the relative size of salaries or transfer costs could adversely affect our business

Our success depends on our ability to employ and retain the highest quality players and coaching staff. As a result, we are obliged to pay salaries generally comparable to our main competitors in England and Europe. Over the past three years, salaries for players and coaching staff have increased significantly. If there is a continued increase in the level of salaries paid to top players and coaching staff in general, we may be required to increase the salaries we pay to avoid losing key members of the playing and coaching staff. Further increases in salaries may adversely affect our results of operations.

Other factors, such as the proposed increase in the rate of income taxation or other changes to taxation in the United Kingdom and the relative strength of the pound, may make it more difficult to attract top players and coaching staff from Europe or require us to pay higher salaries to compensate for higher taxes or less favourable exchange rates. In addition, if our revenues fall and salaries remain stable (for example as a result of fixed player or coaching staff salaries over a long period), our salary costs would increase relative to our revenues, which would have a material adverse effect on our results of operations.

An increase in transfer fees would require us to pay more than expected for the acquisition of players' registrations in the future, although the effect of these increased costs may be mitigated by our ability to sell the registrations of existing players at increased prices. However, if the increase in transfer fees occurred at a time when we were looking to buy rather than sell players, there is a risk that net transfer costs could increase, resulting in a reduction in the amount of cash available for us to meet our obligations. Net transfer costs could also increase if levies imposed by the *Fédération Internationale de Football Association (FIFA)*, the Premier League or any other organisation in respect of the transfer of players' registrations were to increase.

Weak economic conditions in the United Kingdom and elsewhere may negatively affect our business

Weak economic conditions in the United Kingdom, where most of our First Team matches are played and a significant portion of our merchandise is sold, and the effect of rising unemployment and lower corporate profits may have a negative impact on our business, as these conditions affect personal disposable income and corporate marketing and hospitality budgets. For the 2009/10 season, reduced demand for executive and box seats has resulted in approximately 16% of those facilities (by value) remaining unsold as at 30 September 2009, compared with just over 12% unsold at the same stage in the 2008/09 season. Continued weak economic conditions may adversely affect our matchday and media revenues and could eventually affect our commercial and sponsorship revenues, each of which could have a material adverse effect on our business and results of operations.

It may not be possible to replace key commercial agreements on similar terms, or at all

A significant portion of our revenue is generated from commercial agreements with our sponsors. These agreements have fixed terms, which expire before the maturity of the Notes. When these contracts do expire, we may not be able to replace them with contracts on similar terms or at all. Our most important commercial contracts include:

- our sponsorship contract with Nike, which expires on 31 July 2015;
- our new shirt sponsorship contract with Aon, which expires on 30 June 2014; and
- multi-year contracts with other global, regional, mobile and supplier sponsors representing industries including financial services, automotive, beverage, timepiece, betting and telecommunications, which expire prior to the maturity of the Notes.

If we fail to renew or replace these key commercial agreements on similar or better terms, we could experience a material reduction in our commercial and sponsorship revenues. Such a reduction could have a material adverse effect on our overall revenues and our ability to continue to compete with the top clubs in England and Europe.

We are exposed to credit-related losses in the event of non-performance by counterparties to our key commercial and transfer contracts

We derive our commercial and sponsor revenues from certain corporate sponsors, including Nike, Aon and other global, regional, mobile and supplier sponsors. The substantial majority of these revenues are derived from a limited number of companies. We are also exposed to other clubs globally for the payment of transfer fees on players. Some of these fees are paid to us in instalments. A change in credit quality at one of our sponsors or a club to whom we have sold a player can increase the risk that such counterparty is unable or unwilling to pay amounts owed to us. The failure of one of our sponsors or a club to pay outstanding amounts owed to us could have a material adverse effect on our results of operations.

We depend on our matchday supporters, who are concentrated in the United Kingdom

A significant amount of our income derives from ticket sales to our supporters who attend First Team matches at Old Trafford and our share of gate receipts from cup matches. In particular, the income generated from ticket sales at Old Trafford will be highly dependent on the continued attendance at matches of our individual and corporate supporters. Match attendance is influenced by a number of factors, some of which are partly or wholly outside of our control. These factors include the success of the First Team, ticket prices, broadcasting coverage and general economic conditions which affect personal disposable income and corporate marketing and hospitality budgets. A reduction in matchday attendance could have a material adverse effect on our matchday revenues and our overall business.

We face strong competition from other football clubs

We face strong competition from other football clubs in England and Europe. In the Premier League, recent investment from wealthy team owners has led to teams with strong financial backing. As the Premier League continues to grow, the interest of wealthy potential owners may increase, leading to additional clubs substantially increasing their financial strength. Competition from European clubs also remains strong. Other European football clubs are spending substantial sums on transfer fees and player salaries. Competition from inside and outside the Premier League has led to higher salaries for our players as well as increased competition on the field. The increase in competition could result in our First Team finishing lower in the Premier League than we have in the past and jeopardising our qualification for or results in the Champions League. Competition within England could also cause our First Team to fail to advance in the FA Cup and League Cup. All of the above factors could materially adversely affect our matchday, media and commercial revenues and our overall business.

Recently-proposed UEFA restrictions could adversely affect our business

As the primary governing body of European football, UEFA continually evaluates the dynamics in the football industry and considers changes to the regulatory framework governing European football clubs. As an example, UEFA has proposed certain spending restrictions on clubs participating in the Champions League and Europa League competitions. Known as the “financial fair play” initiative, the proposed restrictions would, among other things, disqualify from European competitions any club whose costs and capital expenditures on players exceed its revenues over a three year period. These rules are intended to discourage clubs from continually operating at a loss. There is a risk that, in conjunction with increasing player salaries and transfer fees, the financial fair play initiative could limit our ability to acquire or retain top players and, therefore, materially adversely affect the performance of our First Team.

We could be adversely affected by current and other future Premier League, FA, UEFA or FIFA regulations

Future changes to the Premier League, FA, UEFA or FIFA regulations may adversely affect our results of operations. These regulations could cover various aspects of our business, such as the format of competitions, the eligibility of players, the operation of the transfer market and the division of broadcasting income. In particular, changes to football regulations designed to promote competition could have a significant impact on our business. Such changes could include changes to the distribution of broadcasting income, changes to the relegation structure of English football and restrictions on player spending, such as the introduction of a player draft system or salary caps. In addition, rules designed to promote the development of local players, such as the Home Player Rule, which requires each Premier League club to include at least eight “home grown” players on their squads, could limit our ability to select players. Any of these changes could make it more difficult for us to acquire top quality players and, therefore, adversely affect the performance of our First Team.

Changes in the format of the league and cup competitions in which the First Team plays, or might in the future play, could have a negative impact on our results of operations. In addition, in the event that new competitions were introduced to replace existing competitions (for example, a European league), our results of operations may be adversely affected. In particular, if such a change in format or structure resulted in a decrease in the number of home fixtures played, or if the allocation of gate receipts, broadcasting income and other revenues in the competitions in which the First Team plays were to change, our results of operations could be materially adversely affected.

We are currently involved in disputes with the former clubs of three young players transferred to Manchester United, two of which relate to claims made under FIFA regulations and the other of which relates to a claim under that club’s home country regulations. See “*Business—Litigation*”.

Serious injuries or losses to playing staff may not be adequately compensated for by insurance payments

Injuries to members of the playing staff, particularly if career-ending, could have a detrimental effect on our business. Such injuries could have an adverse effect upon the First Team’s performance and may also result in a loss of the income that would otherwise have resulted from a transfer of that player’s registration. Our strategy is to maintain a squad of First Team players sufficient to mitigate the risk of player injuries. In addition to mitigating against injuries, we insure against the loss (but not injuries received from playing football) of members of the First Team squad. However, our strategy may not be sufficient to mitigate all financial losses in the event of an injury, and the replacement cost of any individual player may not be fully covered by insurance. Furthermore, although some national football associations, such as the FA, do provide insurance for members of our First Team while playing for their home country, our insurance policies do not cover our players during those periods and, under the rules of FIFA, national football associations are not obliged to provide insurance cover for players on international duty.

Failure to renew our insurance policies would expose us to significant losses

When our insurance policies (including business interruption insurance) expire, it may not be possible to renew them on the same terms, or at all. In such circumstances, some of our businesses and/or assets may be uninsured. If any of these uninsured businesses or assets were to suffer damage, we could suffer a financial loss. Our most valuable tangible asset is Old Trafford. An inability to renew insurance policies covering Old Trafford and other valuable assets could expose us to significant losses.

Certain regulations to which we are subject have the effect of automatically prioritising payments to certain third parties in certain circumstances

We are subject to, amongst other things, special insolvency or bankruptcy-related rules of the Premier League and the FA. Those rules empower the Premier League board to direct certain payments otherwise due to us to the FA and its members, associate members and affiliates, certain other English football leagues, and certain other entities if it is reasonably satisfied that we have failed to pay certain creditors including other football clubs, the Premier League and the Football League. A further discussion of the Premier League rules relating to creditors is contained in the section of this offering memorandum entitled “*The Football Industry*”.

These creditors will, by virtue of the Premier League rules, be, in effect, preferred to other of our creditors, including holders of the Notes.

If we experience financial difficulty, we could also face sanctions under the Premier League rules, including suspension from the Premier League, the Champions League, the FA Cup and certain other competitions, the deduction of league points from us in the Premier League or Football League and loss of control of player registrations.

As a result, if we experience financial difficulty, the Premier League could prevent us from playing, thereby cutting off our income from ticket sales and putting many of our other sources of revenue at risk, which would materially adversely affect our financial condition and our ability to meet our obligations under the Notes.

Fluctuations in exchange rates may adversely affect our results of operations

Our functional and reporting currency is the pound sterling and substantially all of our costs are denominated in pounds sterling. However, media revenues from our participation in the Champions League as well as certain other revenues are generated in euro. In addition, we have modest transactional currency exposure against the US dollar relating to commercial revenue from certain sponsors. In the year ended 30 June 2009, 15.2% of our total revenues were generated in currencies other than the pound sterling. We enter into foreign exchange contracts to hedge much of this transactional exposure. The effects of these hedges are accounted for in our total revenues. We net the value of our non-sterling revenues and the value of the corresponding hedge before including such amounts in our overall revenues. Our consolidated results of operations will fluctuate due to movements in exchange rates.

Piracy and illegal live streaming may adversely impact our media and digital content revenues

A significant portion of our total revenues derives from media revenues generated by the broadcasting of our matches on pay and free television channels as well as content delivered over the internet and through our own television channel, MUTV. In recent years, piracy and illegal live streaming of subscription content over the internet has caused, and is continuing to cause, lost revenue to broadcasters showing our matches. If these trends increase or continue unabated, they could pose a risk to subscription television services. The result could be a reduction in the value of our share of football broadcasting rights and of our online and MUTV services, which could materially adversely affect our business and results of operations.

We depend on trademarks and intellectual property

We rely on certain trademarks and intellectual property to protect our proprietary rights, in particular the value of our brand and logo. The existence of complex factual and legal issues may give rise to uncertainty as to the validity, scope and enforceability of a particular trademark, other intellectual property or contractual right. In addition, the laws of certain countries in which we license our brand and conduct operations may not protect proprietary rights to the same extent as those in the United Kingdom, the rest of Europe and the United States. We have applied for trademarks and other protections in a number of jurisdictions in Europe, Asia, Africa, North America and South America. However, our intellectual property, and in particular our brand and logo, remain potential targets for piracy and other illegal

exploitation and infringement. If we were to fail or be unable to protect, maintain and enforce our existing intellectual property, we could lose our exclusive right to use such property in the promotion, marketing and conduct of our business.

There may be a risk of terrorist activities targeting our club and Old Trafford

We are one of the highest profile sports clubs in the world with a global fan base. Our First Team regularly tours the world for promotional matches, visiting various countries in Asia, the Middle East and Africa. Some of those countries have a history of terrorism and civil unrest. As such, our club and our players could be potential targets of terrorism when visiting those countries. In addition, Old Trafford is an iconic stadium and a potential target for terrorism. We insure against certain acts of terrorism and other disasters and use security screening to protect fans and visitors to Old Trafford. However, our preventative measures and insurance policies may not adequately protect us or compensate us from terrorist activities or other disasters. Any terrorist act inflicted against our club, our players or Old Trafford or other disaster could have a material adverse effect on our First Team, our ability to attract players and our ability to attract supporters to Old Trafford.

There could be a decline in the popularity of football

There can be no assurance that football will retain its popularity as a sport and its status in the United Kingdom as the so-called “national game”, together with the associated levels of media coverage. If any such fall in popularity does occur, our business and results of operations may be materially adversely affected, which would include a reduction in the level of ticket sales, lower broadcasting revenue, reduced sponsorship income, a reduction in the value of players or a combination of one or more of these.

Risks relating to our debt and the Notes

Our significant indebtedness could adversely affect our financial health and prevent us from fulfilling our obligations under these Notes

We have a significant amount of indebtedness. On 30 September 2009, as adjusted to give effect to the issuance of the Notes and the application of proceeds therefrom, we would have had total indebtedness of £512.7 million (of which £500 million would have consisted of the Notes and the balance would have consisted of other indebtedness of our subsidiaries, Alderley Urban Investments Limited and MUTV Limited, neither of which are Guarantors). In addition, we will have liabilities to other creditors under our existing hedging obligations. See “Use of Proceeds.”

Our significant indebtedness could have important consequences for you. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to the Notes;
- increase our vulnerability to general adverse economic and industry conditions;
- require us to dedicate a substantial portion of our cash flow from operations to make payments on our indebtedness, thereby reducing the availability of our cash flow to fund the hiring and retention of talented players and coaching staff, working capital, capital expenditures and other general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the football industry;
- affect our ability to compete for talented players and coaching staff; and
- limit our ability to borrow additional funds.

In addition, the indenture governing the Notes and our new revolving credit facility will contain certain restrictive covenants and our new revolving credit facility will contain certain financial maintenance covenants. These covenants will limit our ability to engage in certain

activities that may be in our long-term best interests. Our failure to comply with those covenants could result in an event of default under the indenture governing the Notes and/or our new revolving credit facility which, if not cured or waived, could result in the acceleration of all of our indebtedness.

Despite current indebtedness levels, we and our subsidiaries may still be able to incur more debt, which could further exacerbate the risks associated with our significant leverage

We and our subsidiaries may be able to incur additional indebtedness in the future. Neither the terms of the indenture governing the Notes nor our new revolving credit facility prohibit us or our subsidiaries from incurring more indebtedness. Our new revolving credit facility would permit additional borrowing of up to £75 million after completion of this offering and those borrowings would rank *pari passu* with the Notes and the guarantees. If new debt is added to our current debt levels, the related risks that we and they now face could intensify. See “Description of Other Indebtedness—New revolving credit facility”.

We may not have our new revolving credit facility in place at the time of the issuance of the Notes, which could limit our ability to borrow additional cash

In conjunction with the issuance of the Notes, we intend to enter into a new revolving credit facility that would permit additional borrowing of up to £75 million. While we have executed mandate letters in anticipation of this facility with the proposed lenders, there is a risk that this facility will not be in place at the time of the issuance of the Notes. If we are unable to put this facility in place, we may be limited in our ability to borrow additional cash to meet our liquidity needs, including servicing our indebtedness.

To service our indebtedness, we will require a significant amount of cash, and our ability to generate cash depends on many factors beyond our control

Our ability to make payments on and to refinance our indebtedness, including the Notes, and to fund planned capital expenditures will depend on our ability to generate cash in the future. This, to a certain extent, is subject to the performance and popularity of our First Team as well as general economic, financial, competitive, regulatory and other factors that are beyond our control. See “—We are dependent upon the performance and popularity of the First Team” above.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness, including the Notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the Notes, on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness, including our new revolving credit facility and the Notes, on commercially reasonable terms or at all.

An existing PIK loan of the direct holding company of the Parent subjects us to certain restrictions

Red Football Joint Venture Limited, the direct holding company of the Parent, is party to a payment-in-kind loan agreement. Neither we nor any of our subsidiaries are party to the PIK loan agreement. However, pursuant to the PIK loan agreement, Red Football Joint Venture Limited agrees to procure the compliance of its subsidiaries with certain covenants contained in the PIK loan agreement. These include:

- restrictions on the incurrence of debt;
- restrictions on dividends and restricted payments;
- restrictions on disposals;
- restrictions on acquisitions;
- restrictions on transactions with affiliates;

- restrictions on granting security; and
- restrictions on sale of share capital.

These covenants are subject to a number of exceptions. These restrictive covenants may limit our ability to operate our business, which may have a material adverse effect on our results of operations.

Covenants in the indenture governing the Notes and in our new revolving credit facility may restrict our ability to pursue our business strategies

The indenture governing the Notes and our new revolving credit facility will limit our ability, among other things, to:

- incur additional indebtedness;
- pay dividends or make other distributions or repurchase or redeem our stock;
- make investments;
- sell assets, including capital stock of restricted subsidiaries;
- enter into agreements restricting our subsidiaries' ability to pay dividends;
- consolidate, merge, sell or otherwise dispose of all or substantially all of our assets;
- enter into sale and leaseback transactions;
- enter into transactions with our affiliates; and
- incur liens.

Our ability to comply with these covenants and restrictions may be affected by events beyond our control. If we breach any of these covenants or restrictions, we could be in default under the Notes and our new revolving credit facility. This would permit the lending banks under our new revolving credit facility to take certain actions, including declaring all amounts that we have borrowed under our new revolving credit facility and other indebtedness to be due and payable, together with accrued and unpaid interest. This would also result in an event of default under the indenture governing the Notes. The lending banks could also refuse to extend further credit under the revolving credit facility. If the debt under our new revolving credit facility, the Notes or any other material financing arrangement that we enter into were to be accelerated, our assets may be insufficient to repay in full the Notes and our other indebtedness.

The indenture governing the Notes will not prohibit us from selling certain key properties

The indenture governing the Notes will limit our ability to sell or transfer, but not prohibit us from selling or transferring, our training ground facilities and our stadium. Although in the sale or transfer of any of these properties, the transferee will be required to enter into a long-term lease with us to enable us to continue to have substantially the same access to such property as we currently do, if we sell or transfer either or both of these properties, we will no longer control them. The failure by the transferee in respect of either or both of these properties to maintain the properties or to make additional capital expenditures to improve the facilities at such properties could have a material adverse effect on our business and results of operations.

The interests of our ultimate shareholders may be inconsistent with the interests of holders of the Notes

Family trusts affiliated with the Glazer family indirectly own all of the shares of Red Football Limited. As a result, these shareholders have, and will continue to have, directly or indirectly, the power, among other things, to affect our legal and capital structure and our day-to-day

operations, as well as the ability to elect and change our management and to approve other changes to our operations. The interests of our ultimate shareholders could conflict with your interests, particularly if we encounter financial difficulties or are unable to pay our debts when due. In addition, our ultimate shareholders may, in the future, own businesses that directly compete with ours in certain respects or do business with us.

Under the intercreditor agreement, the holders of the Notes will be required to share recovery proceeds with other secured creditors, have certain limitations on their ability to enforce the security documents and have agreed that the collateral may be released in certain circumstances without their consent

The Trustee under the indenture governing the Notes will enter into an intercreditor agreement with, among others, the agents and representatives of the other indebtedness secured by the collateral, including the new revolving credit facility and counterparties to certain hedging obligations. Other creditors may become parties to the intercreditor agreement in the future. Among other things, the intercreditor agreement governs the enforcement of the security documents, the sharing in any recoveries from such enforcement and the release of the collateral by the security agent.

The intercreditor agreement provides that the security agent shall act upon the instructions of the class of secured creditor that first delivers a notice to the security agent, and the agents and representatives of certain other classes of secured creditors may also deliver such notices. The intercreditor agreement further provides that in the event that the classes of creditors entitled to provide enforcement instructions to the security agent provide conflicting instructions, such creditors must, subject to certain exceptions, consult with each other for a period of 30 days before any enforcement action may be taken. Although enforcement instructions given by holders of the Notes will prevail after such 30-day period, if the creditors under our new revolving credit facility and our existing hedging counterparties are not fully repaid within six months after an acceleration of our new revolving credit facility or the Notes, enforcement instructions by the lenders under our new revolving credit facility and our existing hedging counterparties will prevail. These arrangements could be disadvantageous to the holders of the Notes in a number of respects. For example, other creditors not subject to the intercreditor agreement could commence enforcement action against Red Football Limited or its subsidiaries during such period, Red Football Limited or one or more of its subsidiaries could seek protection under applicable bankruptcy laws, or the value of certain collateral could otherwise be impaired or reduced in value.

In addition, lenders under our new revolving credit facility and certain hedging counterparties and lenders or creditors under certain other Indebtedness that we may incur in the future will receive priority to the proceeds from the enforcement of security and the guarantees.

The intercreditor agreement will provide that the security agent may release certain collateral in connection with sales of assets pursuant to a permitted disposal or enforcement sale and in other circumstances permitted by the indenture governing the Notes and the new revolving credit facility. Therefore, such collateral available to secure the Notes could be reduced in connection with the sales of assets or otherwise, subject to the requirements of the financing documents and the Indenture governing the Notes.

Up to £75 million will be available for additional borrowing under our new revolving credit facility after completion of the offering of the Notes. In addition, the indenture governing the Notes and our new revolving credit facility will permit us, in compliance with the covenants in those agreements, to incur additional indebtedness secured by liens on the collateral. Our ability to incur additional debt in the future secured on the collateral may have the effect of diluting the ratio of the value of such collateral to the aggregate amount of the obligations secured by the collateral.

It may be difficult to realise the value of the collateral securing the Notes

The collateral securing the Notes will be subject to any and all exceptions, defects, encumbrances, liens and other imperfections as may be accepted by the security agent and any creditors that also have the benefit of liens on the collateral securing the Notes from time to time, whether on or after the date the Notes are issued. The existence of any such exceptions, defects, encumbrances, liens and other imperfections could adversely affect the value of the collateral securing the Notes as well as the ability of the security agent to realise or foreclose on such collateral.

No appraisals of any collateral have been prepared in connection with the offering of the Notes. The value of the collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers. By their nature, some or all of the pledged assets may be illiquid and may have no readily ascertainable market value. We cannot assure you that the fair market value of the collateral as at the date of this offering memorandum exceeds the principal amount of the debt secured thereby. The value of the assets pledged as collateral for the Notes could be impaired in the future as a result of changing economic conditions, our failure to implement our business strategy, competition and other future trends.

The security interest of the security agent will be subject to practical problems generally associated with the realisation of security interests in collateral. For example, the security agent may be required to obtain the consent of a third party to obtain or enforce a security interest in a contract. We cannot assure you that the security agent will be able to obtain any such consent. We also cannot assure you that the consents of any third parties will be given when required to facilitate a foreclosure on such assets. Accordingly, the security agent may not have the ability to foreclose upon those assets and the value of the collateral may significantly decrease.

Your rights in the collateral may be adversely affected by the failure to perfect security interests in collateral

Applicable law requires that a security interest in certain tangible and intangible assets can only be properly perfected and its priority retained through certain actions undertaken by the secured party and/or the grantor of the security. The liens in the collateral securing the Notes may not be perfected with respect to the claims of the Notes if we or the security agent fails or is unable to take the actions necessary to perfect any of these liens. In addition, applicable law requires that certain property and rights acquired after the grant of a general security interest, such as real property, equipment subject to a certificate and certain proceeds, can only be perfected at or promptly following the time such property and rights are acquired and identified. The Trustee or the security agent for the Notes may not monitor, or we may not comply with our obligations to inform the Trustee or security agent of, any future acquisition of property and rights by us, and the necessary action may not be taken to properly perfect the security interest in such after-acquired property or rights. Such failure may result in the invalidity of the security interest in the collateral or adversely affect the priority of the security interest in favour of the Notes against third parties. The security agent for the Notes has no obligation to monitor the acquisition of additional property or rights by us or the perfection of any security interest.

Your right to receive payments on the Notes could be adversely affected if any of our non-Guarantor subsidiaries declare bankruptcy, liquidate, or reorganise

Some, but not all, of our subsidiaries will guarantee the Notes. If a liquidation or reorganisation of any of our non-Guarantor subsidiaries occurs, holders of their indebtedness and their trade creditors will generally be entitled to payment of their claims from the assets of those subsidiaries before any assets are made available for distribution to the Issuer.

As at 30 September 2009, as adjusted to give effect to the issuance of the Notes and our borrowings under the new revolving facilities, these Notes would have been effectively junior to £12.7 million of indebtedness of our non-Guarantor subsidiaries and approximately £75 million would have been available to those subsidiaries for future borrowing under our new revolving credit facility. Our non-Guarantor subsidiaries generated 3.5% of our consolidated revenues in the twelve-month period ended 30 September 2009.

We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture

If certain specific kinds of change of control events occur, we will be required to offer to repurchase all outstanding Notes at 101% of the principal amount thereof plus accrued and unpaid interest, if any, to the date of repurchase. However, it is possible that we will not have sufficient funds at the time of the change of control to make the required repurchase of Notes. In addition, certain important corporate events, such as leveraged recapitalisations that would increase the level of our indebtedness, would not constitute a change of control under the indenture. See "*Description of the Notes*".

We are subject to English insolvency laws, which pose certain risks for holders of the Notes

The English insolvency statutes empower English courts to make an administration order in respect of an English company. An administration order can be made if the court is satisfied that the relevant company is or is likely to become "unable to pay its debts" and that the administration order is reasonably likely to achieve the purpose of administration. In addition, the holder of a "qualifying floating charge" over the assets of an English company may appoint an administrator out of court, provided such floating charge has become enforceable. In this case the prospective administrator must be satisfied that the purpose of administration is reasonably likely to be achieved. An English company or the directors of such company may also appoint an administrator out of court. The purpose of an administration is comprised of three parts which must be looked at successively: rescuing the company as a going concern or, if that is not reasonably practicable, achieving a better result for the company's creditors as a whole or, if neither of those objectives are reasonably practicable, and the interests of the creditors as a whole are not unnecessarily harmed thereby, realising property to make a distribution to secured or preferred creditors.

The rights of creditors, including secured creditors, are particularly curtailed in an administration. Upon the appointment of an administrator, no step may be taken to enforce security over the company's property, except with the consent of the administrator or leave of the court. The same requirements for consent or leave apply to the commencement or institution of legal process (including legal proceedings, execution, distress or diligence) against the company or property of the company. In either case, a court will consider discretionary factors in determining any application for leave, in light of the hierarchy of statutory objectives of administration described above.

Accordingly, if either the Issuer or a Guarantor incorporated in England were to enter into administration proceedings, the Notes and the guarantees and the related security from the Issuer or such Guarantor could not be enforced while the relevant company was in administration, without the leave of the court or consent of the administrator. There can be no assurance that the security agent would obtain this leave of the court or consent of the administrator.

In addition, an administrator is given wide powers to conduct the business and, subject to certain requirements under the Insolvency Act 1986, dispose of the property of a company in administration.

However, the general prohibition against enforcement by secured creditors without consent of the administrator or leave of the Court, and the administrators' powers with respect to floating and other security, do not apply to any security interest created or arising under a financial

collateral arrangement within the meaning of the Financial Collateral Agreements (No. 2) Regulations 2003 (UK). A financial collateral arrangement includes (subject to certain other conditions) a pledge over shares in a company, where both the collateral provider and collateral taker are non-natural persons.

Under English insolvency law, the liquidator or administrator of a company may, among other things, apply to the court to unwind a transaction entered into by such company, if such company was unable to pay its debts (as defined in section 123 of the Insolvency Act) at the time of, or as a result of, the transaction and enters into liquidation or administration proceedings within two years of the completion of the transaction. A transaction might be subject to a challenge if it was entered into by a company "at an undervalue", that is, it involved a gift by the company or the company received consideration of less value than the benefit given by such company. However, a court generally will not intervene if a company entered into the transaction in good faith for the purpose of carrying on its business and at the time it did so there were reasonable grounds for believing the transaction would benefit such company. We believe that the Notes will not be issued on terms which would amount to a transaction at an undervalue, that the offering is in good faith for the purposes of carrying on our business and that there are reasonable grounds for believing that the transaction will benefit us. However, there can be no assurance that the issuance of the Notes will not be challenged by a liquidator or administrator or that a court would support our analysis.

Similarly, a liquidator or administrator of a Guarantor incorporated in England could apply to the court to unwind the issuance of its guarantee if such liquidator or administrator believed that issuance of such guarantee constituted a transaction at an undervalue. The analysis of such a claim would generally be the same as set out above in relation to our issuance of the Notes. We believe that each guarantee will not be provided in a transaction at an undervalue and that each note guarantee will be provided in good faith for the purposes of carrying on the business of each Guarantor incorporated in England and its subsidiaries and that there are reasonable grounds for believing that the transactions will benefit each such Guarantor. However, there can be no assurance that the provision of the guarantees will not be challenged by a liquidator or administrator or that a court would support our analysis.

If the liquidator or administrator can show that we or one of our Guarantors have given "preference" to any person within six months of the onset of liquidation or administration (or two years if the preference is to a "connected person") and, at the time of the preference, we or that Guarantor were technically insolvent or became so as a result of the preferential transaction, a court has the power, among other things, to void the preferential transaction. For these purposes, a company gives preference to a person if that person is one of the company's creditors (or a surety or guarantor for any of the company's debts or liabilities) and the company takes an action which has the effect of putting that person into a position which, in the event of the company going into insolvent liquidation, will be better than the position that person would have been in if that thing had not been done. The court may not make an order avoiding a preferential transaction unless it is satisfied that the company was influenced by a desire to put that person in a better position. This provision of English insolvency law may affect transactions entered into or payments made by us or any of our Guarantors during the relevant period prior to our or its liquidation or administration.

In addition, if it can be shown that a transaction entered into by an English company was made for less than fair value and was made to shield assets from creditors, then the transaction may be set aside as a transaction defrauding creditors. Any person who is a "victim" of the transaction, and not just liquidators or administrators, may assert such a claim. There is no statutory time limit within which a claim must be made and the company need not be insolvent at the time of the transaction.

If either the Issuer or a Guarantor were to commence administration proceedings, the Notes and the guarantees and the related security from the Issuer or such Guarantor could not be enforced while the relevant company was in administration.

The holder of a qualifying floating charge that has been created since 15 September 2003 over all or substantially all of the assets of an English company can generally no longer appoint an administrative receiver of that company. There is, however, an exception to this rule that applies to certain capital markets transactions that are expected to incur at least £50 million of debt.

Any interest accruing under or in respect of the Notes for any period from the date of commencement of administration or liquidation proceedings, to the extent not fully covered by the assets securing the Notes, could be recovered by holders of the Notes only from any surplus remaining after payment of all other debts provided in the proceeding and interest accrued but was unpaid up to the date of the commencement of the proceeding.

Under English insolvency law, certain preferential claims, including unpaid contributions to occupational pension schemes in respect of the twelve month period prior to insolvency and unpaid employees' remuneration in respect of the four month period prior to insolvency, will, while ranking behind the claims of holders of fixed security, rank ahead of floating charges. In addition, a prescribed part of floating charge realisations (being 50% of the first £10,000 of net realisations and 20% of the net realisations hereafter, up to a maximum of £600,000) is required to be set aside for the benefit of unsecured creditors and, as such, ranks ahead of the relevant floating charge.

If an active trading market does not develop for these Notes you may not be able to resell them

These Notes have not been registered under the Securities Act. Accordingly, the Notes may only be offered or sold pursuant to an exemption from the registration requirements of the Securities Act or pursuant to an effective registration statement. Prior to this offering, there was no public market for the Notes and, although the Notes are expected to be listed for trading on the Euro MTF Market, we cannot assure you that an active trading market will develop for the Notes. If no active trading market develops, you may not be able to resell your Notes at their fair market value or at all. Future trading prices of the Notes will depend on many factors, including, among other things, prevailing interest rates, our operating results and the market for similar securities.

The funds raised in this offering may not be adequate to meet all of our needs and we may have to seek additional financing

We currently believe that the net proceeds of this offering and the commitments under our new revolving credit facility will be sufficient to meet our currently anticipated capital and debt service requirements for the next 12 months. We currently project that our cash flows from operations will be sufficient to meet our ongoing capital requirements and to pay the interest on our outstanding debt. However, if our cash flows from operations are less than projected, or if our future expenses are higher than we currently estimate, we will require additional debt or equity financing in amounts that could be substantial.

The type, timing and terms of any future financing will depend on our cash needs and the prevailing conditions in the financial markets. We cannot assure you that any future financing will be available to us at any given time or as to the reasonableness of the terms on which any future financing may be available. We cannot assure you that our current projection of cash flow from operations (which will depend upon numerous future factors and conditions, many of which are outside of our control) will be accurate. Projections are merely estimates of future events and actual events will probably vary from current estimates, possibly materially. We cannot assure you that any additional financing will be available to us on commercially reasonable terms or at all.

Investors in the Notes may have limited recourse against our independent auditors

See “*Independent Auditors*” for a description of the independent auditors’ reports, including language limiting the accountants’ scope of responsibility in relation to such reports and the financial statements to which they relate. In particular, in respect of the audit reports relating to the annual financial statements reproduced herein, PricewaterhouseCoopers LLP, in accordance with guidance issued by the Institute of Chartered Accountants in England and Wales, provides: “This report, including the opinion, has been prepared for and only for the Company’s members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing”.

Investors in the Notes should understand that these statements are intended to disclaim any liability to parties (such as purchasers of the Notes) other than the members of the company with respect to those reports. In the context of the offering of the Notes, our accountants have reconfirmed to us that they do not intend their duty of care to extend to any party other than those to whom their reports were originally addressed (i.e. to the members of Red Football Limited).

The US Securities and Exchange Commission would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act, or in a report filed under the Securities Exchange Act. If a US court (or any other court) were to give effect to the language quoted above, the recourse that investors in the Notes may have against the independent auditors based on their reports or the consolidated financial statements to which they relate could be limited. The extent to which auditors have responsibility or liability to third parties is unclear under the laws of many jurisdictions, including the United Kingdom, and the legal effect of these statements in the audit reports is untested. The inclusion of the language referred to above, however, may limit the ability of holders of the Notes to bring any action against our auditors for damages arising out of an investment in the Notes.

Use of Proceeds

The £500 million proceeds of the Notes will be used to refinance existing debt, reduce the liabilities to our hedging counterparties and for general corporate purposes.

The following table sets out the sources and uses for this offering of the Notes:

(£ millions)	Sources	Uses
Notes ⁽¹⁾	500	Repayment of existing senior credit facilities 507
Cash	30	Partial payment of existing interest rate hedging liabilities ⁽²⁾ 8
		Estimated fees and expenses 15
Total	530	Total 530

(1) On the closing date of the offering of the Notes, approximately £400 million of the proceeds of the offering will be loaned to Red Football Joint Venture Limited, the immediate parent company of Red Football Limited, on an interest-free basis from Manchester United Limited, which will then subsequently be passed to Red Football Limited by way of a capital contribution. This loan from Manchester United Limited to Red Football Joint Venture Limited will remain outstanding.

(2) In connection with the offering of the Notes and the repayment of our existing senior credit facilities, the terms of our existing interest rate hedging arrangements will be modified. The mark-to-market value of these hedging arrangements as at 6 January 2010 was a liability of approximately £35 million. In connection with the modifications to our existing hedging arrangements, we will crystallise the liability owed to our hedging counterparties as at the date of issue of the offering of Notes and we expect that we will make aggregate payments to such counterparties to reduce the liabilities by approximately £8 million. The amount of such liability and payments to our hedging counterparties will depend on changes in the mark-to-market value between 6 January 2010 and the closing date of the offering of Notes. In the event we increase the payments to our hedging counterparties, we will use available cash to fund such payments.

Capitalisation

The following table sets out, on a consolidated basis, our cash and liquid resources and our capitalisation as at 30 September 2009, on a historical basis and as adjusted to give effect to this offering of Notes and the application of proceeds as described in *"Use of Proceeds"*. The table should be read in conjunction with *"Use of Proceeds"*, *"Management's Discussion and Analysis of Financial Condition and Results of Operations"*, our consolidated financial statements and the related notes appearing elsewhere in this offering memorandum, and *"Description of Other Indebtedness"*.

£ millions	At 30 September 2009	
	Actual	As adjusted
Cash and liquid resources ⁽¹⁾	146.6	116.6
Borrowings:		
Senior credit facilities ⁽²⁾	507.0	—
Alderley Facility ⁽³⁾	7.7	7.7
MUTV loan stock ⁽⁴⁾	5.0	5.0
Notes offered hereby ⁽⁵⁾	—	500.0
Total borrowings ⁽⁶⁾	519.7	512.7
Capital employed ⁽⁷⁾⁽⁸⁾	447.8	847.8
Total capitalisation ⁽⁹⁾	967.5	1,360.5

(1) Cash and liquid resources include cash at bank and in hand and deposits held at call with banks. Of our cash and liquid resources of £116.6 million as at 30 September 2009, as adjusted to give effect to the offering of the Notes and the application of proceeds therefrom, we may, without restriction, make a distribution or loan of up to £70.0 million to our immediate parent company, Red Football Joint Venture Limited, that may, in turn, use the proceeds of that loan for general corporate purposes, including repaying existing indebtedness. See *"Description of the Notes—Certain Covenants—Restricted Payments"*.

(2) At 30 September 2009, our existing senior credit facilities were comprised of the following:

£ millions	At 30 September 2009
Term loan A	59.2
Term loan B	148.9
Term loan C	148.9
Term loan D	150.0
	507.0

The amounts shown here are the gross amounts due under our existing senior credit facilities. Under UK GAAP, borrowings are disclosed net of debt issue costs of £5 million.

(3) In May 2008, we entered into a ten year amortising term loan facility with The Royal Bank of Scotland plc in an aggregate principal amount of £8.0 million that matures in October 2018. The proceeds of the loan facility were used to purchase the Manchester International Freight Terminal, and the loan facility is secured by a mortgage on that property. As at 30 September 2009, £7.7 million was outstanding under this loan facility. See *"Description of Other Indebtedness—Alderley Facility"*.

(4) 33.3% of MUTV is owned by Sky Ventures Limited, a wholly-owned subsidiary of Sky. As at 30 September 2009, £5 million in aggregate principal amount of loan stock was held by Sky Ventures Limited.

(5) Reflects the issuance of £500 million senior secured notes.

(6) In relation to our existing senior credit facilities, we entered into interest rate hedging agreements to hedge the interest costs on a notional amount of £450 million. Under these hedging arrangements, we receive floating rate LIBOR in exchange for paying a fixed rate of approximately 5.08%. In connection with the offering of the Notes and the repayment of our existing senior credit facilities, the terms of and the amounts outstanding under these hedging arrangements will be modified. The mark-to-market value of these hedging arrangements as at 6 January 2010 was a liability of approximately £35 million.

We will crystallise the liability owed to our hedging counterparties as at the closing date of the offering of Notes and we expect that we will make aggregate payments to such counterparties to reduce the liabilities by approximately £8 million. The amount of the remaining liability will be reflected on our balance sheet in future periods as an "other creditor or liability" and is not reflected in the above table. The amount of the remaining liability will be amortised on a straight-line basis over the next six years.

(7) Represents total shareholders' funds less minority interests.

(8) On the closing date of the offering of the Notes, approximately £400 million of the proceeds of the offering will be loaned to Red Football Joint Venture Limited on an interest-free basis from Manchester United Limited, which will then subsequently be passed to Red Football Limited by way of a capital contribution.

(9) There has been no material change in our capitalisation since 30 September 2009, other than as reflected above.

Selected Historical Financial Information

The selected financial information provided below has been derived from our consolidated financial statements as at and for the years ended 30 June 2007, 2008 and 2009, which were audited by PricewaterhouseCoopers LLP, and our unaudited condensed consolidated interim financial information as at and for the three month periods ended 30 September 2008 and 2009, each of which has been prepared in accordance with UK GAAP using the same accounting principles and on the same basis. Our interim results are not necessarily indicative of results to be expected for the full year.

The consolidated financial information for the twelve month period ended 30 September 2009 has been derived from our consolidated annual financial statements for the year ended 30 June 2009 and our condensed consolidated financial information for the three month periods ended 30 September 2009 and 2008. While this information represents a full twelve month period, the results are not necessarily indicative of results to be expected for a full financial year and may be materially different from our annual results.

You should read this summary historical financial information section along with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements included elsewhere in this offering memorandum.

Consolidated Income Statement Data

(£ thousands)	Year ended 30 June			Twelve months ended 30 September 2009	Three months ended 30 September	
	2007	2008	2009		2008	2009
Turnover: Group and share of joint venture . . .	212,189	257,116	278,476	288,888	47,266	57,678
Less: share of joint venture	(2,108)	(877)	—	—	—	—
Group turnover	210,081	256,239	278,476	288,888	47,266	57,678
<i>Analysed as:</i>						
Matchday turnover	92,562	101,468	108,799	111,911	16,463	19,575
Media turnover	61,484	90,723	99,735	104,385	14,015	18,665
Commercial turnover	56,035	64,048	69,942	72,592	16,788	19,438
	210,081	256,239	278,476	288,888	47,266	57,678
Operating expenses—other	(201,476)	(254,823)	(268,289)	(273,718)	(57,793)	(63,222)
<i>Analysed as:</i>						
Staff costs	(92,310)	(121,080)	(123,120)	(125,564)	(26,924)	(29,368)
Other operating expenses	(40,895)	(54,284)	(63,265)	(64,579)	(11,604)	(12,918)
Depreciation	(9,086)	(8,720)	(8,875)	(8,798)	(2,221)	(2,144)
Amortisation of players' registrations	(24,252)	(35,481)	(37,641)	(39,389)	(8,197)	(9,945)
Amortisation of goodwill	(34,933)	(35,258)	(35,388)	(35,388)	(8,847)	(8,847)
	(201,476)	(254,823)	(268,289)	(273,718)	(57,793)	(63,222)
Operating expenses—exceptional items	(1,436)	(490)	(837)	—	(837)	—
Total operating expenses	(202,912)	(255,313)	(269,126)	(273,718)	(58,630)	(63,222)
Group operating profit/(loss)	7,169	926	9,350	15,170	(11,364)	(5,544)
<i>Analysed as:</i>						
Group turnover	210,081	256,239	278,476	288,888	47,266	57,678
Staff costs and other operating expenses . . .	(133,205)	(175,364)	(186,385)	(190,143)	(38,528)	(42,286)
Operating expenses—exceptional items	(1,436)	(490)	(837)	—	(837)	—
Group operating profit before depreciation and amortisation of players' registrations and goodwill (EBITDA)	75,440	80,385	91,254	98,745	7,901	15,392
Amortisation and depreciation	(68,271)	(79,459)	(81,904)	(83,575)	(19,265)	(20,936)
	7,169	926	9,350	15,170	(11,364)	(5,544)

(£ thousands)	Year ended 30 June			Twelve months ended 30 September 2009	Three months ended 30 September	
	2007	2008	2009		2008	2009
Gross operating profit/(loss)	7,169	926	9,350	15,170	(11,364)	(5,544)
Share of operating (loss)/profit in:						
Joint Venture	(292)	2	—	—	—	—
Associate	19	91	—	—	—	—
Total operating profit/(loss): Group and share of joint venture and associate	6,896	1,019	9,350	15,170	(11,364)	(5,544)
Profit on disposal of associate	—	1,209	—	—	—	—
Profit on disposal of players	11,760	21,831	80,724	85,774	1,262	6,312
Profit/(loss) before interest and taxation	18,656	24,059	90,074	100,944	(10,102)	768
Net interest payable	(42,977)	(45,496)	(41,889)	(40,382)	(11,079)	(9,572)
(Loss)/profit on ordinary activities before taxation	(24,321)	(21,437)	48,185	60,562	(21,181)	(8,804)
Taxation	(1,532)	(5,072)	(22,681)	(21,897)	351	1,135
(Loss)/profit on ordinary activities after taxation	(25,853)	(26,509)	25,504	38,665	(20,830)	(7,669)
Equity minority interests	—	254	83	(34)	76	(41)
(Loss)/profit for the financial year/period	(25,853)	(26,255)	25,587	38,631	(20,754)	(7,710)

Consolidated Balance Sheet Data

(£ thousands)	At 30 June			At 30 September 2009
	2007	2008	2009	
Fixed assets				
Intangible assets—goodwill	451,489	421,453	386,065	377,218
Intangible assets—players' registrations	123,091	92,739	113,406	110,858
Tangible assets	251,958	260,784	253,206	253,052
Investments	281	—	—	—
	826,819	774,976	752,677	741,128
Current assets—other	253,255	273,803	291,078	297,332
Cash at bank and in hand	62,129	49,745	150,530	146,583
Creditors—amounts falling due within one year	(82,009)	(72,494)	(98,248)	(82,829)
Net current assets	233,375	251,054	343,360	361,086
Total assets less current liabilities	1,060,194	1,026,030	1,096,037	1,102,214
Creditors—amounts falling due after more than one year	(530,365)	(519,779)	(509,734)	(509,883)
Net noncurrent assets—other	(70,532)	(74,110)	(130,796)	(144,485)
Net assets	459,297	432,141	455,507	447,846
Total shareholders' funds	459,297	435,002	458,451	450,749
Minority interests	—	(2,861)	(2,944)	(2,903)
Capital employed	459,297	432,141	455,507	447,846

Consolidated Cash Flow Data

(£ thousands)	Year ended 30 June			Three months ended 30 September	
	2007	2008	2009	2008	2009
Net cash inflow/(outflow) from operating activities	87,643	88,195	111,186	(3,271)	13,906
Net cash outflow from returns on investments and servicing of finance	(27,631)	(58,682)	(40,512)	(5,077)	(3,695)
Taxation received/(paid)	2,329	(205)	236	—	—
Net cash (outflow)/inflow from capital expenditure and financial investment	(20,995)	(43,021)	40,178	(27,777)	(14,086)
Net cash outflow from acquisitions and disposals	(4,717)	(921)	—	—	—
Net cash inflow/(outflow) from financing	19,471	2,250	(10,303)	(50)	(72)
Increase/(decrease) in net cash in the year/period	56,100	(12,384)	100,785	(36,175)	(3,947)

Management's Discussion and Analysis of Financial Condition and Results of Operations

The following discussion and analysis is based on, and should be read in conjunction with, our consolidated financial statements as at and for the years ended 30 June 2007, 2008 and 2009, which have been prepared in accordance with UK GAAP and included elsewhere in this offering memorandum, and our unaudited condensed consolidated interim financial information for the three month periods ended 30 September 2008 and 2009.

Our consolidated interim financial information has been prepared using the same accounting principles and on the same basis as our annual consolidated financial statements. Our interim results are not necessarily indicative of results to be expected for the full year.

This discussion includes forward looking statements which, although based on assumptions that we consider reasonable, are subject to risks and uncertainties which could cause actual events or conditions to differ materially from those expressed or implied herein. For a discussion of some of those risks and uncertainties, see the sections entitled "Forward Looking statements" and "Risk Factors".

Overview

We are one of the leading football clubs in the world. We have a distinguished tradition and history, a track record of success, one of the strongest and most valuable international sports brands and an extensive global fan base.

For the twelve months ended 30 September 2009, we generated revenues of £288.9 million and EBITDA of £98.7 million. For the year ended 30 June 2009, we generated revenues of £278.5 million and EBITDA of £91.3 million. The primary drivers of our revenue are:

- **Matchday:** We have the largest football club stadium in the United Kingdom with a capacity of 75,797 seats, approximately 15,000 more than the next largest football club stadium. We have approximately 54,000 general admission season ticket holders, each of whom pays for their Premier League tickets in advance of the first game of the season, and 7,500 executive members, each of whom pays for all of their tickets in advance of the first game of the season. In addition, there are approximately 10,000 general admission matchday tickets, a portion of which are offered for sale to our One United club members, and we have approximately 3,000 tickets available for away fans. We have one of the highest capacity utilisations among English clubs. Average attendance for Premier League matches has been approximately 99% for each season since the 1997/98 season. We also derive significant revenues from the sale of hospitality packages, and food, drinks, parking and programmes on matchdays. We host 19 Premier League matches each season and further matches based on the performance and draws of the First Team in domestic and European cup competitions. In each of the last three seasons we hosted at least 29 matches. We also host a number of other events, including friendly football matches, other sporting competitions, concerts, entertainment and similar events. Matchday revenues accounted for 39.1% of our total revenues, or £108.8 million, in the year ended 30 June 2009.
- **Media:** As one of the most popular football clubs in the world, we receive significant revenues from our share of television, internet, mobile and radio rights relating to Premier League, Champions League and domestic cup matches. Historically, we have been among the top English clubs in earnings from those sources. We estimate that, on average, 45 million people globally watch each of our matches. We have also developed a television platform, MUTV, and have our own website and mobile services that deliver premium content to our global fan base and enable us to engage and transact with our fans. Media revenues accounted for 35.8% of our total revenues, or £99.7 million, in the year ended 30 June 2009.

- **Commercial:** According to research conducted by TNS Sport in 2007, we have 139 million core fans and 333 million followers worldwide. This global reach is of significant value to us and our sponsors. We have strong sponsorship relationships with leading international businesses across a range of industries. Our largest sponsorship contract is with Nike, which runs until 2015. Nike supplies our playing kit and manages our global merchandising, licensing and retail operations. Our current shirt sponsor is AIG. In June 2010, Aon will succeed AIG as shirt sponsor on a contract running through the end of the 2013/14 season. We also have a number of global, regional, mobile and supplier sponsors in industries including financial services, automotive, beverage, timepiece, betting and telecommunications. Our sponsorship arrangements provide us with stable and highly visible revenues in the near to medium term. Commercial revenues accounted for 25.1% of our total revenues, or £69.9 million, in the year ended 30 June 2009.

Key factors affecting our results of operations

The following discussion highlights the key factors we believe affect our results of operations.

English and European football media revenues

Substantially all of our operations take place in England, where the First Team competes as a member of the Premier League and in the FA Cup and League Cup competitions. On average, English football matches account for approximately 80% of First Team matches played in a season. In addition, we compete regularly in the Champions League in Europe. Of these competitions, the Premier League is the largest driver of our revenues, while the Champions League provides a second significant source of revenues.

From its creation in 1992, the popularity of the Premier League and overall league revenue have grown significantly, driven largely by the growth in broadcasting revenue, evidenced by a compound annual growth rate for this period of approximately 20% from 1992 to 2009. The current three year live broadcast rights for the Premier League were agreed in 2007. Domestic broadcast rights grew from £442 million to £681 million per year, an increase of 54%. International broadcast rights grew from £108 million to £237 million per year, an increase of 119%. The Premier League has agreed broadcasting rights for the United Kingdom and Ireland for the 2010/11 to 2012/13 seasons.

Growth in overall broadcasting revenue has also been strong for the Champions League, with current rights agreed for approximately €1,100 million per year until 2011/12, representing a 28% increase over the previous agreement. A significant driver for this growth has been an increase in value for broadcasting rights outside Europe.

Largely as a result of Champions League broadcast revenues paid to participating clubs, the financial gap between the clubs at the top end of the Premier League and the rest has widened. This gap results from the top clubs achieving a share of the significant Champions League broadcasting revenues and using those revenues to purchase the best players in Europe and elsewhere. The effect is a kind of “virtuous circle” in which better performance on the pitch results in increased revenues and cash flow which can be used to buy better players. This makes it harder for other clubs to break into the top of the Premier League. In the near term, we believe we will continue to benefit from this polarisation as a top team with consistently strong performance.

First Team performance

Within the overall growth of revenues and popularity for English football, our growth has been further driven by the performance of our First Team across competitions. Better performance of our First Team results in additional Premier League broadcasting revenue from more frequent television appearances and additional performance-based revenues, as well as prize money received from winning competitions, in particular the Champions League. For the Champions League, FA Cup and League Cup, better performances from our First Team will

result in additional games played during the season as the First Team progresses further into each of the tournaments, resulting in additional revenue from the broadcasting of those matches as well as additional matchday revenue from the sale of tickets for additional home matches. For the 2009/10 season, the First Team again qualified for the Champions League by finishing first in the Premier League in the 2008/09 season and, as at the date of this offering memorandum, has qualified through to the round of 16. Below is a breakdown of our First Team's performance in each of these competitions during the past three seasons:

Competition	Season		
	2006/07	2007/08	2008/09
Premier League	Winner	Winner	Winner
FA Cup	Runner up	Quarter-finalist	Semi-finalist
League Cup	Fourth round	Third round	Winner
Champions League	Semi-finalist	Winner	Runner up

Matchday attendance and revenues

Our largest source of revenue derives from matchday attendance and a significant driver of matchday revenues is the number of home games at Old Trafford, which in turn depends upon the progress of our First Team in the FA Cup, League Cup and Champions League. Following an expansion completed for the beginning of the 2006/07 season, Old Trafford has a seating capacity of 75,797, the largest football club stadium in the United Kingdom. This capacity is comprised of approximately:

- 54,000 general admission season tickets;
- 10,000 general admission matchday tickets;
- 8,000 seasonal hospitality tickets (also known as executive tickets);
- 3,000 away fan tickets;
- 300 directors and press tickets; and
- 300 disabled person tickets.

We enjoy a very strong attendance record at Old Trafford. As at 30 September 2009, our fan base includes approximately 54,000 general admission season ticket holders (the highest number in the Premier League), approximately 7,500 executive customers and, as at 31 December 2009, approximately 102,000 One United club members (see *"Business—Fan support and ticket sales"* for additional information on our fan base). We have one of the most nationalised fan bases. According to the National Fan Survey published by the Premier League, our fans travel on average 78 miles to our First Team matches, among the farthest of any club in the Premier League. Average attendance for Premier League matches has been approximately 99% for each of the 2006/07, 2007/08 and 2008/09 seasons, with strong attendance for Champions League, FA Cup and League Cup matches.

In addition, we have been able to consistently increase matchday ticket prices for both general admission and seasonal hospitality seats at levels above the rate of inflation, particularly following the most recent expansion of Old Trafford. In general, we follow a segmented approach for ticket pricing across each of our different seating options, allowing us to enhance the yield from ticket sales and make more efficient use of capacity at Old Trafford. Between the 2006/07 season and the 2008/09 season, weighted average general admission ticket prices for Premier League games increased 8.5% on a compound annual growth rate basis. Furthermore, while other Premier League clubs have experienced a flattening or reduction in ticket prices in response to the economic downturn, we were able to increase aggregate ticket prices for the 2009/10 season by 2.5%. However, while we were able to reach our target of 54,000 general admission season ticket sales for the 2009/10 season, seasonal hospitality tickets

sales remained at 84% sold at 30 September 2009. Over the near term, we expect the market for hospitality tickets to remain challenging.

The following table details certain information in relation to revenue from ticket sales at Old Trafford over the past three seasons:

Competition (£ thousands, except games)	Season					
	2006/07		2007/08		2008/09	
	Games	Revenues	Games	Revenues	Games	Revenues
Premier League	19	60,161	19	66,190	19	68,802
Champions League	6	11,596	6	12,509	6	13,147
FA Cup	4	6,419	3	5,805	1	2,015
League Cup	0	—	1	1,451	4	6,236
Total	29	78,176	29	85,955	30	90,200

The allocation of gate receipts depends on the rules of each competition as described in the section of this offering memorandum entitled *"The Football Industry"*.

Commercial sponsors

Our fastest-growing source of revenue derives from commercial sponsors. Commercial sponsor revenue comprises income from our technical and shirt sponsors, other global, regional, mobile and supplier sponsors, and revenues generated through international promotional tours and the Old Trafford Museum. We earn our commercial revenue with low fixed cost and small incremental cost for each additional sponsor added, making our commercial operations a high margin portion of our business and a key area for which we are targeting future growth.

Our most significant sponsor is Nike, our exclusive playing kit provider and worldwide manager for our merchandising, licensing and retail operations. For the period from 1 July 2006 to 30 June 2010, our contract with Nike will have generated aggregate minimum revenues of £93.0 million and for the remaining five seasons of the contract will generate minimum revenues of £127.0 million, providing a steady revenue stream during that period. In addition, net profits (over and above sponsorship and licensing fees) from the merchandising, licensing and retail operations are shared equally between us and Nike over the life of the contract.

Our second key sponsor is our shirt sponsor. AIG was our exclusive shirt sponsor for each of the past three seasons and remains our shirt sponsor for the 2009/10 season. Revenues from our shirt sponsor were £14.1 million for each of the past three seasons. Beginning in June 2010 and running until the end of the 2013/14 season, Aon will be our exclusive shirt sponsor and will provide annual shirt sponsor revenues of approximately £20 million during that period.

For a description of our contracts with Nike, AIG and Aon, see *"Business—Commercial contracts and sponsorship—Sponsorship negotiated by the club—Technical sponsor"* and *"—Shirt sponsor"*.

The primary area of growth in our commercial sponsors is our other global, regional, mobile and supplier sponsors, which include companies from the financial services, automotive, beverage, timepiece, betting and telecommunications industries. Contracts with these sponsors tend to last two to five years and vary in terms of revenues generated. Total revenues from our global, regional, mobile and supplier sponsors have increased from £11.8 million in 2006/07 to £14.6 million in 2007/08 to £19.5 million in 2008/09. Going forward, our expectation is that these sponsors will be the primary driver of growth in commercial sponsor revenues, comprising a greater percentage of the total in future seasons.

Player and staff compensation

Players and staff compensation comprise the majority of our operating costs. Of our total operating costs, player costs, which consists of wages, bonuses and benefits paid, and

amortisation of players' registrations, is the predominant contributor and primary cost driver. Compensation to staff, which includes our manager and coaching staff, accounts for a significant portion but has remained relatively stable over the past three years. Competition from top clubs in the Premier League and Europe has resulted in significant increases in player and manager salaries, forcing clubs to spend an ever-greater amount on staff compensation. During the 2008/09 season, total compensation to players and staff accounted for 66.1% of our total operating costs excluding amortisation and depreciation.

One metric we use to track player and staff costs is the ratio of total player and staff compensation to total revenues. While total compensation to players and staff has increased steadily over the past three seasons, from £92.3 million in 2006/07 to £121.1 million in 2007/08 to £123.1 million in 2008/09, the ratio has remained below 50% for each season. Driven by growth in our matchday and sponsorship revenues, we believe this ratio is lower than many of our principal competitors in the Premier League and Europe, though in an increasingly competitive market, it may be difficult to maintain this ratio at historic levels without negatively impacting our ability to acquire and retain the best players. Going forward, we expect total compensation to players and staff to increase, particularly wages to players and performance-related bonuses, despite the general economic downturn.

Net player capital expenditure

Net player capital expenditure, which comprises total capital expenditures on transfer fees for acquiring new players less transfer fees received from the sale of existing players, tends to vary significantly from year to year depending on the overall availability of players, our assessment of their relative value and competitive demand for players. Acquisitions and disposals of players are discretionary and we make transfer decisions based upon the requirements of the First Team and the overall availability of players. From the 1997/98 season to the 2008/09 season, average net player capital expenditure was a cash outflow of £13.1 million per season (excluding the sale of a significant player in the 2008/09 season, average net player capital expenditure over the same period would have been a cash outflow of £19.8 million per season). For the 2006/07 season, net player capital expenditure was a cash outflow of £10.6 million, for the 2007/08 season, net player capital expenditure was a cash outflow of £26.4 million, and for the 2008/09 season, net player capital expenditure was a cash inflow of £44.0 million. The current transfer period will run until the end of January 2010, during which time we will evaluate opportunities for acquisitions and disposals of players consistent with past practice.

Capital expenditures at Old Trafford

Old Trafford remains one of our key assets and a significant part of the overall experience we provide to our fans. Old Trafford has been our home stadium since 1910 and has undergone significant changes over the years. To maintain the quality of service, enhance the overall experience for our fans, and enhance matchday revenues, we continually invest in the refurbishment and regeneration of Old Trafford. Following a substantial renovation prior to the 2006/07 season in which we expanded seating capacity from approximately 68,000 to 75,797, we have continued to invest on average approximately £5 million per year into improving facilities such as hospitality and catering. We record these investments as capital expenditures.

Seasonality

Our revenues and costs are subject to seasonal variation, limiting the overall comparability of interim financial periods. In any given interim period, our total revenues can vary based on the number of games played in that period and therefore matchday and media revenues recognised. Similarly, certain of our costs derive from hosting games at Old Trafford, and these costs will also vary based on the number of games played in the period. During the three months ended 30 September 2009, we played five competitive matches at Old Trafford, compared with four in the three months ended 30 September 2008. We historically generate

the most revenue in our second and third financial quarters. However, because of the strong performance of our First Team in the Champions League and domestic cups, which has resulted in significant additional media and matchday revenues, we have generated the most revenue in our fourth financial quarter during the past few seasons.

Currency exchange rates

Our functional and reporting currency is the pound sterling. However, media revenues from our participation in the Champions League as well as certain other revenues are generated in euro. In addition, we have modest transactional currency exposure against the US dollar. In the year ended 30 June 2009, 15.2% of our total revenues were generated in currencies other than the pound sterling. We enter into foreign exchange contracts to hedge much of this transactional exposure. The effects of these hedges are accounted for in our total revenues. We net the value of our non-sterling revenues and the value of the corresponding hedge before including such amounts in our overall revenues.

Description of key revenue items and expenses

Turnover

Turnover represents income receivable from our principal activities excluding transfer fees and value added tax. Turnover is analysed between matchday, media and commercial.

Matchday

Matchday turnover comprises income receivable from all matchday activities from Manchester United games at Old Trafford, including tickets, hospitality, concessions, parking and the sale of programmes, together with our share of gate receipts from cup matches not played at Old Trafford and fees receivable for the team undertaking pre-season tours and for arranging other events at Old Trafford. The share of gate receipts payable to the other participating club and competition organiser for domestic cup matches played at Old Trafford is treated as an operating expense. Matchday turnover also includes revenues from other events hosted at Old Trafford, including other sporting events, concerts, entertainment and similar events.

Media

Media turnover represents income receivable from all United Kingdom and overseas media contracts, including contracts negotiated centrally by the Premier League and UEFA. Income from UEFA is paid in the form of prize money. In addition, media turnover includes income received by the exploitation of our media rights through the internet or mobile applications. Media revenues are generally recorded in the period in which the relevant matches were played.

Premier League performance-based revenues are only recognised when they are known at the end of the football season. UEFA pool distributions relating to participation in the Champions League are spread over the matches played in the competition whilst distributions relating to team performance are recognised to the extent they are certain.

Commercial

Commercial turnover comprises income receivable from the exploitation of our brand through sponsorship and other commercial agreements, including minimum guaranteed income, together with amounts receivable for the use of the conference and catering facilities at Old Trafford on non-matchdays. Any additional income receivable over and above the minimum guaranteed income contained in the sponsorship and licensing agreements is taken to turnover when it is probable that the amounts will not be recouped by the sponsor in the future years. Commercial revenue is recognised on a contractual basis, when it is considered that the contractual basis fairly reflects the level of activity and benefits of the contract.

Total operating expenses

Total operating expenses comprises operating expenses and exceptional items. The key components of operating expenses are the following:

Staff costs

Staff costs comprise salaries, bonuses, appearance fees and benefits paid to players, management, coaches and staff.

Other operating expenses

Other operating expenses include certain variable costs such as matchday catering, policing, security and cleaning at Old Trafford, and costs related to the delivery on media and commercial sponsorship contracts. Other operating expenses also include certain fixed costs, such as operating lease costs and property costs, maintenance, human resources, training and developments costs, and professional fees.

Amortisation and depreciation

Amortisation consists of amortisation of goodwill and transfer fees paid for players' registrations. Amortisation of goodwill reflects a straight-line amortisation of goodwill resulting from the acquisition of Manchester United by Glazer family interests in 2005 and the consolidation of MU Interactive Limited and MUTV. As a result, amortisation of goodwill remains unchanged from year to year and period to period. Transfer fees paid for players' registrations are amortised over the period of employment contract executed with a player. Changes in amortisation of players' registrations from year to year and period to period reflect additional transfer fees paid for the acquisition of players, the impact of contract extensions and the disposal of players registrations.

Depreciation primarily reflects a straight-line depreciation on investments made in tangible fixed assets. Depreciation over the periods under review results primarily from the depreciation of Old Trafford Stadium and in recent years from improvements to Old Trafford completed at the beginning of the 2006/07 season and modest incremental improvements made to Old Trafford over each of the subsequent seasons.

Results of operations

Three months ended 30 September 2008 and 2009

The following table summarises our consolidated results of operations for the three months ended 30 September 2008 and 2009:

	Three months ended 30 September	
(£ thousands)	2008	2009
Group turnover	47,266	57,678
<i>Analysed as:</i>		
Matchday turnover	16,463	19,575
Media turnover	14,015	18,665
Commercial turnover	16,788	19,438
	47,266	57,678
Operating expenses—other	(57,793)	(63,222)
<i>Analysed as:</i>		
Staff costs	(26,924)	(29,368)
Other operating expenses	(11,604)	(12,918)
Depreciation	(2,221)	(2,144)
Amortisation of players' registrations	(8,197)	(9,945)
Amortisation of goodwill	(8,847)	(8,847)
	(57,793)	(63,222)
Operating expenses—exceptional items	(837)	—
Total operating expenses	(58,630)	(63,222)
Group operating loss	(11,364)	(5,544)
<i>Analysed as:</i>		
Group operating profit before depreciation and amortisation of players' registrations and goodwill (EBITDA)	7,901	15,392
Amortisation and depreciation	(19,265)	(20,936)
	(11,364)	(5,544)
Total operating loss	(11,364)	(5,544)
Profit on disposal of players	1,262	6,312
(Loss)/profit before interest and taxation	(10,102)	768
Net interest payable	(11,079)	(9,572)
Loss on ordinary activities before taxation	(21,181)	(8,804)
Taxation	351	1,135
Loss on ordinary activities after taxation	(20,830)	(7,669)
Equity minority interests	76	(41)
Loss for the financial period	(20,754)	(7,710)

Matchday turnover

Matchday turnover for the three months ended 30 September 2009 was £19.6 million, an increase of £3.1 million or 18.9% over £16.5 million for the same period in 2008. This increase was largely a result of our First Team playing five matches at Old Trafford during the first quarter of the 2009/10 season compared with only four matches in the same period of the 2008/09 season. The increase also reflects an aggregate increase to ticket prices of 2.5% compared with the prior period.

Media turnover

Media turnover for the three months ended 30 September 2009 was £18.7 million, an increase of £4.7 million or 33.2% over £14.0 million for the same period in 2008. This increase reflects a greater number of matches played by our First Team during the first quarter of the 2009/10 season compared with same period in the 2008/09 season. The increase also reflects the growth in the overall pool of media revenues from UEFA for participants in the Champions League and an increase in Champions League revenues as a result of favourable movements in the exchange rate between the euro and pound sterling.

Commercial turnover

Commercial turnover for the three months ended 30 September 2009 was £19.4 million, an increase of £2.6 million or 15.8% over £16.8 million for the same period in 2008. This increase was a result of additional sponsorship revenues generated by an increase in the number and value of our other global, regional, mobile and supplier sponsors.

Staff costs

Staff costs for the three months ended 30 September 2009 were £29.4 million, an increase of £2.5 million or 9.1% over £26.9 million for the same period in 2008. This increase was a result of an overall increase in base salaries and benefits for all our staff, driven primarily by players.

Other operating expenses

Other operating expenses for the three months ended 30 September 2009 were £12.9 million, an increase of £2.0 million or 11.3% over £11.6 million for the same period in 2008. This increase was primarily a result of additional operating expenses associated with the extra game played by our First Team at Old Trafford during the first quarter of the 2009/10 season compared with the first quarter of the 2008/09 season.

Profit on disposal of players

Profit on disposal of players for the three months ended 30 September 2009 was £6.3 million, an increase of £5.0 million over £1.3 million for the same period in 2008. This increase was a result of the sale of certain players during the summer transfer window after 1 July 2009 compared with the sale of certain other players during the same period in 2008.

Net interest payable

Net interest payable for the three months ended 30 September 2009 was £9.6 million, a decrease of £1.5 million or 13.6% from £11.1 million for the same period in 2008. This decrease was a result of an overall reduction in LIBOR interest rates in the three months ended 30 September 2009 compared with the same period in 2008, an increase in interest income and a lower principal amount outstanding on our term loan agreement.

Taxation

While we account for taxation in our income statement, we use most of these tax charges to offset gains and losses elsewhere within our UK tax group, with Red Football Shareholder Limited, our indirect parent company, as the ultimate parent of that UK tax group. As a result, we incur lower cash tax charges compared with the charges in our income statement. Our statutory rate of taxation was 28% during each of the three month periods ended 30 September 2008 and 2009. Taxation for the three months ended 30 September 2009 was £1.1 million, an increase of £0.7 million over £0.4 million for the same period in 2008.

Years ended 30 June 2007, 2008 and 2009

The following table summarises our audited consolidated results of operations for the years ended 30 June 2007, 2008 and 2009:

(£ thousands)	Year ended 30 June		
	2007	2008	2009
Turnover: Group and share of joint venture	212,189	257,116	278,476
Less: share of joint venture	(2,108)	(877)	—
Group turnover	210,081	256,239	278,476
<i>Analysed as:</i>			
Matchday turnover	92,562	101,468	108,799
Media turnover	61,484	90,723	99,735
Commercial turnover	56,035	64,048	69,942
	210,081	256,239	278,476
Operating expenses—other	(201,476)	(254,823)	(268,289)
<i>Analysed as:</i>			
Staff costs	(92,310)	(121,080)	(123,120)
Other operating expenses	(40,895)	(54,284)	(63,265)
Depreciation	(9,086)	(8,720)	(8,875)
Amortisation of players' registrations	(24,252)	(35,481)	(37,641)
Amortisation of goodwill	(34,933)	(35,258)	(35,388)
	(201,476)	(254,823)	(268,289)
Operating expenses—exceptional items	(1,436)	(490)	(837)
Total operating expenses	(202,912)	(255,313)	(269,126)
Group operating profit	7,169	926	9,350
<i>Analysed as:</i>			
Group turnover	210,081	256,239	278,476
Staff costs and other operating expenses	(133,205)	(175,364)	(186,385)
Operating expenses—exceptional items	(1,436)	(490)	(837)
Group operating profit before depreciation and amortisation of players' registrations and goodwill (EBITDA)	75,440	80,385	91,254
Amortisation and depreciation	(68,271)	(79,459)	(81,904)
	7,169	926	9,350
Share of operating (loss)/profit in:			
Joint Venture	(292)	2	—
Associate	19	91	—
Total operating profit: Group and share of joint venture and associate	6,896	1,019	9,350
Profit on disposal of associate	—	1,209	—
Profit on disposal of players	11,760	21,831	80,724
Profit before interest and taxation	18,656	24,059	90,074
Net interest payable	(42,977)	(45,496)	(41,889)
(Loss)/profit on ordinary activities before taxation	(24,321)	(21,437)	48,185
Taxation	(1,532)	(5,072)	(22,681)
(Loss)/profit on ordinary activities after taxation	(25,853)	(26,509)	25,504
Equity minority interests	—	254	83
(Loss)/profit for the financial year	(25,853)	(26,255)	25,587

Matchday turnover

Matchday turnover increased steadily from the 2006/07 season to the 2008/09 season due primarily to price increases for general admission tickets as well as hospitality packages. Weighted average ticket prices increased by approximately 8% from 2006/07 to 2007/08 and approximately 6.7% from 2007/08 to 2008/09. Matchday turnover also reflects variances in the number of home matches played, with 29 in the 2006/07 season, 29 in the 2007/08 season, and 30 in the 2008/09 season. As a result, matchday turnover for the year ended 30 June 2008 was £101.4 million, an increase of £8.8 million or 9.6% over £92.6 million for the year ended 30 June 2007. Matchday turnover for the year ended 30 June 2009 was £108.8 million, an increase of £7.4 million or 7.2% over the year ended 30 June 2008.

Media turnover

Media turnover for the year ended 30 June 2008 was £90.7 million, an increase of £29.2 million or 47.6% over £61.5 million for the year ended 30 June 2007. This increase was primarily a result of increased revenues from the Premier League broadcasting rights package agreed in 2007, revenues from winning the Champions League in 2008 and the acquisition of a one-third stake in MUTV in November 2007 and the consolidation of MUTV revenues for part of the year ended 30 June 2008.

Media turnover for the year ended 30 June 2009 was £99.7 million, an increase of £9.0 million or 9.9% over the year ended 30 June 2008. This increase was due to the effects of consolidating MUTV revenues for the full financial year, an increase in prize money from winning the League Cup and an increase in Champions League revenues as a result of a favourable movements in the exchange rate between the euro and pound sterling.

Commercial turnover

Commercial turnover for the year ended 30 June 2008 was £64.0 million, an increase of £8.0 million or 14.3% over £56.0 million for the year ended 30 June 2007. This increase was primarily a result of an increase in revenues from our other global, regional, mobile and supplier sponsors and increased revenues due to improvements in our conference and catering businesses.

Commercial turnover for the year ended 30 June 2009 was £69.9 million, an increase of £5.9 million or 9.2% over the year ended 30 June 2008. This increase was a result of an increase in other global, regional, mobile and supplier sponsorships, and rental income from certain properties around Old Trafford acquired in June 2008.

Staff costs

Staff costs for the year ended 30 June 2008 were £121.1 million, an increase of £28.8 million or 31.2% over £92.3 million for the year ended 30 June 2007. This increase was largely due to significant increases in players' compensation resulting from performance bonuses as a result of winning the Premier League and Champions League and a very competitive open market for players as a result of the announced increase in the contract value for Premier League media rights.

Staff costs for the year ended 30 June 2009 were £123.1 million, a modest increase of £2.0 million or 1.7% over the year ended 30 June 2008. This result reflected certain increases to players wages that were partially offset by a decrease in performance bonuses compared with the previous year.

Other operating expenses

Other operating expenses for the year ended 30 June 2008 were £54.3 million, an increase of £13.4 million or 32.7% over £40.9 million for the year ended 30 June 2007. This increase was largely due to increases in costs associated with the acquisition of ITV plc's 33.3% interest in MUTV for £3.4 million, other variable matchday costs, travel costs associated with the First Team's participation in the Champions League and management fees.

Total operating expenses for the year ended 30 June 2009 were £63.3 million, an increase of £9.0 million or 16.5% over the year ended 30 June 2008. This increase was primarily a result of increased costs relating to the creation of a dedicated sponsorship sales and marketing team, one-off charges associated with the recruitment and selection of a new shirt sponsor, and management fees.

Profit on disposal of players

Profit on disposal of players can vary significantly from year to year based on the number and value of players disposed. Our choices regarding disposals are discretionary and reflect the requirements of the team and the market for our players. Profit on disposal of players for the year ended 30 June 2008 was £21.8 million, an increase of £10.0 million over £11.8 million for the year ended 30 June 2007. Profit on disposal of players for the year ended 30 June 2009 was £80.7 million, a substantial increase of £58.9 million over the year ended 30 June 2008, reflecting the sale of a particularly valuable player.

Net interest payable

Net interest payable remained relatively stable over the years ended 30 June 2007, 2008 and 2009. Variations in net interest payable result from changes in LIBOR from period to period. Those changes in interest rates were partially offset by the effects of interest rate swaps, changes in the underlying principal amounts owed and receipt of net interest income during each of the financial years. As a result, net interest payable for the year ended 30 June 2008 was £45.5 million, an increase of £2.5 million or 5.9% over £43.0 million for the year ended 30 June 2007. Net interest payable for the year ended 30 June 2009 was £41.9 million, a decrease of £3.6 million or 7.9% from the year ended 30 June 2008.

Taxation

For the reasons discussed under “—Taxation” for the three months ended 30 September 2008 and 2009, taxation accounted for in our income statement does not reflect actual cash charges. Our statutory rate of taxation was 30% up to 31 March 2008 and 28% thereafter. Taxation for the year for the year ended 30 June 2008 was £5.1 million, an increase of £3.6 million over £1.5 million for the year ended 30 June 2007. Taxation for the year ended 30 June 2009 was £22.7 million, an increase of £17.6 million over the year ended 30 June 2008. The 2009 tax charge reflects the recognition of a net £17.2 million deferred tax liability principally in respect of timing differences recognised on the sale of a player. The remaining current tax charge in 2009 of £5.5 million will be offset by Group relief receivable from companies within our tax group.

Liquidity and capital resources

Our primary cash requirements stem from payment of interest on our borrowings, the payment of transfer fees for the acquisition of new players and capital expenditures for the improvement of facilities at Old Trafford. Historically, we have met these cash requirements through a combination of operating cash flows and proceeds from the transfer fees for the sale of players. Our existing borrowings consist of committed bank facilities, and going forward will consist of the Notes and our new revolving credit facility. We also have three interest rate swaps outstanding that we use to hedge our exposure to interest rate movements in our debt instruments. See “Description of Other Indebtedness”.

Our business benefits from a strong working capital position. We generate a significant amount of our cash through advance receipts, including season tickets (which include general admission season tickets and seasonal hospitality tickets), most of which are received prior to the end of June for the following season. Our media revenues from the Premier League and UEFA are paid periodically throughout the season, with primary payments occurring in the late summer, December, January and the end of the football season. Our sponsorship and commercial revenue tends to be paid either quarterly or half-yearly. As a result, we receive a

significant amount of our yearly cash at or near the beginning of our financial year, with a steady flow of the remaining cash throughout the financial year.

Our cost base is more evenly spread throughout the financial year than our cash inflows. Wages and fixed costs make up the majority of our cash outflows and are generally paid throughout the 12 months of the financial year. Our working capital requirements tend to peak in December, in advance of Premier League and UEFA broadcasting receipts in January. Historically, we have drawn on our revolving credit facilities in December and April to meet our working capital requirements.

In addition, transfer windows for acquiring and disposing of players occur in January and the summer. During these periods, we may require additional cash to meet our acquisition needs for new players and we may generate additional cash through the sale of existing players. Depending on the terms of the trade, transfer fees may be paid or received by us in multiple instalments, resulting in deferred cash paid or received. Although we have not historically drawn on our revolving credit facilities during the summer transfer window, if we seek to acquire players with values substantially in excess of the values of players we seek to sell, we may be required to draw from our revolving credit facilities to meet our cash needs.

We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to pay our indebtedness, including the Notes, or to fund our other liquidity needs. We may need to refinance all or a portion of our indebtedness, including the Notes on or before maturity. We cannot assure you that we will be able to refinance any of our indebtedness, including our new revolving credit facility and the Notes, on commercially reasonable terms or at all.

Based on our current level of operations, we believe our cash flow from operations, available cash and available borrowings under our new revolving credit facility will be adequate to meet our future liquidity needs for at least the next year. We may from time to time purchase or otherwise acquire our indebtedness, including the Notes, in individually negotiated transactions, open market purchases or otherwise.

Cash flows

The following table summarises our cash flows for the years ended 30 June 2007, 2008 and 2009, and the three month periods ended 30 September 2008 and 2009:

(£ thousands)	Year ended 30 June			Three months ended 30 September	
	2007	2008	2009	2008	2009
Net cash inflow/(outflow) from operating activities	87,643	88,195	111,186	(3,271)	13,906
Returns on investments and servicing of finance					
Interest received	668	1,011	1,260	335	304
Interest paid	(28,299)	(59,693)	(41,772)	(5,412)	(3,999)
Net cash outflow from returns on investments and servicing of finance	(27,631)	(58,682)	(40,512)	(5,077)	(3,695)
Taxation received/(paid)	2,329	(205)	236	—	—
Capital expenditure and financial investment					
Proceeds from sale of players' registrations	18,755	19,301	99,180	15,057	8,120
Purchase of players' registrations	(29,342)	(45,751)	(55,220)	(42,521)	(21,219)
Proceeds from sale of tangible fixed assets	801	183	28	12	—
Purchase of tangible fixed assets	(11,209)	(16,754)	(3,810)	(325)	(987)
Net cash (outflow)/inflow from capital expenditure and financial investment	(20,995)	(43,021)	40,178	(27,777)	(14,086)
Acquisitions and disposals					
Purchase of shares in subsidiary undertaking	(4,717)	(2,615)	—	—	—
Net cash acquired with subsidiary undertaking	—	113	—	—	—
Proceeds from sale of investments	—	1,581	—	—	—
Net cash outflow from acquisitions and disposals	(4,717)	(921)	—	—	—
Net cash inflow/(outflow) before use of liquid resources and financing	36,629	(14,634)	111,088	(36,125)	(3,875)
Financing					
Increase in borrowings	521,584	23,000	25,000	—	—
Repayment in borrowings	(279,000)	(19,950)	(35,303)	(50)	(72)
Increase in loan from parent company	(223,113)	(50)	—	—	—
Purchase of loan stock	—	(750)	—	—	—
Net cash inflow/(outflow) from financing	19,471	2,250	(10,303)	(50)	(72)
Increase/(decrease) in net cash in the year/period	56,100	(12,384)	100,785	(36,175)	(3,947)

Net cash inflow from operating activities

Net cash inflow from operating activities represents our operating results and net movements in our working capital. Our working capital generally reflects cash received from the sale of tickets and hospitality and other matchday sales, media revenues from the Premier League and UEFA and sponsorship and commercial revenues. As a result of these consistent sources of revenue, our net cash inflow from operating activities tends to be stable. In the year ended 30 June 2008, our net cash inflow from operating activities was £88.2 million compared to £87.6 million for the year ended 30 June 2007. Our net cash inflow from operating activities for the year ended 30 June 2009 was £111.2 million, a significant increase that reflects an

advance payment of £35.9 million as part of our new shirt sponsorship agreement and offset by a £10.0 million loan from Manchester United Limited to its directors.

Net cash outflow from returns on investments and servicing of finance

Changes in net cash outflow from returns on investments and servicing of finance reflect a change in the timing of payments on our interest rate swaps as we replaced our primary swap agreement in December 2007. Under the pre-existing swap, we made interest payments in February and August of each year. Under the replacement swap, we make interest payments in December and June of each year. As a result, we made three interest payments during the year ended 30 June 2008, resulting in a one-off exceptional cash outflow of £59.7 million compared to £28.3 million for the year ended 30 June 2007, during which we had fewer cash interest payments. For the year ended 30 June 2009, our cash interest payments returned in line with our interest payable, and net cash outflows were £40.5 million.

Net cash inflow/(outflow) from capital expenditure and financial investment

For the year ended 30 June 2007, net capital expenditure on the acquisition, disposal and trading of players resulted in a cash outflow of £10.6 million, reflecting the acquisition of several key players. Capital expenditure on the purchase of tangible fixed assets was a cash outflow of £11.2 million, reflecting the final payments relating to the expansion of Old Trafford.

For the year ended 30 June 2008, net capital expenditure on the acquisition, disposal and trading of players resulted in a cash outflow of £26.5 million, reflecting the acquisition of several key players. Capital expenditure on the purchase of tangible fixed assets was a cash outflow of £16.8 million, reflecting the acquisition of certain real estate properties near Old Trafford as well as modest improvements made at Old Trafford.

For the year ended 30 June 2009, net capital expenditure on the acquisition, disposal and trading of players resulted in a cash inflow of £44.0 million, reflecting the disposition and acquisition of certain key players. Capital expenditure on the purchase of tangible fixed assets was a cash outflow of £3.8 million, reflecting improvements made at Old Trafford.

Net cash inflow/(outflow) from financing

For the year ended 30 June 2007, net cash inflow from financing was £19.5 million as a result of a complete refinancing of our debt in the form of new senior first lien credit facilities, second lien facilities and a senior revolving facility, resulting in an increase in borrowings of £521.6 million and repayment of borrowings of £502.1 million.

For the year ended 30 June 2008, net cash inflow from financing was £2.3 million, reflecting an increase in borrowings of £23.0 million, consisting of £15.0 million drawn from our existing revolving credit facility and the incurrence of £8.0 million in borrowings in relation to the Alderly Facility, and repayment of borrowings and other payments of £20.7 million, consisting of £15.0 million repaid to our existing revolving credit facility and the repayment of certain senior term loans.

For the year ended 30 June 2009, net cash outflow from financing was £10.3 million, reflecting an increase in borrowings of £25.0 million drawn from our existing revolving credit facility and repayment of borrowings and other repayments of £35.3 million, consisting of £25.0 million repaid to the lenders under our existing revolving credit facility and the repayment of certain senior term loan facilities.

Contractual obligations

The following table summarises our contractual obligations as at 30 September 2009 as adjusted to give effect to this offering of Notes, including the repayment in full of our existing

senior credit facilities but excluding the liability that we will crystallise in respect of our existing hedging arrangements as described below:

£ millions	Less than 1 year	1-5 years	More than 5 years	Total
The Notes	—	—	500.0	500.0
Other borrowings	0.3	6.4	6.1	12.8
Player transfer commitments ⁽¹⁾	14.8	4.2	—	19.0
Operating lease commitments	0.9	3.1	0.5	4.5
Total	16.0	13.7	506.6	536.3

(1) In addition to the amounts reflected above for obligations relating to player transfer commitments additional amounts would be payable by us if certain conditions are met under selected contracts. Where a part of the consideration payable on acquiring a player's registration is contingent on a future event, this amount is recognised once it is probable, rather than possible, that the event will occur. The maximum amount that could be payable under contracted contingent transfer fees is £13.7 million at 30 September 2009.

In relation to our floating rate senior credit facilities we entered into interest rate swap agreements to hedge the interest costs on a notional amount of £450 million. Under the swap we receive floating rate LIBOR in exchange for paying a fixed rate of approximately 5.08%. In connection with the offering of the Notes and the repayment of our existing senior credit facilities, the terms of and the amounts outstanding under these hedging arrangements will be modified. The mark-to-market value of these hedging arrangements as at 6 January 2010 was a liability of approximately £35 million.

We will crystallise the liability owed to our hedging counterparties as at the closing date of the offering of Notes and we expect that we will make aggregate payments to such counterparties to reduce the liabilities by approximately £8 million. The amount of the remaining liability will be reflected on our balance sheet in future periods as an "other creditor or liability" and is not reflected in the above table. The amount of the remaining liability will be amortised on a straight-line basis over the next six years. The revised swap arrangements require us to make annual payments of approximately £6 million through 2016.

Critical accounting policies and judgments

The preparation of our financial information requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. The critical accounting judgements made in applying our accounting policies are described below:

Turnover

Matchday

Matchday turnover comprises income receivable from all matchday activities from Manchester United games at Old Trafford, together with the club's share of gate receipts from cup matches not played at Old Trafford and fees receivable for the team undertaking pre-season tours and for arranging other events at the Old Trafford stadium. The share of gate receipts payable to the other participating club and competition organiser for domestic cup matches played at Old Trafford is treated as an operating expense. Revenue in respect of season tickets and seasonal hospitality is recognised on a match by match basis.

Media

Media turnover represents income receivable from all UK and overseas media contracts, including contracts negotiated centrally by the Premier League and UEFA. In addition, media

turnover includes income received by the exploitation of Manchester United media rights through multiple media channels.

Premier League equal share distributions and facilities fees are recognised to income on a match by match basis over the total number of home games and Premier League merit awards are only recognised when they are known at the end of the football season. UEFA pool distributions relating to participation in the Champions League are spread over the matches played in the competition whilst distributions relating to team performance are recognised to the extent they are certain.

Commercial

Commercial turnover comprises income receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements, including minimum guaranteed income, together with amounts receivable for the use of the conference and catering facilities at the Old Trafford stadium on non-matchdays. Any additional amounts receivable over and above the minimum guaranteed income contained in the sponsorship and licensing agreements is taken to turnover when it is probable that the excess will not be recouped by the sponsor in the future years. Commercial revenue is recognised on a contractual basis, when it is considered that the contractual basis fairly reflects the level of activity and benefits of the contract.

Impairment of tangible and intangible assets

All non-current assets, including property plant and equipment and intangible assets (player registrations and goodwill), are reviewed for potential impairment when an impairment review is triggered. A prolonged significant reduction in profitability of the wider football market would represent an impairment review trigger event. In respect of player registrations, a further impairment review trigger event would occur when the player is excluded from our income generation, for example as a result of a career ending injury.

The impairment review of assets considers estimates of the future economic benefits attributable to them. Such estimates involve assumptions in relation to future, recoverable amount of the asset, ticket income, media and sponsorship revenue and on pitch performance. Any estimates of future economic benefits made in relation to non-current assets may differ from the benefits that ultimately arise, and materially affect the recoverable value of the asset.

Intangible fixed assets—players' registrations

The costs associated with the acquisition of players' registrations are capitalised at cost as intangible fixed assets. Costs include transfer fees, Premier League levy fees, agents fees and other directly attributable costs. These costs are fully amortised over the period covered by the player's initial contract.

Where a part of the consideration payable on acquiring a player's registration is contingent on a future event, this amount is recognised once it is probable, rather than possible, that the event will occur and is amortised from the date at which the contingent payment becomes probable.

Off balance sheet arrangements

Transfer fees payable

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by us if certain conditions are met where a part of the consideration payable on acquiring a player's registration is contingent on a future event; this amount is recognised once it is probable, rather than possible, that the event will occur and is amortised from the date at which the contingent payment becomes probable. The maximum amount that could be payable is £13.7 million as at 30 September 2009.

Foreign currency forward contracts

We enter into foreign currency forward contracts to purchase and sell foreign currency in order to minimise the impact of currency movements on our financial performance primarily for our exposure to media revenues paid in euros for our participation in European competitions, commercial revenues paid in US dollars for certain sponsorship contracts.

Interest rate swaps

We enter into interest rate swaps to fix the interest rate, and thereby ensure certainty of future interest rate cash outflows, on a large proportion of our existing variable rate senior facilities agreements. At 6 January 2010 we have a mark-to-market loss of approximately £35 million on our outstanding interest rate swap agreements which fix the interest rate on a notional amount of £450 million of our senior facilities agreements. The terms of two of the swap agreements allow the counterparties to terminate the swaps upon refinancing of the senior facilities agreements unless we agree otherwise. We will crystallise the liability owed to our hedging counterparties as at the date of pricing of the offering of Notes and we expect that we will make aggregate payments to such counterparties to reduce the liabilities by approximately £8 million. The amount of the remaining liability will be amortised on a straight-line basis over the next six years.

Qualitative disclosure on market risk

Our operations are exposed to a variety of financial risks that include credit risk, currency risk, liquidity risk and interest rate cash flow risk. We review and agree policies for managing these risks which are then implemented by our finance department. The policies have remained unchanged since 2006 and are summarised below:

Credit risk

Where considered appropriate, we perform credit checks using an external credit rating agency to evaluate the credit risk of counterparties. In relation to significant one-off transactions such as transfer agreements or sponsorship contracts, we review the credit risk based on information available and obtain bank guarantees where necessary. At 31 December 2009, substantially all of our cash was deposited with one financial institution.

Currency risk

We enter into forward contracts to purchase and sell foreign currency on sales and purchase transactions (including player transfers) where considered appropriate in order to minimise the impact of currency movements on our financial performance. Our primary currency exposures derive from media revenues from our participation in the Champions League, which are paid in euros, and certain sponsorship contracts paid in US dollars.

Liquidity risk

We maintain a mixture of long-term and short-term debt finance in order to ensure that we have sufficient funds available for short-term working capital requirements and for investment in the playing squad and other capital projects.

Interest rate cash flow risk

We have both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, which earn interest at a variable rate. Interest bearing liabilities include bank term loans and a revolving credit facility. We have a policy of maintaining a large proportion of our debt at a fixed rate, by entering into interest rate swaps, in order to ensure certainty of future interest cash outflows. The directors will revisit the appropriateness of this policy should our operations change in size or nature.

Business

Overview

We are one of the leading football clubs in the world. We have a distinguished tradition and history, a track record of success, one of the strongest and most valuable international sports brands and an extensive global fan base.

For the twelve months ended 30 September 2009, we generated revenues of £288.9 million and EBITDA of £98.7 million. For the year ended 30 June 2009, we generated revenues of £278.5 million and EBITDA of £91.3 million. The primary drivers of our revenue are:

- **Matchday:** We have the largest football club stadium in the United Kingdom with a capacity of 75,797 seats, approximately 15,000 more than the next largest football club stadium. We have approximately 54,000 general admission season ticket holders, each of whom pays for their Premier League tickets in advance of the first game of the season, and 7,500 executive members, each of whom pays for all of their tickets in advance of the first game of the season. In addition, there are approximately 10,000 general admission matchday tickets, a portion of which are offered for sale to our One United club members, and we have approximately 3,000 tickets available for away fans. We have one of the highest capacity utilisations among English clubs. Average attendance for Premier League matches has been approximately 99% for each season since the 1997/98 season. We also derive significant revenues from the sale of hospitality packages, and food, drinks, parking and programmes on matchdays. We host 19 Premier League matches each season and further matches based on the performance and draws of the First Team in domestic and European cup competitions. In each of the last three seasons we hosted at least 29 matches. We also host a number of other events, including friendly football matches, other sporting competitions, concerts, entertainment and similar events. Matchday revenues accounted for 39.1% of our total revenues, or £108.8 million, in the year ended 30 June 2009.
- **Media:** As one of the most popular football clubs in the world, we receive significant revenues from our share of television, internet, mobile and radio rights relating to Premier League, Champions League and domestic cup matches. Historically, we have been among the top English clubs in earnings from those sources. We estimate that, on average, 45 million people globally watch each of our matches. We have also developed a television platform, MUTV, and have our own website and mobile services that deliver premium content to our global fan base and enable us to engage and transact with our fans. Media revenues accounted for 35.8% of our total revenues, or £99.7 million, in the year ended 30 June 2009.
- **Commercial:** According to research conducted by TNS Sport in 2007, we have 139 million core fans and 333 million followers worldwide. This global reach is of significant value to us and our sponsors. We have strong sponsorship relationships with leading international businesses across a range of industries. Our largest sponsorship contract is with Nike, which runs until 2015. Nike supplies our playing kit and manages our global merchandising, licensing and retail operations. Our current shirt sponsor is AIG. In June 2010, Aon will succeed AIG as shirt sponsor on a contract running through the end of the 2013/14 season. We also have a number of global, regional, mobile and supplier sponsors in industries including financial services, automotive, beverage, timepiece, betting and telecommunications. Our sponsorship arrangements provide us with stable and highly visible revenues in the near to medium term. Commercial revenues accounted for 25.1% of our total revenues, or £69.9 million, in the year ended 30 June 2009.

On the football pitch, we have been consistently successful since the inception of the Premier League in 1992. We have won the Premier League 11 times and have never finished lower than third place. In total, we have won 18 English League titles, 11 FA Cups, 3 League Cups, 3 European Champions Cups and 1 FIFA Club World Cup. The table below outlines our First

Team's successes in the pre-eminent English and European football competitions over the past 13 years.

Competition	1996/ 1997	1997/ 1998	1998/ 1999	1999/ 2000	2000/ 2001	2001/ 2002	2002/ 2003	2003/ 2004	2004/ 2005	2005/ 2006	2006/ 2007	2007/ 2008	2008/ 2009
Premier League	1	2	1	1	1	3	1	3	3	2	1	1	1
FA Cup	4R	5R	1	n/a	4R	4R	5R	1	2	5R	2	6R	SF
League Cup	4R	3R	5R	3R	4R	3R	2	4R	SF	1	4R	3R	1
Champions League	SF	QF	1	QF	QF	SF	QF	L16	L16	Grp	SF	1	2

As used in the table above: 1 = win; 2 = second/finalist; 3 = third; SF = semi-finalist; QF = quarter-finalist; L16 = last 16; Grp = Group stage; 3R = third round; 4R = fourth round; 5R = fifth round; 6R = sixth round.

In the 2008/09 season we won the FIFA Club World Cup, the Premier League and the League Cup, and we were a finalist in the Champions League. As at the date of this offering memorandum, we have qualified for the round of 16 of the Champions League and the semi-final of the League Cup for the 2009/10 season. We were eliminated from the 2009/10 FA Cup in the third round.

Business strengths

We believe that we have a number of business strengths that set us apart from our competitors. Our key business strengths are set out below.

- Global support and following:** Our club benefits from strong support across the globe. According to research conducted by TNS Sport in 2007, we have 139 million core fans and 333 million followers. We have approximately 54,000 general admission season ticket holders, approximately 7,500 executive members and, as at 31 December 2009 we had approximately 102,000 One United club members. Old Trafford is the largest football club stadium in the United Kingdom and average attendance for Premier League matches has been approximately 99% for each season since the 1997/98 season. We believe that the depth and breadth of our support is driven by our consistent success on the pitch, our distinguished tradition and history, and the resilience of our club.
- Most valuable global sports team:** Founded in 1878, our club has become one of the most well known, prestigious and successful football teams in the world. In 2009, Forbes named Manchester United the most valuable sports team in the world and valued us at \$1.9 billion. We believe that this value is underpinned by our success at leveraging our brand to secure stable revenue flows from a diversified international sponsor base and developing a strong customer base from our global following.
- Stable and highly visible revenue streams:** Our financial performance is underpinned by three diverse, stable and highly visible revenue streams. The majority of our matchday revenues are derived from advance ticket sales, as evidenced by 81% of available Premier League tickets having been sold prior to the start of the 2009/10 season. In addition, we have been consistently successful at selling the remaining tickets, resulting in average attendance for Premier League matches of approximately 99% for each season since the 1997/98 season. Demand for tickets is underpinned by our One United club membership programme that gives members the opportunity to apply for general admission tickets in priority to others. Furthermore, we enter into medium to long term sponsorship contracts which give us clearly defined revenue entitlements and we benefit from three year contracts entered into by the Premier League and UEFA with broadcasters.
- Strong and consistent growth:** Between 1 July 2005 and 30 June 2009 we achieved a compound annual revenue growth rate of 19.0% and a compound annual EBITDA growth rate of 26.5%. We expanded the seating capacity of Old Trafford in 2006 with the addition of approximately 7,400 seats which, when combined with increases in ticket prices over the last five years, has underpinned consistent growth in ticket sale revenues. We have

benefitted from increases in the value of media rights for premium sports content in general and for football in particular. Our growth has also been driven by our success in securing valuable contracts with a diversified sponsor base and developing customers from our global following.

- **Professional commercial operation with highly successful track record:** Part of our growth has been achieved as a result of our successful commercial operations. These operations are set within a developed infrastructure that encompasses a team of approximately 45 people dedicated to commercial activities. In particular we have built a dedicated sales team, which focuses on developing commercial opportunities and sourcing new sponsors. As part of our commercial operations we seek to systematically consider potential sponsors within key product categories and we pursue a mix of global and regional sponsorship arrangements. We have had success at developing our sponsor base with significant agreements currently in place with AIG, Aon, Nike and with a number of global, regional, mobile and supplier sponsors. As part of our commercial operations we also seek to utilise digital media and participate in international tours to engage and transact with our global fan base.
- **Well invested stadium and facilities:** Over the last 16 years we have made significant investments at Old Trafford to expand capacity and improve the facilities available at the stadium. We have developed a number of hospitality suites and added several entertainment facilities and restaurants. We increased the capacity of Old Trafford from approximately 44,000 in 1994 to 75,797 today. Despite this increase in capacity, average attendance for Premier League matches has remained approximately 99% for each season since the 1997/98 season. We believe that the sustained utilisation levels for Old Trafford are linked to the quality of the Old Trafford experience. We also believe that Old Trafford is one of the premier stadiums in the world and the investments that we have made have significantly contributed to the continued increase in matchday revenues. Old Trafford also operates as a venue for other sports, concerts, entertainment, conferences and other events, providing us with incremental revenue beyond our core football operations.
- **Highly developed and professional football infrastructure:** We have a highly developed and professional club infrastructure. Our manager is supported by our assistant team manager and club secretary who in turn are supported by a number of individuals, including coaching staff, fitness trainers and physiotherapists. We have a broad base of coaching staff, including First Team, reserve team and goalkeeping coaches. We have a professional network of scouts who evaluate players generally for the team as well as for specific positions and age groups. We also invest significant resources to develop younger players through our Youth Academy. Since 1992, a number of our past and current First Team players have come through the Youth Academy, including Ryan Giggs, Paul Scholes, David Beckham, Gary Neville, John O'Shea, Wes Brown and Darren Fletcher.
- **Experienced management team and committed owners:** Underpinning all of our strengths is our experienced and motivated management team. Our management team has a broad range of experience and expertise covering professional football management, stadium management and commercial, financial, entertainment, football and regulatory matters. Our management team is supported by our owners who have a proven track record in the sports sector and are committed to the further development of our club.

Strategy

Our goal is to maintain and build on our leading position as one of the top global football clubs and to increase our revenue, profitability and free cash flow generation. The key elements of our strategy in this regard are set out below.

- **Continue the consistent success of the First Team:** We aim to maintain and build upon the historical success of our First Team by continuing to seek to attract some of the best players

in the world and committing significant resources to developing the highest quality players through our Youth Academy. We intend to support these efforts by continuing to provide state of the art training facilities and a world class coaching team.

- **Develop our fan base:** We will continue to seek to build on our core fan base, which, according to research conducted by TNS Sport in 2007, consists of 139 million people globally. To broaden our fan base we will seek to build upon the historical success of our First Team and to further raise our profile through promotional tours. We will continue to develop our customer relationship management programme and to use the information that we gather from that programme to tailor our products and services to meet the demands of our fans. We also aim to deepen our engagement with our fans through our digital media assets.
- **Develop our commercial sponsorship portfolio:** With continued investment in our commercial operations and infrastructure, we will continue to drive commercial revenues by leveraging the Manchester United brand. The strong appeal of the Manchester United brand and the club's global fan base provide us with the opportunity to develop and enhance our commercial relationships. We are confident that significant sponsorship demand exists and believe that there are eight to ten sectors that play an active role in global sponsorship, with key opportunities existing in the energy, information technology, mobile handsets and airlines industries. We have global, regional, mobile and supplier sponsors in a number of key sectors and we believe there is significant potential to expand this platform by achieving growth in existing categories and selectively targeting companies within categories less typically associated with sports sponsorship.
- **Enhance the value proposition of the Old Trafford matchday experience:** We will continue to seek to improve the Old Trafford experience whilst keeping ticket prices at a level where they are regarded by fans as value for money. When setting future ticket prices, our goal is to meet demand across the fan spectrum and maintain attendance at or near full capacity. In the context of the quality of the Old Trafford experience and levels of demand, we believe that our current ticket prices reflect good value. To maintain demand for tickets, we plan to increase the mix of experiences available at each game by providing a range of options from general admission tickets to multi-seat facilities and hospitality suites that incorporate food, beverage and other services. We have made significant investments at Old Trafford over the last 16 years and we will continue to focus on improvements to further enhance the experience for our supporters.
- **Own and control our brand and key assets:** We intend to continue to preserve and expand our control of revenue generating assets. In 2007, we purchased ITV plc's 33.3% share in MUTV Limited to bring our total interest to 66.7%. We have also sought to exert greater control over the content of our website, www.manutd.com. In order to enhance the global reach of our brand, we intend to continue to invest significantly in developing an experienced and motivated commercial team. We will also continue to work with our sponsors to grow the value of our brand.
- **Enhance the value of our media rights and digital media assets:** We believe significant value resides in live sports content. This value is underpinned by demand from broadcasters, advertisers and consumers. We will continue to work with other teams, governing bodies and organisations in the industry to increase revenues from the sale of rights to Premier League and European cup matches. We will also continue to develop our digital media assets which are an important means by which we engage and transact with our global fan base. Our website, www.manutd.com, is among the most popular sports team websites in the world and is accessible in multiple languages including Arabic, Chinese, Korean and Japanese. We will seek to further enhance the website experience for our supporters and further increase the value of our brand through our website. We will also continue to make premium digital content available to mobile devices, and seek to expand our reach to mobile subscribers.

History of our club

Founded in 1878 as Newton Heath L&YR Football Club, our club has operated for over 130 years. Our club name changed to Manchester United Football Club in 1902, and we won the first of our 18 English League titles in 1908. In 1910, we moved to Old Trafford, our current home.

Following the Second World War, we returned to on-field success, winning the FA Cup in 1948 and finishing within the top four league positions during each of the first five seasons immediately following the Second World War. During the 1950s, we continued our on-field success under the leadership of manager Sir Matt Busby, who built a popular team based on youth players known as the “Busby Babes”. However, in February 1958, an airplane crash resulted in the death of eight of our First Team players. Global support and tributes followed this disaster as Busby galvanised the team around such popular players as George Best, Bobby Charlton and Denis Law. Rebuilding of the club culminated with a victory in the 1968 European Cup final.

Since the inception of the Premier League in 1992, our club has enjoyed consistent success and growth with popular players such as Eric Cantona, David Beckham, Ryan Giggs, Roy Keane, Bryan Robson, Cristiano Ronaldo and Wayne Rooney. These players, along with our distinguished tradition and history, and the on-field success of the First Team, have allowed us to expand the club into a global brand with an international fan base.

Football operations

Our football operations are comprised of the following activities: our First Team; our Youth Academy; our scouting operations; and other operations.

First Team

Our First Team plays professional football in the Premier League, domestic cup competitions including the FA Cup and League Cup, and international cup competitions, including (subject to qualifying) the Champions League.

We are one of the most successful clubs in England. In total, we have won 18 English League titles, including 11 Premier League titles, 11 FA Cups, 3 League Cups, 3 European Cups and 1 FIFA Club World Cup. Since the Premier League began in 1992, our club has never finished lower than third place.

As at 31 December 2009, our First Team comprised 30 players with more than five First Team appearances. The duration of the contracts for our First Team players range between one and five years with the average term of these contracts being three to four years. In addition to the 30 players with more than five First Team appearances, as at 31 December 2009, we had another 30 players under contract. These players tend to be young and talented and may play for the reserve team or Youth Academy teams but are expected in time to be able to make it to a starting position in our First Team or the first team of other clubs. We have also traditionally invested significant amounts in acquiring world class players to join our First Team from other clubs. In the last five years we have signed, among others, Edwin van der Sar, Dimitar Berbatov, Antonio Valencia and Michael Carrick. Through effective management of player contracts, our goal is to consistently field a team capable of challenging for trophies every year.

As at the date of this offering memorandum, our First Team was comprised of the following players:

Player ⁽¹⁾	Position	Nationality	Age ⁽²⁾	Apps ⁽³⁾	Caps ⁽⁴⁾
Edwin van der Sar	Goal Keeper	Dutch	39	198	130
Ben Foster	Goal Keeper	English	26	22	4
Tomasz Kuszcak	Goal Keeper	Polish	27	48	8
Gary Neville (<i>captain</i>)	Defence	English	34	582	85
Patrice Evra	Defence	French	28	172	22
Rio Ferdinand	Defence	English	31	318	76
Wes Brown	Defence	English	30	335	21
Nemanja Vidic	Defence	Serbian	28	171	44
John O'Shea	Defence	Irish	28	357	59
Fabio Pereira da Silva	Defence	Brazilian	19	10	0
Rafael Pereira da Silva	Defence	Brazilian	19	33	0
Jonny Evans	Defence	Northern Irish	21	49	19
Ritchie De Laet	Defence	Belgian	21	6	2
Owen Hargreaves	Midfield	English	28	37	42
Anderson Luis de Abreu Oliveira (Anderson)	Midfield	Brazilian	21	95	8
Ryan Giggs (<i>vice captain</i>)	Midfield	Welsh	36	822	64
Park Ji-Sung	Midfield	South Korean	28	134	84
Zoran Tasic	Midfield	Serbian	22	5	18
Michael Carrick	Midfield	English	28	170	17
Luis Carlos Alemida de Cunha (Nani)	Midfield	Portuguese	23	86	31
Paul Scholes	Midfield	English	35	622	66
Darren Fletcher	Midfield	Scottish	25	234	46
Antonio Valencia	Midfield	Ecuadorian	24	26	40
Darron Gibson	Midfield	Irish	22	25	5
Gabriel Obertan	Midfield	French	20	10	0
Michael Owen	Forward	English	30	23	89
Dimitar Berbatov	Forward	Bulgarian	28	65	76
Wayne Rooney	Forward	English	24	261	55
Danny Welbeck	Forward	English	19	23	0
Federico Macheda	Forward	Italian	18	10	0

(1) The table only includes players with five or more appearances for the First Team as at 31 December 2009.

(2) Ages of players as at 31 December 2009.

(3) Apps means appearances for our First Team as at 31 December 2009.

(4) Caps means appearances for a national football team as at 31 December 2009.

We use a standardised form of contract for signing players for the First Team, although we may negotiate individualised terms with certain players which are set out in an appendix to a player's contract. Some players also have contracts with the club relating to their image rights whereby the player sells certain rights to use his image to the club.

The form of contract is a Premier League standard form which incorporates certain industry body rules. The standard form contract sets out certain basic obligations of the player, for example, in respect of playing exclusively for the club, observing the Premier League rules and assisting in certain community and public relations events. The contract also includes detail on players' image rights, payments in the event of incapacity or injury and dispute resolution procedures. The contract may be terminated by the club in the event of serious or persistent misconduct or serious or persistent breach of the club rules, by the player if the club fails to pay an amount owed to the player within 14 days of it falling due, and by either party in the case of serious or persistent breach of the agreement. The contract also allows the club to terminate if a player suffers permanent or prolonged incapacity, subject to a notice period of between six and twelve months.

Our First Team is led by our manager Sir Alex Ferguson. Our club is highly structured with the manager being supported by an assistant team manager and a club secretary and they in turn are supported by a wide range of individuals from goalkeeping coaches to physiotherapists. The structure has been put in place with the aim of maximising the First Team's chances of winning games, leagues and tournaments.

Youth Academy

Our Youth Academy is a primary source of new talent for our First Team as well as a means of developing players that may be sold to generate transfer income. The aim of our Youth Academy is to create a flow of talent from the youth teams up to the First Team. Since the founding of the Premier League in 1992, a number of players from our Youth Academy have achieved a regular place on the First Team. Generally, we have experienced very good demand for players who do not become regular First Team players, from clubs in England and abroad.

Our Youth Academy programme consists of eight junior teams, divided into the following categories: under 9s, under 10s, under 11s, under 12s, under 13s, under 14s, under 16s and under 18s. Each team consists of 15 to 23 players, each of whom is assessed during the season. The players on our under 18s squad are full time players for the Youth Academy.

The teams within our Youth Academy use the same playing concept as the professional players with the club. This means that the way of playing the game and the technical implementation are similar to that of the First Team. In this way, we train players that fit into the technical, tactical and attacking system preferred by the club. Experience has shown that players from our Youth Academy who do not make it into the First Team selection frequently achieve a place at another professional football club.

Scouting

Together with our Youth Academy, our scouting system has been a basis for past and present success. Our scouting system consists of a professional network of staff who scout in general and for specific positions and age groups. Our scouting system was traditionally oriented towards the United Kingdom, but we have increasingly shifted our focus toward a more international approach.

We approach scouting systematically, maintaining a database of young players. In addition to age and field position data, our scouts supplement our database with specific characteristics on the players, resulting in a proprietary collection of future talent information.

Other operations

We have invested significant resources into developing a performance centre which contains advanced sports and science equipment. We have highly experienced training staff working at the performance centre, where we provide physiotherapy, bio-mechanical analysis and nutritional guidance to our players as part of our drive to ensure that each player is able to achieve peak physical condition. We believe the quality of our performance centre differentiates our club from many of our competitors.

The Manchester United Foundation

We are committed to a wide-ranging corporate social responsibility programme through the Manchester United Foundation (an English registered charity). The work of the Foundation is divided into three areas: (i) local community initiatives such as the Football in the Community programme which has provided training and support to residents of Greater Manchester; (ii) partnership with two national and four local charities to assist in their fundraising; and (iii) our global charitable partnership with UNICEF.

Fan support and ticket sales

Manchester United enjoys one of the broadest fan bases in the United Kingdom as well as significant popularity around the world. We have one of the most nationalised fan bases. According to the National Fan Survey published by the Premier League, our fans travel an average 78 miles to our First Team matches, among the farthest of any club in the Premier League.

Old Trafford

The stadium that we play in is called Old Trafford and is colloquially known as "*The Theatre of Dreams*". Old Trafford was originally built in 1910. The stadium had to be re-built after the Second World War and since then has been expanded and refurbished a number of times. In 1996, we completed construction on the North Stand which raised the capacity of the stadium from approximately 44,000 to 58,000. In 2000, we completed construction of a second tier on the East and West Stand, which brought the total capacity to approximately 68,000. Following an expansion completed in 2006, Old Trafford now has a capacity of 75,797 for which the following tickets are available: approximately 54,000 general admission season tickets, 8,000 seasonal hospitality tickets, 10,000 general admission matchday tickets and 3,000 away fans tickets. We also have approximately 300 tickets available for directors and press and 300 tickets available for disabled persons. Old Trafford is the largest football club stadium in the United Kingdom and enjoys one of the highest attendance rates of any football club stadium in the Premier League. On average the club catered for approximately 4,800 people per match in the 2008/09 season. The club can cater for up to 5,800 per game using onsite facilities and up to a further 1,000 per game by using offsite facilities (offsite facilities being primarily located at Lancashire County Cricket Club, close to Old Trafford).

Tickets, ticket pricing and strategy

Tickets at Old Trafford comprise general admission tickets and seasonal hospitality tickets (otherwise called executive tickets, which include multi-seat facilities and single seats).

General admission tickets

General admission matchday tickets are tickets that grant the right to be admitted to a certain specified match. General admission matchday tickets account for approximately 10,000 of the seats at Old Trafford. In addition, approximately 3,000 are allocated to supporters of the visiting team in Premier League matches. General admission matchday tickets go on sale approximately six weeks before the date of the relevant fixture. For the 2009/10 season, general admission matchday tickets will cost between £27 and £49 (including VAT). In the 2009/10 season, general admission matchday tickets accounted for approximately 13% of Old Trafford's capacity.

General admission season tickets are tickets that grant the right to be admitted to a certain group of matches during that football season. General admission season tickets account for approximately 54,000 seats. All of the available general admission season tickets have been allocated for the 2009/10 season. Prices of general admission season tickets for the 2009/10 season range from £513 to £931 (including VAT) and cover 19 matches. Subject to the terms and conditions of the general admission season tickets, holders of those tickets are charged a fixed price to attend all Premier League games. It is also mandatory for general admission season ticket holders (excluding those under 16 years of age, who can opt out) to purchase match tickets for home games in the FA Cup and European Cup competitions (excluding finals). General admission season ticket holders may opt-out of purchasing tickets for League Cup matches. General admission season ticket holders do not receive a discount on the tickets which they purchase. In the 2009/10 season, general admission season tickets accounted for approximately 71% of Old Trafford's capacity.

Hospitality tickets

Seasonal hospitality seat capacity (otherwise referred to as executive seats) for the 2009/10 season is approximately 8,000 seats, representing approximately 11% of Old Trafford's total capacity. Of those 8,000 seats, approximately 6,500 are single seats and approximately 1,500 seats are part of multi-seat facilities. There are approximately 200 multi-seat facilities. Seasonal hospitality seats provide the ticket holder with, amongst other benefits, a seat in an executive area and access to exclusive eating and drinking facilities.

Each multi-seat facility can seat between 5 and 22 people. Subject to terms and conditions, the holders of a multi-seat facility contract are entitled to attend all First Team competitive home matches (including European and domestic cup competitions). The price (exclusive of VAT) of multi-seat facility contracts ranges from £18,600 (five seater, no food included) to £187,250 (16 seater, food and drink included) per season depending on the size of the facility, whether food is included and its location within the stadium. Multi-seat facility contracts usually have a one year term.

On some occasions, seats that are usually available as general admission matchday seats are made available as matchday hospitality seats.

Ticket pricing

Our ticket prices remain in the middle range of the Premier League clubs, despite implementing a blended ticket price increase of over 6% for the 2008/09 season. We implemented a further price increase of a blended 2.5% for the 2009/10 season.

We recognise the need to develop our future fan base and have a policy to keep ticket prices low for fans under the age of 16. The price per ticket for persons under 16 years of age is £10 and people over the age of 65 pay half of the face value of an adult ticket (capped at £20 per ticket). We also have a dedicated family seating area designed to encourage attendance by children and their families.

We aim to maximise ticket revenue by enhancing the mix of experiences available at each game and providing a range of options from general admission tickets to multi-seat facilities and hospitality suites.

Fan base

In the United Kingdom we have strong support:

- approximately 54,000 general admission season ticket holders;
- approximately 7,500 executive members; and
- approximately 102,000 current One United club members, as at 31 December 2009.

Approximately 325,000 fans visited the Old Trafford Museum in the 2008/09 season.

One United club members are individuals that have joined our membership scheme under which they have the opportunity to apply for tickets to all home matches. Members receive a £5 discount per ticket compared with non-member general admission ticket prices and they can join the general admission season ticket waiting list.

This national support base is reinforced by 139 million core fans and 333 million followers based around the world, according to research undertaken by TNS Sport in 2007.

Other matchday revenues

Other matchday revenues include matchday hospitality, matchday catering, parking, programme sales as well as membership and travel, tours and a share of the ticket revenues from away matches in domestic cup competitions. Matchday revenues also includes revenues

from other events hosted at Old Trafford, including other sporting events, concerts, entertainment, conferences and similar events.

Media

Media revenues are a significant source of income for us and accounted for 36% of total revenues in the 2008/09 financial year. At the start of the 2008/09 financial year, a substantial portion of media revenues for the 2008/09 financial year had already been contracted.

Broadcasting

General

Media includes all broadcasting revenues covering television and radio rights to the Premier League (both domestically and internationally), the Champions League and domestic cup competitions. Revenues from the sale of television broadcasting rights are represented by both free (i.e. un-encrypted signal) television and pay (i.e. encrypted signal) television worldwide.

In respect of the Premier League, broadcasting revenue is centrally negotiated by the Premier League. Details about how that revenue is shared amongst Premier League teams is set out in the section of this offering memorandum entitled "*The Football Industry*". Historically, we have been among the top two clubs in earnings from these sources.

The domestic and international Premier League broadcasting deals for the three seasons from 2007/08 saw total value increases for domestic and international broadcast rights of 54% and 119%, respectively. The aggregate value of these rights over the three year deals is £2.8 billion. The significant value increase demonstrates the importance of the sport to consumers, broadcasters and advertisers, and the increasing value of high quality live sport events.

In the Champions League, media revenue distribution is focused more on on-field playing performance, however a significant portion of the revenues are generated by virtue of group stage qualification. Each club receives a fixed amount for qualifying for the group stage as well as a bonus based on its performance in the group and qualification for the round of 16. A second component of revenue is determined by a club's position in its domestic league at the end of the previous season as well as its performance in the Champions League in the current season relative to other clubs from its home country. See "*The Football Industry*".

Some of the broadcasting income in certain of the competitions in which the First Team competes is distributed in the form of prize money. Therefore, depending on the performance of the First Team in certain competitions, we may be awarded some of this prize money. Details of the prize money currently available in the competitions in which the First Team competes are contained in the section of this offering memorandum entitled "*The Football Industry*".

The broadcasting income including, in some cases, prize money received by us in respect of the various competitions will vary from year to year. This is partly due to the fact that the total amount available from each competition will vary and partly because our share of the total amount is based on the level of success of the First Team in those competitions.

MUTV

MUTV was founded in 1997 to be a dedicated channel and television outlet for the club. MUTV Limited, the owner of MUTV, was originally a joint venture between the club, Sky Ventures Limited, a wholly-owned subsidiary of Sky, and ITV plc. We bought ITV plc's one third share in November 2007 and now own 66.7% of MUTV Limited. MUTV features a range of content, including highlights from games, time delayed game footage, as well as live coverage of tours and friendly matches. MUTV also produces lifestyle programming. Domestically, MUTV is offered directly to consumers through the Sky and Virgin Media distribution platforms.

Internationally, MUTV is generally offered by way of programming blocks within the content offerings of third-party channels.

Digital media

Our website, www.manutd.com, is among the most popular sports team websites in the world and includes foreign language websites in Arabic, Chinese, Korean and Japanese. The website includes general company information, details on the history of our club, statistics regarding our team and players, a video subscription service that offers match highlights and classic matches, and links to our online retail site. We plan to continue to use our website to promote the Manchester United brand and to provide a platform for our sponsors to reach our global audience.

Digital content is made available through a video membership service to mobile devices under our "Manchester United Mobile" brand. Users can access content via a "Manchester United Mobile" wireless application protocol site (on a purchase basis). We have also entered into regional agreements with mobile operators in certain jurisdictions who have rights to operate a "Manchester United Mobile" business which involves making content available to its customers. The content provided includes highlight clips, match and news text alerts, ringtones and wallpapers.

Commercial contracts and sponsorship

Commercial encompasses revenues from sponsorship, conferences and events, the Old Trafford Museum and other commercial arrangements. Our sponsorship arrangements provide us with stable and highly visible revenues in the near to medium term. As at 1 July 2008 76% of our commercial revenues for the 2008/09 financial year had already been contracted.

Our sponsors are granted various rights, which can include rights in respect of our brand, logo and other intellectual property; media exposure on our website; exposure on digital perimeter advertising boards at Old Trafford; backdrops to televised interviews; and our customer relationship management database; hospitality and tickets to First Team matches. We have not transferred any ownership rights in any of our intellectual property.

Sponsorship negotiated by the club

Sponsorship related revenues under contracts negotiated by us include Nike, AIG, Aon and our global, regional, mobile and supplier sponsors.

Technical sponsor

We are in the eighth year of a 13 year sponsorship agreement with Nike which is worth a minimum of £303 million in total to the club. Under the terms of the agreement, we granted Nike an exclusive license in respect of intellectual property, retail, promotional and image rights. Nike has incorporated a subsidiary, Manchester United Merchandising Limited (**MUML**), to which it has granted a sublicense in respect of those rights. Nike supplies our playing kit and, through MUML, controls global licensing, merchandising and the retail operations of the club. A range of retail products (including the replica kit) are sold through the club stores at Old Trafford as well as retail outlets throughout the world. In return for its rights under the agreement, Nike pays us an annual instalment in respect of the £303 million minimum consideration. In addition, net profits (over and above sponsorship and licensing fees) generated by MUML from the licensing, merchandising, and retail operations are shared equally between us and Nike over the duration of the contract.

The agreement with Nike is subject to typical reciprocal termination provisions for a contract of this nature in respect of material breach and insolvency. Nike may also terminate the agreement upon certain events occurring, including: Manchester United ceasing to exercise authority over the management and operations of our teams or club and the First Team being banned from any national or international competition for two or more seasons.

Payments due to us from Nike under the agreement may also be affected by the performance of the First Team. The amount payable in any particular year may be reduced if, amongst other things, our First Team does not finish in the top half of the Premier League or does not compete in European competitions. The amount of the reduction in payment depends upon which event occurs, and the maximum possible reduction would be £6.35 million if the First Team is relegated from the Premier League.

Shirt sponsor

We are in the final year of a shirt sponsorship agreement with AIG. The value of the deal has been £56.5 million over the four year life of the agreement, an increase over the previous shirt sponsorship deal with Vodafone. Under the agreement, we grant AIG exclusive sponsorship rights which include the right for AIG to have its logo on our playing kit, the right to advertise certain products at our ground and in certain club materials and to benefit from certain hospitality rights. The agreement with AIG gives AIG typical termination rights for a contract of this nature in respect of material breach and insolvency events. We have the right to terminate the agreement if, among other things, AIG fails to make a payment under the contract.

Beginning in June 2010 and continuing until the end of the 2013/14 season, Aon (a leading provider of risk management services, insurance and reinsurance brokerage, listed on the New York Stock Exchange) will be our shirt sponsor.

The agreement with Aon was entered into on 24 May 2009, is worth approximately £20 million per year and expires on 30 June 2014. Shortly after signing, Aon made a payment to us of £35.9 million, representing a down payment of approximately £8.6 million of the approximate £20 million payable for each year of the agreement. The terms of the agreement are largely similar to those of our agreement with AIG; however, in the event that Aon successfully terminates the agreement for material breach, we will be liable to make a termination payment to Aon. This payment is calculated by reference to the number of days remaining in the contract's term and the initial down payment made by Aon.

Other global, regional, mobile and supplier sponsors

In addition to our technical and shirt sponsors, we generated a further £19.5 million in the 2008/09 season from global, regional, mobile and supplier sponsors, representing an increase of 34% compared to the previous season. The length of these sponsorship deals is generally between two and five years.

We believe that certain key sectors play an active role in sports sponsorship. We have sponsors in a number of these sectors and we believe that there is significant potential to expand this platform by selectively targeting companies within the remaining sectors and by growing revenues in existing sectors through additional regional sponsorship arrangements. Sourcing deals, implementing new sponsorships and developing the strategy around the sponsorship side of the business are a key mandate of our Director of Commercial.

Sponsorship income from the Premier League

In addition to revenues from contracts that we negotiate ourselves, we receive revenue from sponsorship arrangements negotiated collectively on behalf of the Premier League teams. We receive, for example, income from the sale by the Premier League of the right to have a brand identity associated with the Premier League competition. The current title sponsor is Barclays plc under a recently renewed contract. The new contract will expire at the end of the 2012/13 season and will pay the league £82.5 million over the course of the contract, representing a 25% increase over the current contract worth £65.8 million. The way in which this sponsorship income is distributed is set out in the section of this offering memorandum entitled "*The Football Industry*".

Income from other commercial contracts negotiated by the Premier League is shared equally between the clubs that are to be in the Premier League for the season to which the income

relates with the exception of money derived from contracts relating to the provision of perimeter advertising boards at club grounds, which is distributed to those clubs that provide such boards in each case in proportion to the number of boards provided.

Online stores

We have the right to grant licences to third parties to operate online retailing. We currently have arrangements relating to online retailing in the United States and Europe.

Intellectual property

We consider intellectual property to be very important to the operation of our business, and critical to driving growth in our commercial and sponsorship revenues.

We consider our brand to be a key business asset and therefore have a portfolio of Manchester United related registered trade marks and registered trade mark applications, with the main emphasis for trade mark registration being on the words “Manchester United” and the club crest.

Enforcement of our trade mark rights is important in maintaining the value of the Manchester United brand. There are numerous instances of third parties infringing our trade marks, for example through the manufacture and sale of counterfeit products. While it would be cost-prohibitive to take action in all instances, our aim is to consistently reduce the number of Manchester United related trade mark infringements by carrying out co-ordinated, cost-effective enforcement action on a worldwide basis following investigation of suspected trade mark infringements. Enforcement action takes a variety of forms. In the United Kingdom, we work with enforcement authorities such as trading standards and customs authorities to seize counterfeit goods and to stop the activities of unauthorised sellers. Overseas enforcement action is taken by approved lawyers and investigators. Those lawyers and investigators are instructed to work with, where relevant, representatives of other football clubs and brands that are experiencing similar issues within the relevant country in order that our enforcement action costs can be minimised as far as possible. We also work with the Premier League in respect of infringements that affect multiple Premier League clubs, in particular in the Far East through the Premier League Far East Working Group. We also take direct legal action against infringers, for example, by issuing cease and desist letters or seeking compensation when we consider that it is appropriate to do so.

In relation to materials attracting copyright protection (such as literary works, logos, photographic images and audio-visual footage) our current practice is generally to secure copyright ownership where possible and appropriate. For example, where we are working with third parties and copyright protected materials are being created, we generally try to secure an assignment of the relevant copyright as part of the commercial contract. However, it is not always possible to secure copyright ownership. For example, in the case of audio-visual footage relating to football competitions, copyright will generally vest in the competition organiser and any exploitation by Manchester United Limited of such footage will be the subject of a licence from the competition organiser.

Real property

We own or lease property dedicated to our football and other operations. The most significant of our real properties is Old Trafford. The following table sets out our key owned and leased properties. In connection with the new revolving credit facility and the Notes, several of our owned properties, including Old Trafford will be encumbered with land charges as security for all obligations under those agreements, although: (a) Manchester International Freight Terminal will not be encumbered as it has already been given as security under the Alderley Facility; and (b) the Carrington Training Ground will not be encumbered and may in due course

be transferred to a holding company or affiliate of the Parent. In the latter event, we will be granted a lease in respect of the Carrington Training Ground.

Property and location	Primary function	Owned/leased
Old Trafford Football Stadium Manchester, Lancashire	Football stadium	Owned (freehold)
Carrington Training Ground Carrington, Trafford	Football training facility	Owned (freehold)
Littleton Road Training Ground, Salford	Football training facility	Owned (freehold)
The Cliff, Lower Broughton Road, Salford	Football training facility	Owned (freehold)
Manchester International Freight Terminal, Westinghouse Road, Trafford Park, Manchester	Warehousing	Leased (long term)
United Trading Estate, Trafford Park, Manchester	Trading Estate	Owned (freehold)
Land and buildings on the south-west side of Trafford Wharf Road, Manchester	Offices and warehousing	Owned (freehold)
Office space, central London	Offices	Leased

Employees

The average number of full-time employees for the three months to 30 September 2009 was 600. The following table provides an overview of our full time employees by activity:

Activity	Average for year ending 30 June			Average for three months ending 30 September 2009
	2007	2008	2009	
Players	63	68	62	71
Ground staff	94	107	110	110
Ticket office and membership	48	82	106	106
Catering	74	71	70	67
Administration and other	169	216	243	246
Total	448	544⁽¹⁾	591	600

(1) A significant portion of the increase in the year ended 30 June 2008 was as a result of the consolidation of MUTV.

Litigation

We are involved in various litigation, arbitration and administrative proceedings. Due to the nature of these proceedings, the results are uncertain. However, we are not involved and have not been involved in the last 12 months in any court proceedings or administrative proceedings which we believe could have a materially adverse effect on our operations or a substantial impact on our financial position. In addition, we are not aware of, nor do we believe that we have reason to be aware of, other than as set out below, any pending litigation within the next 12 months that would have, either individually or in the aggregate, a material effect on our business.

The former club of a young player transferred to Manchester United has indicated an intention to raise a claim against the player and Manchester United at the FIFA Dispute Resolution Chamber alleging a breach of FIFA regulations in connection with the transfer of players. There

are also ongoing proceedings between the player and the former club in the domestic courts of his country of origin to which we are not a party. The transfer has received international clearance from FIFA. In the event of a decision against us, possible sanctions include a fine and a transfer ban.

In addition, the former club of another young player who transferred to Manchester United has instigated domestic disciplinary action in his country of origin against the player as a result of his transfer to us. We are not a party to the proceedings. No indication has been received as at the date of this offering memorandum that the former club intends to raise any claim against us and the transfer has received international clearance from FIFA.

We are also currently engaged with the former club of a young player who transferred to us, and that club's national association, in order to calculate the "training compensation" due to the former club under the FIFA regulations. Training compensation serves to reimburse any former clubs for the costs of training a player and is a normal part of transfers involving players aged under 23.

HMRC is currently performing an investigation into the taxation of payments under image rights contracts with our players. HMRC's initial investigation has focused on payments made in the financial years 2005/06, 2006/07 and 2007/08 but HMRC has reserved its rights in respect of earlier years. HMRC's position is that payments in relation to image rights may be a form of remuneration and, as such, should be taxed as income. On 18 September 2009, we submitted a letter to HMRC, setting out our view that these payments are not taxable as income. We are currently waiting for a response from HMRC. There is a possibility that this matter may lead to litigation. Should HMRC succeed in any such litigation the club may be liable for, amongst other things, approximately £5.3 million (which relates to employer's NIC contributions during the period 2000/01-2009/10).

Insurance

In respect of our key players we carry a certain amount of accidental death or permanent total disablement cover on a 24 hours a day/worldwide basis with the exception of when our players are playing, practicing or training. We also carry catastrophe cover to mitigate against the risk of one or more players being incapacitated in a single incident (such as a terrorist attack or plane crash). All of our other key assets are insured against standard business risks and business interruptions in accordance with football industry practice. We believe that we maintain adequate insurance to protect against the risks associated with our operations.

The Football Industry

Introduction

Football is one of the world's most popular and commercialised sports, with approximate revenues of €14.6 billion during the 2007/08 season in Europe alone. While many countries in Europe have their own domestic leagues, the top leagues in England, France, Germany, Italy and Spain accounted for 53% of European revenues.

In England, football is the “national game” and has experienced strong growth over the last decade. As a result, the Premier League has been the highest grossing football league in Europe since the 1996/97 season with revenues of approximately €2.4 billion during the 2007/08 season. The key drivers of this growth are also the primary drivers of revenue for an individual football club, including:

- **Matchday:** Matchday revenues include gate receipts, matchday catering, hospitality, tours and fan membership. Continued strong match attendance by fans and the addition of new and bigger stadiums with modern facilities have contributed to strong growth in matchday revenues within the Premier League.
- **Media:** Media revenues include income received from broadcasting rights to air live, near live or highlights of Premier League, FA Cup and League Cup games and appearances in European competitions such as the Champions League and Europa League. Media revenues also include digital, mobile and other new media, a growing source of revenues at many clubs. The attractiveness of English and European football along with strong interest from pay and free television broadcasters (both domestic and international) have allowed media rights holders such as the FA and UEFA to generate higher proceeds, which are then shared with the member football clubs.
- **Commercial:** Commercial revenues are derived from the sale of merchandise such as shirts, kits and memorabilia to fans (either directly by clubs or through licensing agreements with sponsors), and the sale of sponsorship rights to corporate sponsors. This is an increasingly important revenue stream for football clubs, generating high operating margins as a result of limited incremental costs. Given the strong fan following and media coverage of Premier League clubs domestically and internationally, commercial revenues have grown throughout the past decade and constitute an increasingly large share of the football industry's overall revenues.

European football industry—format of competitions

The Premier League

The Premier League organises the league of the top 20 association football clubs in England and Wales. Each season, each Premier League club plays each of the other 19 clubs twice: once at home and once away. Three points are awarded for each match that a club wins, and each club participating in a match which is drawn is awarded one point. At the end of each season, the clubs are ranked in order of points scored and the bottom three clubs are relegated to the highest of the divisions of the Football League, which is currently known as the Football League Championship (the **Championship**).

Manchester United was a founding member of the Premier League in 1992.

The Football League

The Football League organises the 72 clubs in the three divisions immediately below the Premier League as well as the League Cup (which is also open to clubs in the Premier League, see below “—*The League Cup*”). During the course of the Football League season, each club plays the other clubs in its division twice: once at home and once away. At the end of each season, three clubs are promoted from the Championship to the Premier League. The three

clubs to be promoted comprise the two clubs finishing in the first and second positions, and the winner of a play-off competition between the four teams finishing third to sixth. Promotion and relegation between the divisions of the Football League takes place in a similar way.

The FA Cup

The FA Cup is open to all eligible clubs (professional and amateur) which participate in FA sanctioned leagues or competitions. It is a knock-out competition in which each round is played over one leg. For all rounds other than the semi-final and final, if the first match is drawn, there is a replay played at the away team's stadium. If the score is level at the end of normal time in the replay, there is extra time and, if the scores are still level, the match is settled by penalty kicks. For the semi-final and final, there is no replay; drawn matches are settled by extra time and, if the scores are still level, penalty kicks. Clubs in the Premier League enter the FA Cup in the third round.

The League Cup (currently known as the Carling Cup)

The League Cup is open to all members of the Premier League and the Football League. It is a knock-out competition in which the first five rounds and the final are played over one leg and the semi-finals on a two-leg basis. There are no replays; drawn matches (other than the first leg of the semi-final) are settled by extra time and, if the scores are still level after extra time, penalty kicks. Clubs in the Premier League enter the League Cup in the second round except for those involved in European competitions, who enter in the third round.

The Champions League

The Champions League is a European club competition organised by UEFA. The number of clubs that each national association may enter into the Champions League is calculated by reference to that national association's position in a table compiled by UEFA. This table is based on the performance of clubs from each national association in previous UEFA competitions. Currently, in England, three places in the Champions League are automatically allocated to the highest placed teams in the Premier League and one place is automatically awarded in the playoff. If the team in the playoff is unsuccessful, it proceeds to the Europa League group stage.

According to the rules for the 2009/10 Champions League, no association is permitted to enter more than four teams. If the winners of the Champions League were, for example, an English team which failed to qualify for the following season's Champions League by virtue of its Premier League position, that team would qualify for the following season's Champions League at the expense of the lowest placed of the teams that would otherwise have qualified from that club's country, who are then transferred to the Europa League.

The Europa League

The Europa League (previously known as the UEFA Cup) is a European club cup competition organised by UEFA. The number of clubs that each national association may enter in the Europa League is calculated by reference to that national association's position in a table compiled by UEFA. This table is also based on the performance of clubs from each national association in previous UEFA competitions.

England currently has three places, which are awarded to the team finishing in the highest position in the Premier League (other than the teams qualifying for the Champions League), the winners of the FA Cup and the winners of the League Cup. In the event that the FA Cup winner qualifies for the Champions League by virtue of its finishing position in the Premier League (or by winning the Champions League), the Europa League qualification place goes to the losing FA Cup finalist. If both the finalists have qualified for the Champions League, the Europa League qualification place goes to the highest placed team in the Premier League that has not already qualified for either of the European club competitions. In the event that the

League Cup winner qualifies for the Champions League, the Europa League qualifying place is awarded to the highest placed team in the Premier League that has not already qualified for either of the European club competitions.

A club may also qualify for the Europa League where it has participated in the same season's Champions League but has been eliminated. The current regulations provide for clubs who finish third in their group in the Champions League group stage to enter the Europa League at the round of 32 stage, the clubs who are eliminated at the Champions League playoff round to enter the group stage of the Europa League and the clubs who are eliminated at the Champions League third qualifying round to enter the play offs for the Europa League.

European football industry—commercial aspects

Matchday

Despite significant growth in the number of televised games, stadium attendance has increased over the last 20 years. Overall attendance is driven by traditional supporters, an increasingly-broad fan base, and growing demand from corporate customers for football entertainment. Given the strong fan following and the relative attractiveness of ticket prices, stadium attendance has remained robust even during difficult economic environments. As a result, European football clubs have maintained stadium attendance while preserving or increasing ticket prices.

Moreover, many football clubs have invested in either transforming their existing stadiums or building new and bigger stadiums and have successfully introduced new sources of revenue such as corporate hospitality services. These corporate seats and services have been a key growth driver in recent years. Corporate seating currently represents 10-15% of stadium capacity and up to 40% of matchday revenues in many top European football clubs.

Gate receipts in the Premier League

The proceeds of ticket sales for each Premier League match are retained by the "home" club (i.e. the club in whose stadium the match is played, which must also bear all of the match-staging expenses).

Gate receipts in the FA Cup

Net gate receipts for games other than games replayed as a result of a breach of the FA rules are calculated after deducting the travelling (and, where relevant, accommodation) costs of the visiting club, the fees and expenses of match officials and certain other match expenses from the gross gate receipts (excluding VAT). Net gate receipts are then allocated as shown below:

Round (%)	FA	FA Cup pool	Home club	Away club
First and second	—	—	50	50
Replay of first or second	5	—	47.5	47.5
Third to sixth	—	10	45	45
Replay of third to sixth	5	10	42.5	42.5

Certain of the figures in the table above are different if one of the teams playing in the match in question is a non-league team.

The net gate receipts of the semi-final matches are pooled and 5.5% is paid to local and other governing bodies of association football affiliated to the FA. The remainder is divided between the four semi-finalists (who receive 16.25% of the remainder each), the FA (25%) and the FA Cup pool (10%). No additional gate receipts are received by the teams contesting the final.

The FA Cup pool is distributed to the Premier League and Football League clubs competing in the competition as prize money.

Gate receipts in the League Cup

The net gate receipts of each match (other than the semi-final and the final) are divided as follows:

- 45% to each club taking part in the match; and
- 10% to the League Cup pool, the proceeds of which are to be divided 50/50 between:
 - (i) the 20 clubs in the Premier League (and distributed equally between them); and
 - (ii) the 72 clubs in the Football League (and distributed equally between them).

In the semi-final and final rounds, 6.3% of the gate receipts go to County Football Associations. The remaining income from net gate receipts (after deducting costs) is divided in the proportions outlined above.

Gate receipts in the Champions League

The rules of the 2009/10 Champions League state that each club retains its receipts from the sale of tickets for matches at their home stadium and bears all of the match-staging expenses.

Regarding the final, the executive committee of UEFA will, before the final, decide on the financial distribution model in favour of the two finalists, the host association (in accordance with the staging agreement) and UEFA.

Gate receipts in the Europa League

According to the regulations of the Europa League for the 2009/10 season, each club retains its receipts from the sale of match tickets and bears its own expenses.

Regarding the final, the executive committee of UEFA will, before the final, decide on the financial distribution model in favour of the two finalists, the host association (in accordance with the staging agreement) and UEFA.

Media

Sports, whether broadcast live, near live or broadcast as highlights, represents an important programming element for television broadcasters. By segmenting the football rights into live, near live and highlights, rights holders are able to maximise broadcast revenue from football.

Live football represents a key component of premium subscription television. Viewing of live English football has increased significantly in recent years and is expected to remain strong for a number of reasons, including:

- continued participation by some of the world's best football players playing for English clubs in both domestic and international competitions;
- increased following from audiences outside the United Kingdom;
- enhanced viewing experiences of live football through technological innovation such as high definition television;
- law enforcement efforts to reduce the amount of illegal free live streaming of English football;
- the continued popularity of live sports despite the rise of time-shifted viewing through personal video recorders and other social viewing habits; and
- the growth of higher broadband internet bandwidths and associated increase in viewing platforms, for which rights can be monetised (including online and mobile broadcasting).

Broadcasting rights deals between football associations and broadcasters are usually contracted for multi-year periods, providing a certain degree of revenue visibility to football clubs.

Media—Premier League

The Premier League negotiates collectively the contracts for the sale of the broadcasting rights relating to Premier League matches. Following discussions with the European Commission, the Premier League Limited (the **PLL**) made the commitment that, from the 2007/08 season, the rights to broadcast live Premier League matches would be sold in six balanced packages and that no single broadcaster would be allowed to buy all of the packages. The existing three year contract to broadcast live matches in the United Kingdom until the end of the 2009/10 season provides that Sky will broadcast 92 matches (having successfully bid for four out of the possible six packages) and Entertainment Sports Programming Network (**ESPN**) will broadcast 46 matches, having acquired rights in respect of two of the packages following Setanta Sports (**Setanta**) entering into administration in June 2009, Setanta having initially successfully bid for those two packages. The Premier League did not disclose to clubs the amount paid by ESPN in return for such packages, however management believe that the switch from Setanta to ESPN will not cause the aggregate revenue from the six packages over three seasons to be materially different. The rights to broadcast highlights of matches until and including the 2009/10 football season have been sold to the British Broadcasting Corporation (the **BBC**).

The rights to broadcast live matches and highlights outside of the United Kingdom have been sold to one or more local broadcasters in each country or region.

Agreement has been reached in relation to the sale of the rights to broadcast live Premier League matches on television in the United Kingdom and the Republic of Ireland for the 2010/11, 2011/12 and 2012/13 football seasons. Five of the six packages of matches were sold to Sky and the remaining package was sold to Setanta. In return for these television rights, the broadcasters agreed to pay a combined £1,782 million to the Premier League. No breakdown of such figure between packages or between broadcasters has been provided to clubs. However, after Setanta went into administration in June 2009, ESPN acquired Setanta's rights in respect of the package of matches.

The broadcasting income for each season is shared between the clubs that are to be in the Premier League for the season to which the income relates (each a **current club**) and the clubs that were relegated from the Premier League in either of the two previous seasons (each a **relegated club**).

After deductions for sums paid to the Professional Footballers' Association and any other sum approved by a resolution of the Premier League (for example, donations to the Football Foundation and "grass roots" development), the income from the sale of the United Kingdom broadcasting rights is divided as follows, in accordance with the Premier League rules:

- 50% comprises the basic award fund;
- 25% comprises the merit payments fund; and
- 25% comprises the facility fees fund.

The basic award fund is distributed by way of fees so that each current club receives two shares and each relegated club receives one share. Distributions from the basic award fund are traditionally made in August at the start of the season to which the fund relates.

The merit payments fund is distributed after the end of the relevant season in shares based on the finishing position in the Premier League of each current club. The current club that finishes in first place receives 20 shares; the current club that finishes second receives 19 shares and so on. The current club that finishes bottom of the league receives one share. Distributions from the merit payments fund are traditionally made in May.

The facility fees fund is distributed to current clubs on the basis of the number of Premier League matches in which they have played during the relevant season that are televised live. A reduced fee is paid out of the facility fees fund to current clubs who play in matches that are

included in “near-live” broadcasts. The Premier League has, however, guaranteed a minimum payment of facility fees to each club equivalent to that which would be paid for the broadcasting of ten matches. Distributions from the facility fees fund are made in January in respect of the first half of the season and monthly thereafter.

After the deduction of certain expenses, the income from the sale of the overseas broadcasting rights is divided in the same way as the basic award fund. The overseas broadcasting money is normally paid out monthly.

Income from the sale of the rights to broadcast Premier League matches by radio is shared equally between the current clubs.

For the 2008/09 season (in which the First Team won the Premier League), our share of income from the sale of the rights to broadcast Premier League matches was £51.4 million. This total comprised £13.9 million from the basic award fund, £15.2 million from the merit payments fund, £12.7 million from the facility fees fund and £9.6 million from the sale of overseas broadcasting rights.

Media—FA Cup

At present, clubs competing in televised FA Cup matches receive a fee from the FA. ITV and Setanta had previously acquired the rights to televise certain FA Cup matches. However, Setanta entered administration on 23 June 2009. On 8 December 2009, the FA announced that ESPN was replacing Setanta as a broadcaster of FA Cup matches, agreeing to a four-year deal beginning in the summer of 2010. For the 2008/09 season, clubs were paid £0.2 million for each televised match that they participated in for the third and fourth rounds and £0.3 million for each televised match that they participated in for the fifth and sixth rounds. Clubs playing in the semi-finals and final do not receive broadcasting income in relation to those matches.

The rules of the competition are considered to be a contract between clubs and the FA. Pursuant to such rules the clubs agree to accept FA rules and regulations from time to time in relation to the distribution of FA Cup broadcasting income. Therefore, no assurance can be given about the allocation of income for any future FA Cup competition.

Our broadcasting income in respect of FA Cup matches in the 2008/09 season (in which the First Team reached the semi-finals) was £0.9 million in total.

Prize money is allocated to the clubs taking part in the FA Cup, based on performance. For the 2008/9 season, the range of payments was from £750 (for the winners of the extra preliminary round) up to a cumulative prize (i.e. the amounts won for getting through each round, based on entry in the third round) of £3.8 million for the winner of the competition.

Our prize money in respect of the FA Cup in the 2008/09 season (in which the First Team reached the semi-finals) was £1.3 million.

Media—League Cup

In the 2008/9 season, an appearance fee of £0.1 million was paid by the Football League to clubs participating in live televised League Cup matches from the second round up to and including the semi-final. No payment in respect of broadcasting rights is made to participants in the final.

The rules of the competition are considered to be a contract between clubs and the Football League in relation to the distribution of League Cup income. Therefore, no assurance can be given about the split of income for any future League Cup competition.

Our broadcasting income in respect of League Cup matches in the 2008/09 season (in which the First Team won the competition) was £0.2 million in total.

In the 2008/09 season, £100,000 of prize money was awarded to the winner of the League Cup (which was won by the First Team), £50,000 to the runner up and £25,000 to each of the losing semi-finalists.

Media—Champions League

Revenue earned from contracts negotiated by UEFA in relation to the Champions League is allocated by the executive committee of UEFA before the start of the relevant season. For the 2009/10 season, the regulations provide the following:

- Approximately 75% of the total revenue received by UEFA from television and sponsorship contracts will be paid to the 32 clubs taking part in the Champions League group matches.
- The remaining revenue (approximately 25%) is used to cover UEFA's organisational and administrative costs and "solidarity" payments to its member associations. Payments will also be made to the leagues not represented in the Champions League group matches, and to those clubs eliminated in the qualifying rounds of the Champions League or Europa League. A special bonus is also paid from this amount to the top domestic league championship winners that do not qualify for the group stage of the Champions League.
- Any revenue received by UEFA in excess of €530 million will be distributed as follows: 82% to the 32 clubs involved in the group stage of the Champions League, and 18% remaining with UEFA for distribution in accordance with the foregoing two paragraphs.

Revenue for the 2009/10 football season is provisionally being distributed by UEFA as follows (although in view of the current economic climate and the volatility of exchange rates, all the sums announced at the start of the season will be confirmed by UEFA at a later date):

- €3.8 million to each of the 32 teams involved in the group stage;
- €0.55 million for each match participated in at the group stage, regardless of the result (six matches per team, totalling €3.3 million per team);
- a performance bonus based on the performance in the group stage matches (€0.8 million for a win, €0.4 million for a draw);
- €3 million to each team that qualifies for the first knockout round;
- €3.3 million to each team that qualifies for the quarter-finals;
- €4 million to each team that qualifies for the semi-finals; and
- €9 million to the winner of the competition, and €5.2 million to the losing finalist.

The clubs will also receive a share of the "market pool", depending on the value of their national market, the number of matches played in the current season's competition relative to the total number of matches played by clubs from the same national association and their final position in their national championship the previous season.

The market pool comprises part of the broadcasting income of the competition and is distributed by UEFA to clubs in each country that take part in the competition in proportion to the amount of broadcasting income that is derived from the sale of broadcasting rights in that country.

Furthermore, since the play-off matches were included in the centralised marketing system, each of the 20 participating clubs should receive €2.1 million.

The host clubs will also keep income from ticket sales.

We received a total of €38,281,000 of distributions derived from the First Team's participation in the Champions League in the 2008/09 season (in which the First Team was a finalist).

The rules of the competition are considered to be a contract between clubs and UEFA in relation to the distribution of Champions League broadcasting income. The current rules permit the UEFA executive committee to decide on the exact amounts that will be paid to the clubs and associations before the start of the competition. Therefore, no assurance can be given about the split of income for any future Champions League competition.

Broadcasting rights—Europa League

Member associations and their affiliated organisations or clubs are authorised to exploit the commercial rights of the home qualifying phase and play-off matches which take place under their respective auspices.

UEFA is the owner of the media rights to the group stage. Member associations and their affiliated organisations or clubs are authorised to exploit the commercial rights (other than the media rights) of the home group stage matches which take place under their respective auspices subject to certain rights granted to UEFA.

UEFA is the owner of the commercial rights (including the media rights) from the round of 32 to, and including, the final.

Clubs may exploit certain media rights to the group stage and certain commercial rights to the knockout matches as provided for in the regulations of the Europa League 2009/10. As set out in those regulations, the core audio-visual Europa League media rights are exclusively centrally marketed by UEFA and the net income generated by UEFA is redistributed to clubs and invested in “solidarity”.

The rules of the competition are considered to be a contract between clubs and UEFA in relation to the distribution of Europa League broadcasting income. The current rules permit the UEFA executive committee to decide on the exact amounts that will be paid to the clubs and associations before the start of the competition. Therefore, no assurance can be given about the split of income for any future Europa League competition.

Commercial

Football is one of the leading sports globally with regard to commercial revenue from sponsorship and one of the leading sports with regard to merchandising and licensing. Fans associate themselves with their favourite clubs through a wide variety of sports equipment and memorabilia such as shirts, footballs, other branded merchandise and items featuring particular star players. Football clubs and associations such as UEFA and the FA are also experiencing strong growth from sponsorship revenues as corporate sponsors look for product placement and for new innovative and more creative forms of advertising. Sponsorship requires limited incremental costs relative to the amount of revenue generated and therefore is an attractive source of revenue for football clubs.

Some of the key drivers of the growth in commercial and sponsorship revenues among European football clubs include:

- Premium rates paid for strong sports brands, particularly for internationally recognised teams such as Manchester United.
- Geographic and vertical segmentation of sponsorship deals, such as our agreements with a spirits company with regard to ten territories in Asia and Aon with regard to insurance products.
- A strong following of European football by fans outside Europe. We have experienced high demand from corporate sponsors overseas that want to promote their products and services through association, particularly in Asia and the Middle East.

Sponsorship—Premier League

The Premier League receives income from the sale of the right to have a brand identity associated with the Premier League competition and from certain other centrally negotiated commercial and sponsorship contracts. The current title sponsor is Barclays Bank PLC.

Sponsorship—FA Cup

The FA Cup is currently sponsored by E.ON UK plc pursuant to a four year sponsorship contract that commenced in the 2006/07 season. The associated sponsorship money is not distributed to clubs.

Sponsorship—League Cup

The League Cup will be sponsored by Coors Brewers until 2011/12 and, as a result, the competition is currently known as the Carling Cup. This money is not distributed to clubs.

Sponsorship—Champions League

The Champions League is currently sponsored by Heineken, Sony, PlayStation, UniCredit, Ford and Mastercard. Revenue derived from these sponsorship contracts is combined with revenue derived from the sale of broadcasting rights and distributed by UEFA see "*—Media—Champions League*".

Sponsorship—Europa League

Certain commercial contracts for the Europa League are centrally negotiated. The revenue earned from the contracts concluded by UEFA for the matches from the group stage of the Europa League is allocated as decided by the executive committee before the start of each season. As a rule, 75% of the revenue received from television and sponsorship contracts (including, without limitation, licensing and merchandising) is paid to the 48 clubs taking part in the Europa League group matches and the eight clubs joining from the Champions League in the round of 32. 25% of the revenue received by UEFA will remain with UEFA to cover organisational and administrative costs.

European football industry—regulatory aspects

The FA is a member of FIFA and UEFA, and is the overall governing body for association football in England. The FA directly regulates such matters as club ownership, the licensing of domestic football agents, arbitration of certain football disputes, sporting disciplinary matters, the organisation of football competitions (amateur and professional) in England and the English national football teams.

Professional football in England is regulated by the FA in conjunction with the Premier League and the Football League.

Restriction on ownership of shares

Under the Premier League Rules, no person can be directly or indirectly involved in, or have any power to determine or influence, the management or administration of more than one Premier League club. In addition, no person is permitted to hold or possess the legal or beneficial interest in, and/or have the ability to exercise the voting rights in respect of 10% or more of the total voting rights exercisable in respect of any shares, or any class of shares, in a Premier League club where they also directly or indirectly hold or possess the legal or beneficial interest in, and/or the ability to exercise voting rights exercisable at a general meeting of, another Premier League club.

The Football League rules stipulate that no person who is "interested" in a Football League Club (nor any of his associates) may be "interested" in any other football club in the United Kingdom without the Football League's prior written consent. However, this does not prevent a person or his associate from holding up to 10% of the share capital of any club provided that,

in the opinion of the Football League board, the shares are held purely for investment purposes. A person is deemed to be "interested" in a football club if he holds or deals in the securities or shares of that football club, is a member of that football club, is involved in any capacity whatsoever in the management or administration of that football club, has any power whatsoever to influence the financial, commercial or business affairs or the management or administration of that football club or has lent or gifted money to or guaranteed the debts of that football club.

Transfer of players

For clubs in the Premier League, the rules governing the domestic transfer of players are contained in the Premier League Rules and the FA Rules. The rules governing international transfers (i.e. the transfer of players from or to clubs outside England), are contained in the FIFA Regulations for the Status and Transfer of Players (the **FIFA Regulations**), in addition to the Premier League Rules and the FA Rules.

The FA Rules and the Premier League Rules provide for the registration and/or employment of professional players with Premier League clubs. Subject to compliance with these rules, a professional player may enter into a contract with any club and be registered to play for that club. He may receive a signing-on fee for doing so. If a player wishes to move to another club during his contract, he may do so if his existing club and the new club agree. In such circumstances, a compensation fee may be payable by the transferee club. In an international transfer the FIFA Regulations may require the transferee club to distribute 5% of this compensation fee to the clubs that trained the relevant player. The transferor club in an international transfer may also be entitled to receive payment of "training compensation" under the FIFA Regulations where certain conditions are met. If an out-of-contract player (i.e. a player whose contract with a club has expired or has been terminated) wishes to play for another club, the transferor club will only be entitled to a compensation fee in a domestic transfer, or training compensation under the FIFA Regulations in an international transfer, if certain conditions are satisfied. These may include conditions regarding the player's age and the transferor club offering him a new contract on terms at least as favourable as his current contract.

Subject to limited exceptions, the transfer of a professional player may only take place during one of the "transfer windows", which for teams in the Premier League are currently:

- the period commencing at midnight on the day of the last Premier League match of a season and ending at midnight on the following 31 August (if a working day and if not, on a date to be determined by the Premier League board); and
- the period commencing at midnight on 31 December and ending at midnight on the following 31 January (if a working day and if not, on a date to be determined by the Premier League board).

If we were to fail to make any payment in respect of a transfer fee (as a result of insolvency or otherwise), the Premier League board has the power to refuse any application by us to register any player until the defaulted transfer fees have been paid.

Relationship between the Premier League and other bodies

Each Premier League club holds one share in the Premier League. The FA holds a special share, which, under the articles of association of the Premier League, requires the FA's prior written consent for certain matters, including certain amendments to the Premier League Rules.

Pursuant to the Premier League Rules, each Premier League club agrees to be bound by and to comply with:

- the laws of the game;

- the FA Rules;
- the articles of association of the PLL;
- the Premier League Rules themselves;
- the statutes and regulations of FIFA;
- the statutes and regulations of UEFA; and
- the regulations of the Professional Game Compensation Committee.

We participate in the FLPLAS. With effect from 1 September 1999, the defined benefit section of the FLPLAS was closed to new entrants and to future service benefit accrual. Pension provision in respect of pensionable service after 31 August 1999 is provided on a defined contribution basis.

The assets of the FLPLAS are not segregated between the participating clubs and each club is jointly and severally liable for the deficit in the defined benefit section of the FLPLAS. The FLPLAS's actuary undertakes a valuation of the scheme triennially and advises the participating clubs of their share of the deficit. As at the latest actuarial valuation prior to the date of this offering memorandum (as at 31 August 2008) the total deficit in the FLPLAS on an ongoing basis was £13.5 million and our share was £1.35 million. The deficit amount is being paid off by additional contributions by the participating clubs over ten years from September 2009. However, on a club ceasing to carry on business or going into voluntary or compulsory liquidation the trustees of the FLPLAS will set apart that part of the assets and liabilities of the scheme attributable to the active members of that club. The remaining participating employers in the FLPLAS would not be jointly and severally liable for the liabilities attributable to the active members of the club ceasing to carry on business or in liquidation but would be liable for the liabilities attributable to the deferred and pensioner members of that club. As described in the subsection entitled "*Football Creditors*" below, the rules of the Premier League permit the Premier League to direct certain payments due to a club in the Premier League to, amongst other people, the FLPLAS if that club fails to make payments due to the FLPLAS.

Home grown players rules

Premier League

At a shareholder meeting of the PLL on 10 September 2009, the Premier League clubs approved a new "home grown player" quota system. This will operate from the start of Premier League season 2010/11. Under these rules:

- a Premier League club will be restricted to a squad consisting of 25 players but can supplement the squad with an unlimited number of players aged under 21 years of age as at 1 January in the relevant season;
- the squad of 25 players will be required to include at least eight "home grown" players, which are defined as players who, irrespective of nationality or age, have been registered with any club (or clubs) affiliated to the FA or the Football Association of Wales for a period (continuous or not) of three entire seasons or 36 months prior to his 21st birthday (or the end of the season during which he turns 21); and all Premier League clubs will be required to declare their squad list at the end of August and January in each season.

Champions League and Europa League

UEFA regulations limit the number of overseas-trained players permitted in any club's squad registered for European club competitions. The new rules came into force at the start of the 2006/07 season with Manchester United being required to reserve four spaces for locally trained players in the squad it registers for Champions League or Europa League matches. This number rose to six in 2007/08 and eight in 2008/09. "Locally trained players" are players who are a "club-trained player" or an "association-trained player". A club-trained player is a player

who, between the age of 15 (or the start of the season during which he turns 15) and 21 (or the end of the season during which he turns 21), and irrespective of his nationality and age, has been registered with his current club for a period, continuous or not, of three entire seasons (i.e. a period starting with the first official match of the relevant national championship and ending with the last official match of that relevant national championship) or of 36 months. An “association-trained player” is a player who, between the age of 15 (or the start of the season during which the player turns 15) and 21 (or the end of the season during which the player turns 21), and irrespective of his nationality and age, has been registered with a club or with other clubs affiliated to the same national association as that of his current club for a period, continuous or not, of three entire seasons or of 36 months. At least four locally trained players must be club-trained players.

Football creditors

Pursuant to the Premier League Rules, the Premier League can direct certain payments due to a club in the Premier League to someone other than that club in two circumstances.

- If an FA Insolvency Event occurs in relation to a club or its parent undertaking (as defined in section 1162 of the Companies Act 2006) and the club is suspended (see “—Other Sanctions” below) or the subject of a postponed suspension, the Premier League board may direct that payments otherwise due to the club from the Premier League in respect of:
 - (i) the sale by the Premier League of audiovisual rights to transmit Premier League matches in the United Kingdom;
 - (ii) the sale by the Premier League of audiovisual rights to transmit Premier League matches outside the United Kingdom;
 - (iii) the sale of the right to have a brand identity associated with the Premier League;
 - (iv) contracts entered into by the Premier League relating to sponsorship or similar matters; and
 - (v) the sale by the Premier League of rights to transmit Premier League matches by radio

be instead directed to the club’s Football Creditors.

- The Premier League board has the right to redirect the payments mentioned in the circumstance above if it is reasonably satisfied that the club has failed to pay any of a certain group of creditors. This group of creditors includes all other football clubs, the PLL and the Football League.

If either of these circumstances were to apply to us, the broadcasting and other revenue normally paid to us by the Premier League could be redirected as described above.

Other sanctions

On the occurrence of an FA Insolvency Event in relation to a club or its parent undertaking, the following sanctions could be imposed on the club:

- suspension from the Premier League, the Champions League, the Europa League, the FA Cup, the League Cup and certain other competitions;
- the imposition of a sporting sanction (the deduction of nine league points if in the Premier League, or ten league points if in the Football League); and/or
- loss of control of its player registrations.

In this offering memorandum, FA Insolvency Event means in respect of a football club or its parent undertaking:

- the entry into by it of a company voluntary arrangement pursuant to the Insolvency Act;
- the entry into by it of a scheme of arrangement;
- an application for or making of an administration order in relation to, or the appointment of an administrator to, it;
- the appointment of a receiver or an administrative receiver to it;
- the passing of a resolution pursuant to section 84(1) of the Insolvency Act to voluntarily wind it up;
- the convening of a meeting of its creditors pursuant to sections 95 or 98 of the Insolvency Act;
- the making of a winding up order in respect of it;
- its ceasing or forming an intention to cease, wholly or substantially, to carry on its business, save for the purpose of reconstruction or amalgamation or otherwise in accordance with a scheme of proposals which has previously been submitted to and approved in writing by the board of the PLL; and
- it being entered into, or being placed into, any insolvency regime in any jurisdiction outside England and Wales which is analogous with the insolvency regimes detailed above.

Football Creditors are defined in the Premier League Rules to comprise:

- the FA and clubs in full or associate membership thereof;
- associations affiliated to the FA;
- the PLL and its subsidiaries;
- the Football League and certain other English football leagues;
- the Professional Footballers' Association;
- the Football Foundation;
- any employee or former employee of the club in question to whom arrears of wages or salary are due, to the extent of such arrears; and
- any pension provider to which a pension contribution payable by the club in question in respect of its employees or former employees is due, to the extent of such contribution.

UEFA club licensing

In order to participate in any club competition organised under the auspices of UEFA (including the Champions League and Europa League) a club must hold a valid UEFA club licence (a **Club Licence**). A Club Licence is valid for one season only. National associations are appointed by UEFA to administer the licensing process on its behalf, which involves implementing a national club licensing manual. The FA's club licensing manual contains various minimum criteria which must be met by an applicant in order to be granted a Club Licence. The criteria are divided into five broad categories as follows:

- **Sporting:** requiring the existence of an approved youth development programme, a certain number of youth teams and a yearly medical examination of players eligible for the First Team squad.

- **Infrastructure:** requiring a club to own, or have use under a binding contract of, a stadium for UEFA games that meets certain standards. Clubs are also required to have a minimum level of training facilities.
- **Personnel and Administrative:** requiring a club to employ certain duly qualified personnel including a general manager, first team coach, finance officer, club secretary, head of youth development and stewards.
- **Legal:** requiring a club to submit a legally valid declaration regarding a number of matters including recognition of FIFA, UEFA and the Court of Arbitration for Sport, participation in national and international competition, acknowledgement of UEFA's right to conduct compliance audits and undertaking to inform the appropriate licensor about any significant change, event or condition of major economic importance. In addition, a club is required to provide certain legal documentation, including its constitutional documentation.
- **Financial:** requiring a club to provide written representations, future financial information, interim financial statements and audited annual financial statements. Clubs must also be able to provide that, as at 31 December of the preceding year, the club has no overdue debts to employees or social/tax authorities.

In the event of a breach of the regulations relating to the club licensing system, UEFA regulations allow for a range of penalties to be imposed on clubs. These can include warnings, reprimands, fines, disqualification from competitions, withdrawal of a title and withdrawal of Club License. There are also additional criteria, failure to comply with which will attract sanction that falls short of exclusion from the UEFA club competitions, as well as "best practice" criteria.

Management

We are managed by a team that includes members of our board of directors, most of whom are located at our headquarters in Manchester. Our business is divided into football and commercial components. The football component, based in Manchester, is managed by David Gill, our Chief Executive Officer. This component is further divided between Sir Alex Ferguson, the Manchester United Football Club manager, and Michael Bolingbroke, our Chief Operating Officer. Mr. Bolingbroke supervises three subdivisions comprising finance, human resources, legal and information technology; group property services; and venue, ticketing, hospitality, catering and membership. In addition, our club secretary reports to Mr. Bolingbroke. Sir Alex Ferguson, alongside our assistant team manager, oversees our reserve team coaches; goalkeeping coaches; First Team coaches; fitness, human performance and sport science; and our players. In addition, Sir Alex Ferguson oversees the Youth Academy; groundsman; scouting and performance analysis; and physiotherapy.

Edward Woodward, Director and Chief of Staff, heads the commercial component of our business, which comprises five subdivisions. They are: sponsorship sales; commercial services and marketing; customer relationship management; media; and retail, merchandising and licensing. Richard Arnold is our Director of Commercial and reports to Mr. Woodward.

Management team

Our management team is primarily responsible for managing the day-to-day operations of our business and implementing the general policies and guidelines set forth by our board of directors. Currently, we have six management team members.

The table below sets out the names, positions and election date of Manchester United Limited's current management team members:

Name	Position	Appointment Date
Avram Glazer	Co-Chairman	June 2005
Joel Glazer	Co-Chairman	June 2005
David Gill	Chief Executive Officer	February 1997
Edward Woodward	Director, Chief of Staff	November 2005
Michael Bolingbroke	Chief Operating Officer	May 2007
Sir Alex Ferguson	Manager	November 1986
Richard Arnold	Director of Commercial	November 2007

The following is a summary of the business experience and principal outside business interests of the current management team members. The business address for each member of the management team is our offices at Old Trafford, Manchester, M16 0RA.

Avram Glazer is the Vice Chairman of Red Football Limited. He was appointed to the Board on 21 April 2005. He is currently Co-Chairman of Manchester United Limited. He has worked as a vice president of First Allied Corporation and as president and Chief Executive Officer of Zapata Corporation, a US public company. Mr. Glazer received a business degree from Washington University in St. Louis in 1982. He studied law at Beijing University and at Fudan University in Shanghai and received a law degree from American University, Washington College of Law in 1985.

Joel Glazer is Chairman of Red Football Limited. Mr. Glazer was appointed to the Board on 21 April 2005. He is currently the Co-Chairman of Manchester United Limited. In 1995, he became the executive vice president of the Tampa Bay Buccaneers and now serves as Co-Chairman. He has also worked as a vice president of First Allied Corporation, a US real estate investment company. Mr. Glazer graduated from American University in 1989.

David Gill joined Manchester United Limited as Finance Director in 1997 and was appointed Managing Director in July 2000 and Chief Executive Officer in September 2003. On 2 June 2006, Mr. Gill was elected to the board of the FA, the governing body of association football in England. Additionally, Mr. Gill is a member of the board of the European Club Association, an organisation representing football clubs in Europe. His seat, along with the rest of the board, is up for re-election in 2010. Mr. Gill is also the vice chairman of UEFA's club competition committee. Mr. Gill received a Bachelor of Commerce degree from Birmingham University in 1978.

Edward Woodward was appointed Chief of Staff in November 2005 and was elected to the board of directors of Manchester United Limited in December 2007. Mr. Woodward formerly worked as an investment banker with J.P. Morgan and joined Manchester United Limited in 2005 to manage our capital structure. Prior to joining J.P. Morgan, Mr. Woodward worked for PricewaterhouseCoopers in the Accounting and Tax Advisory department. He received a Bachelor of Science degree in physics from Bristol University in 1993 and received his Chartered Accountancy qualification in 1996.

Michael Bolingbroke was appointed Chief Operating Officer in May 2007. Prior to joining Manchester United Limited, Mr. Bolingbroke was the Senior Vice President at Cirque du Soleil managing the profitability of shows in Las Vegas and Orlando, as well as the company's touring shows. Prior to joining Cirque du Soleil, Mr. Bolingbroke was the Senior Vice President of Operations at the Jim Henson Company. Mr. Bolingbroke received his Bachelor of Arts degree from Reading University in 1987 and a Master of Business Administration from London Business School in 2001. He has been a member of the Institute of Chartered Accountants since 1990.

Sir Alex Ferguson became the manager of our First Team in November 1986. Sir Alex Ferguson previously managed the East Stirlingshire, St. Mirren and Aberdeen football clubs. He also managed the Scotland national football team. Having been our manager for 23 years makes Sir Alex Ferguson the second-longest serving manager in our history and the longest of all the current Premier League managers.

Richard Arnold was appointed Director of Commercial in November 2007. Mr. Arnold was previously responsible for the international sales and marketing division of InterVoice Inc, a Nasdaq listed technology company. He was appointed to the board of MUML on 16 December 2008 and to the board of MUTV on 19 January 2009.

Board of Directors

The board of directors of Red Football Limited exercises all powers of the company, and, together with the management team, monitors and manages the daily operation of our activities in accordance with English law and Red Football Limited's constitutional documents. Currently, the Board of Directors of Red Football Limited comprises seven directors. The board of directors for the Issuer comprises six of our directors. The table below sets forth the names, positions, appointment date, and terms of office of the current members of Red Football Limited's Board of Directors and indicates which of our Directors are directors of the Issuer.

Each director serves until he resigns or is removed in accordance with applicable law or the constitutional documents of Red Football Limited.

Name	Position	Appointment Date
Avram Glazer*	Director	21 April 2005
Joel Glazer*	Director	21 April 2005
Bryan Glazer*	Director	17 May 2006
Edward Glazer*	Director	17 May 2006
Darcie Glazer-Kassewitz*	Director	17 May 2006
Kevin Glazer*	Director	17 May 2006
Mitchell Nusbaum	Director	10 May 2005

* Member of the board of directors of the Issuer.

The following is a summary of the business experience and principal outside business interests of the current members of Red Football Limited's Board of Directors. The business address of each of the directors is Red Football Limited, Old Trafford, Manchester, M16 0RA.

Avram Glazer is the Co-Chairman of Manchester United Limited. See "*—Management Team*".

Joel Glazer is the Co-Chairman of Manchester United Limited. See "*—Management Team*".

Bryan Glazer is a non-executive Director of Red Football Limited. He was appointed to the Board on 17 May 2006. He is Co-Chairman of the Tampa Bay Buccaneers where he, together with Joel Glazer and Edward Glazer, oversees the day-to-day operation of the franchise, including financial operations, marketing and communications and also serves on the NFL's Digital Media Committee. Mr. Glazer serves on the board of directors of the Glazer Children's Museum and the board of directors of the advisory council for Ronald McDonald House. He received a bachelor's degree from the American University in Washington DC in 1986 and received his law degree from Whittier College School of Law in 1989.

Edward Glazer is a non-executive Director of Red Football Limited. He was appointed to the Board on 17 May 2006. He is Co-Chairman of the Tampa Bay Buccaneers and an officer of First Allied Corporation. Mr. Glazer is also the co-President of the Glazer Family Foundation, which assists charitable and educational causes in the West Central Florida region. Mr Glazer received a bachelor's degree from Ithaca College in 1992.

Darcie Glazer-Kassewitz is a non-executive Director of Red Football Limited. She was appointed to the Board on 17 May 2006. Ms. Glazer-Kawsschwitz is co-President of the Glazer Family Foundation, which assists charitable and educational causes in the West Central Florida region. She graduated cum laude from the American University in 1990 and received a law degree in 1993 from Suffolk Law School. She is a member of the New York State Bar Association.

Kevin Glazer is a non-executive Director of Red Football Limited. He was appointed to the Board on 17 May 2006. Mr. Glazer currently is a director of Manchester United Limited and has worked as an officer of First Allied Corporation since 1986. Mr. Glazer graduated from Ithaca College in 1984.

Mitchell Nusbaum is a non-executive Director of Red Football Limited. He was appointed to the Board on 10 May 2005. He is a partner in the law firm of Woods Oviatt Gilman LLP and a director of I. Gordon Corporation. In his law practice, Mr. Nusbaum specialises in commercial real estate, banking, finance, general business and sports law. He received a law degree from Harvard Law School in 1988 and a Bachelor of Science degree from Cornell University.

Certain Information on the Members of the Board of Directors and Management Team

No member of the Board of Directors and no management team member has been convicted of any fraudulent offences and/or sanctioned by statutory or regulatory authorities (including professional associations) within the past five years.

No member of the Board of Directors and no management team member has, within the past five years, been deemed by a court or any other statutory or regulatory authority to be unfit for membership in an administrative, management or supervisory body of a company or to be unfit to exercise management duties or to manage the business of an issuer.

Shareholdings of Management Team and Directors

For information on the shareholding of members of the Board of Directors and the management team in the Group, see "*Principal Shareholders*".

Principal Shareholders

The ultimate parent undertaking of the Issuer and controlling party is Red Football Limited Partnership, a limited partnership formed in the state of Nevada, United States of America whose general partner is Red Football General Partner, Inc. a corporation formed in the state of Nevada, United States of America. Red Football Limited Partnership and Red Football General Partner, Inc. are controlled by family trusts affiliated with the Glazer family.

Related Party Transactions

As part of our business, we have entered into several transactions with entities related to our ultimate shareholders.

Loans to directors

Manchester United Limited made loans to its directors on 19 December 2008 which have an aggregate value of £10 million. The agreement governing these loans was subsequently amended on 5 November 2009. The interest rate on the loans is 5.5%, stepping up to 7.5% after the fifth anniversary, payable in cash annually. The loans are repayable on demand from Manchester United Limited after the fifth anniversary, and prior to that upon the occurrence of certain events of default.

Consultancy agreement

On 30 June 2009, Manchester United Limited entered into a consultancy agreement with SLP Partners, LLC (SLP), a company related to certain of our ultimate shareholders. An annual fee is payable by Manchester United Limited to SLP, capped at £2.9 million per annum. This agreement will be terminated prior to the issuance of the Notes and no further payments will accrue thereafter.

Management fees

During the period from 1 July 2006 to the date of this offering memorandum, management and administration fees of approximately £0.6 million, £1.8 million, £1.4 million, £3.1 million and £3.1 million were paid to our affiliates. Under the Notes, we are permitted to pay up to £6 million per annum to one or more entities related to our ultimate shareholders for administration and management services. We expect to enter into a management services agreement.

Description of Other Indebtedness

The following summarises terms of certain financing arrangements to which we are or will be a party. The following summary is not complete and is qualified by the full text of the particular documents described below.

In connection with the offering of Notes, we plan to enter into a new revolving credit facility agreement and an intercreditor agreement. Each of the agreements is, on the date of this offering memorandum, subject to negotiation of definitive terms. See “Risk Factors—We may not have our new revolving credit facility in place at the time of the issuance of the Notes, which could limit our ability to borrow more cash”.

New revolving credit facility

On or about the date of issuance of the Notes, the Issuer and the Guarantors will enter into a new revolving credit facility agreement between (among others) a syndicate of banks as lenders and J.P. Morgan Europe Limited as agent and security trustee, for Manchester United Limited and Manchester United Football Club Limited (and any other wholly owned restricted subsidiary of Red Football Limited that accedes as a borrower) to borrow up to £75,000,000 (or its equivalent in an optional currency, including euros and US dollars) across two facilities of £50,000,000 and £25,000,000, respectively. The new revolving credit facility is guaranteed by the Guarantors and, if applicable, certain other members of the restricted Group (as described below under “Description of the Notes”) and secured by the assets of such entities as described below under “—Guarantees” and “—Securities”. The new revolving credit facility will be available to finance our general corporate and working capital requirements (including the acquisition of players but not for other acquisitions or the prepayment of certain indebtedness).

On or before the date of this offering memorandum, we have entered into a fully committed mandate letter with J.P. Morgan plc, The Royal Bank of Scotland plc, Goldman Sachs International, GE Corporate Finance Bank SAS, Deutsche Bank AG, London Branch and Banc of America Securities LLC and certain of their affiliates as arrangers and underwriters to provide this facility, conditional on, among other things, issuing the Notes, documentation and customary know-your-client procedures.

Repayments and Prepayments

The new revolving credit facility will terminate six years from the date of closing (or, if occurring earlier than such six-year anniversary, the date that falls 12 months prior to the earliest maturity date of any of the Notes). Any amount still outstanding under that facility at that time will be due in full immediately on that date. The new revolving credit facility contains an annual minimum five-day net clean down to £25,000,000.

Subject to certain conditions, we may voluntarily prepay and/or permanently cancel all or part of the available commitments under the new revolving credit facility by giving five business days’ prior notice to the agent. Each loan drawn under the new revolving credit facility is required to be repaid on the last day of each of its interest periods. Amounts repaid may (subject to the terms of the new revolving credit facility agreement) be reborrowed.

In addition to voluntary prepayments, the new revolving credit facility requires mandatory cancellation and, if applicable, prepayment (or, as the case may be, an offer to do so) in full or in part in certain circumstances, including:

- with respect to any lender, if it is or will become unlawful for such lender to perform any of its obligations under the new revolving credit facility agreement;

- upon the occurrence of a change of control or a sale of the whole or substantially all of the restricted Group's business and assets. Change of control means a "Change of Control" as defined in the Notes or:
 - (i) where certain original investors in Red Football Limited cease to have the power to control more than 50% of the maximum number of votes that might be cast at a general meeting of Red Football Limited or appoint or remove a majority of directors of Red Football Limited or give directions with respect to operating and financial policies of Red Football Limited; or
 - (ii) where such original investors cease to be, directly or indirectly, the legal and beneficial owners of more than 30% of each class of issued share capital and shareholder loans of Red Football Limited provided that Red Football Shareholder Limited and/or its affiliates remain the largest owner of shares and shareholder loans in Red Football Limited at all times;
- from the proceeds of Asset Sales (as defined in the Notes) if not reinvested in accordance with the Notes as follows:
 - (i) if we are in compliance with a consolidated EBITDA floor of £82,500,000 and no event of default is outstanding, we may first use up to £50,000,000 to prepay the Notes but any further prepayment of the Notes must be matched with an offer to cancel and, if applicable, prepay the new revolving credit facility in an equivalent amount;
 - (ii) if we are not in compliance with an EBITDA floor of £82,500,000 but no event of default is outstanding, an offer must be made to cancel and, if applicable, prepay the new revolving credit facility in an amount equal to 50% of the excess proceeds; and
 - (iii) if an event of default is outstanding, we must offer to use all such excess proceeds to cancel and, if applicable, prepay the new revolving credit facility;
- from any net insurance proceeds, except for excluded insurance proceeds (which include any proceeds of an insurance claim which are used to (i) meet certain third party claims, (ii) replace, repair or reinstate the relevant assets or purchase replacement assets that are useful to the business or (iii) reinvest in substantially similar assets used in the restricted Group's business, in each case within 365 days of receipt).

The new revolving credit facility requires mandatory cancellation if the notes are not issued by 1 February 2010 (or such later date as may be agreed).

Interest and commitment fees

Loans under the new revolving credit facility bear interest at a rate per annum equal to LIBOR (or in relation to a loan in euro, EURIBOR) plus the applicable margin and any mandatory cost.

The applicable margin means 3.5% per annum, except if after 12 months no event of default has occurred and is continuing, it means the following:

Total Net Leverage Ratio per annum	Margin %
Equal to or greater than 4.5	3.50
Equal to or greater than 4.0 but less than 4.5	3.25
Equal to or greater than 3.5 but less than 4.0	3.00
Equal to or greater than 3.0 but less than 3.5	2.75
Less than 3.0	2.50

A commitment fee is payable on the available but undrawn amount of the new revolving credit facility, at a rate equal to 35% per annum of the applicable margin.

Guarantees

The new revolving credit facility will be guaranteed by the Issuer and the Guarantors and each other material company that is a restricted subsidiary of Red Football Limited and whose EBITDA, gross assets or turnover represents 5% or more of the consolidated EBITDA, gross assets or turnover (excluding intra-restricted Group items) of the restricted Group other than MUTV Limited and Alderley Urban

Investments Limited and certain other excluded subsidiaries.

We must maintain a Guarantor coverage of not less than 90% of the consolidated EBITDA, gross assets and turnover of the restricted Group. However, this term will not be breached if the sole reason the term is not met is because MUTV Limited, Alderley Urban Investments Limited and the other excluded subsidiaries (taken together) have over 10% of the consolidated EBITDA, gross assets or turnover of the restricted Group.

Security

Each Guarantor will give full asset security over all of its assets to secure the obligations of each borrower and guarantor under the new revolving credit facility. The holders of the Notes and the hedge counterparties will also benefit from this guarantee and security package. All of the lenders under the new revolving credit facility, the hedge counterparties and the Trustee of the Notes will be party to an intercreditor agreement pursuant to which the lenders under the new revolving credit facility, the existing hedge counterparties and certain senior new hedge counterparties will have a super-priority right to the receipt of any enforcement proceeds from the security (see "*—Intercreditor agreement*").

Representations

The new revolving credit facility will include standard Loan Market Association style representations, which will include, among others, valid power and authority to enter into the agreement, no default under the agreement or in respect of any other debt obligations, compliance with applicable laws, no misleading information provided to the underwriting banks and that we have good title to our assets.

Financial covenants

In addition to the general covenants described below, the new revolving credit facility contains financial covenants requiring the restricted Group to maintain a consolidated EBITDA of not less than £65,000,000. We will be able to claim certain dispensations from complying with the consolidated EBITDA floor up to twice (in non-consecutive years) during the life of the new revolving credit facility if we fail to qualify for the Champions League.

General covenants

The new revolving credit facility contains affirmative and negative covenants typical in facilities of this type. The restrictions on acquisitions, joint ventures, negative pledge, disposals, affiliate transactions, loans and credit, indebtedness, dividends and share capital will (save for certain agreed deviations) follow the relevant provisions of the Notes, as described in more detail in "*Description of the Notes*".

Events of default

In addition, the new revolving credit facility provides events of default typical in facilities of this type, including, among others, the following:

- non payment, subject to a 3 business day grace period for administrative and technical errors for principal and a 30 day grace period for interest payments;
- breach of financial covenants with no grace period;
- breach of other obligations, subject to a 30 day grace period;

- misrepresentation, subject to a 30 day grace period;
- cross default;
- insolvency, insolvency proceedings and creditor process, subject (where relevant) to a 30 day grace period;
- unlawfulness and invalidity;
- breach of the intercreditor agreement;
- repudiation;
- cessation of business;
- amendment to constitutional documents;
- audit qualification;
- breach of pension obligations; and
- material adverse change.

Intercreditor agreement

At or before the time we enter into our new revolving credit facility, we expect to enter into an intercreditor agreement, with the creditors of the new revolving credit facility (the **RCF lenders**) and J.P. Morgan Europe Limited as the agent for the RCF lenders, the creditors under certain hedging agreements permitted pursuant to the new revolving credit facility, the Trustee for the Notes on behalf of the holders of the Notes and J.P. Morgan Europe Limited as security trustee.

The intercreditor agreement will contain provisions related to future indebtedness permitted by the Notes that may be incurred by us and our subsidiaries which may rank *pari passu* to the Notes and be secured by the collateral securing the Notes, subject to the terms of the intercreditor agreement and any finance documentation then existing (including the indenture governing the Notes). Such *pari passu* indebtedness will have equivalent rights to the holders of the Notes under the intercreditor agreement and will vote in the same class of creditors as the holders of Notes in respect to enforcement. The intercreditor agreement also allows for a refinancing in full or in part of the Notes and/or in full but not in part of the new revolving credit facility.

By accepting a Note the relevant holder thereof shall be deemed to have agreed to and accepted the terms and conditions of the intercreditor agreement. The following description is a summary of certain provisions, among others, that will be contained in the intercreditor agreement that relate to the rights and obligations of the holders of the Notes. It does not restate the intercreditor agreement in its entirety nor does it describe provisions relating to the rights and obligations of holders of other classes of our debt or capital expenditures. As such, we urge you to read the intercreditor agreement because it, and not the discussion that follows, defines certain rights of the holders of the Notes.

Ranking and priority

The intercreditor agreement will provide that the right and priority of payment of all present and future liabilities and obligations under the revolving credit facility, the hedge agreements and the Notes owing from the Issuer, the Guarantors and any other members of the restricted Group who become party to the intercreditor agreement as debtors (together the **debtors**) to the RCF lenders, the hedge counterparties and the holders of the Notes shall rank *pari passu* and without any preference or payment between them.

Priority of security

The RCF lenders, the hedge counterparties and the holders of the Notes will benefit from a common guarantee and security package and no such secured creditor may take the benefit of any guarantee or security unless such guarantee and security is also provided for the benefit of the other secured creditors (the **transaction security**). The transaction security shall rank and secure the liabilities owed to the RCF lenders, the hedge counterparties and the holders of the Notes *pari passu* and without any preference between them.

Certain intra-restricted Group liabilities and subordinated liabilities owing by Red Football Limited to its holding companies (each a **subordinated creditor**) are postponed and subordinated to liabilities under the revolving credit facility, our hedge agreements and the Notes. The Intercreditor Agreement does not purport to rank the intra-restricted Group liabilities and subordinated liabilities as between themselves.

Restrictions

The intercreditor agreement restricts (amongst other things):

- the ability of members of the restricted Group to make payments in respect of the liabilities owed to the RCF lenders, the hedge counterparties and the holders of the Notes after an acceleration or enforcement of the transaction security unless in accordance with the enforcement proceeds waterfall described below under “—*Application of proceeds*”;
- the ability of members of the restricted Group to pay, prepay, repay, redeem, defease or discharge the liabilities owed to the holders of the Notes except as permitted by the new revolving credit facility debt documentation;
- the ability of members of the restricted Group to pay, prepay, repay, redeem, defease or discharge or acquire the liabilities owed to the hedge counterparties except certain specified permitted payments;
- the ability of the hedge counterparties to take enforcement action except certain specified permitted enforcement action;
- the ability of intra-restricted Group debtors to pay, prepay, repay, redeem, defease or discharge or acquire intra-restricted Group liabilities except certain specified permitted payments;
- the ability of the intra-restricted Group lenders to take enforcement action except certain specified permitted enforcement action;
- the ability of the intra-restricted Group lenders to take the benefit of any guarantees or security;
- the ability of members of the restricted Group to pay, prepay, repay, redeem, defease or discharge or acquire any liabilities owing to the subordinated creditors except certain specified permitted payments;
- the ability of subordinated creditors to take enforcement action except certain specified permitted enforcement action;
- the ability of the subordinated creditors to take the benefit of any guarantees or security; and
- the ability of the RCF lenders, hedge counterparties and the holders of the Notes to take, accept or receive the benefit of any security other than transaction security unless such security is also granted in favour of the other secured parties.

In addition, the intercreditor agreement provides that the transaction security and guarantees relating to the liabilities owed to the RCF lenders, the hedge counterparties and/or the holders

of the Notes will be released in certain circumstances described further below in “—Release of security and guarantees—non-distressed disposals” and “—release of security and guarantees—distressed disposals”. Moreover, certain proceeds received by the RCF lenders, hedge counterparties and the holders of the Notes must be turned over to the security trustee pursuant to the intercreditor agreement for application in accordance with the intercreditor agreement. See further below in “—Turnover”.

Limitations on Enforcement by RCF Lenders, the Existing Hedge Counterparties and Senior Noteholders

Before the discharge date, neither the RCF lenders and the existing hedge counterparties nor the holders of the Notes may require enforcement of the transaction security unless the agent or Trustee (each a **creditor representative**) as (applicable) delivers a copy of the proposed enforcement instructions to the other creditor representatives, the existing hedge counterparties and the security trustee at least 2 business days before the issuance of the instructions. If the security trustee receives conflicting enforcement instructions then the creditor representatives, the existing hedge counterparties and the security trustee must consult with each other for not less than 30 days from the date of receipt of the latest of such instructions with a view to coordinating those instructions.

A creditor representative or existing hedge counterparty is not obliged to consult as described above (or shall only be obliged to consult for a shorter period) if the transaction security has become enforceable as a result of an insolvency event or the instructing group determines in good faith that to do so and thereby delay enforcement could reasonably be expected to have a material adverse effect on (i) its ability to enforce the transaction security or (ii) the realisation proceeds of any enforcement of the transaction security. If six months have elapsed since the date of the first acceleration event to occur the RCF lenders and existing hedge counterparties will not be obliged to consult as described above.

A creditor representative or instructing group (as defined below) may only give enforcement instructions which are (i) consistent with the security enforcement principles and (ii) such that either (a) all enforcement proceeds are received in cash by the security trustee or (b) sufficient enforcement proceeds are received in cash by the security trustee to ensure that after distribution in accordance with the intercreditor agreement, the liabilities owed to the RCF lenders plus existing hedging liabilities will be repaid in full.

Enforcement instructions

The security trustee may refrain from enforcing the transaction security unless otherwise instructed by the relevant majority of senior creditors (being the RCF lenders and the existing hedge counterparties) or holders of the Notes, each an **instructing group**.

The security trustee may disregard any instructions from any other person to enforce the transaction security and may disregard any instructions to enforce any transaction security if those instructions are inconsistent with the intercreditor agreement. The security trustee is not obliged to enforce the transaction security if it is not appropriately indemnified by the relevant instructing group.

Manner of enforcement

Before the discharge date, if the security trustee has received conflicting enforcement instructions from the agent and Trustee then provided that the instructions from the Trustee comply with the consultation requirements described above and the security enforcement principles then the security trustee shall comply with the instructions from the Trustee. If the RCF lenders and existing hedge counterparties have not been fully repaid within 6 months of the initial acceleration event then the instructions of the RCF lenders and the existing hedge counterparties will prevail.

Effect of an insolvency event

After the occurrence of an insolvency event in relation to certain members of the Group, any party entitled to receive a distribution out of the assets of that insolvent member of the Group shall, to the extent it is able to do so, direct the person responsible for the distribution to pay it to the security trustee.

The RCF lenders, the hedge counterparties, the holders of the Notes and the subordinated creditors irrevocably authorise the security trustee to:

- (i) take any enforcement action against that insolvent member of the Group;
- (ii) demand, sue, prove and give receipt for any or all of that insolvent member of the Group's liabilities;
- (iii) collect and receive all distributions on, or on account of, any or all of that insolvent member of the Group's liabilities; and
- (iv) file claims, take proceedings and do all other things that the security trustee considers reasonably necessary to recover that insolvent member of the Group's liabilities.

Each of the RCF lenders, the hedge counterparties, the holders of the Notes and the subordinated creditors shall (i) do all things the security trustee requests in order to give effect to the above actions and (ii) if the security trustee is not entitled to take any of the above actions and requests that a creditor takes that action, undertake that action itself in accordance with the instructions of the security trustee or grant a power of attorney to the security trustee to enable it to take such actions.

Release of security and guarantees—non-distressed disposals

Except as provided in the immediately following paragraph, if a debtor disposes to a person or persons who is outside or within the restricted Group of any asset and:

- (i) two directors of Red Football Limited certify that the disposal is permitted by the RCF documentation and the agent has not objected to such certificate within 5 business days;
 - (ii) two directors of Red Football Limited certify that the disposal is permitted by the Note Documentation and the Trustee has not objected to such certificate within 5 business days; and
 - (iii) that disposal is not a distressed disposal (as defined below), the security trustee is irrevocably authorised and is obliged as the cost of the restricted Group:
- (i) to release the transaction security or any other claim over that asset;
 - (ii) where that asset consists of shares in the capital of a member of the restricted Group, to release the transaction security and/or any other claim over that member of the restricted Group's assets; and
 - (iii) to execute and deliver or enter into any release of the transaction security and/or any other claim and issue any certificates of non-crystallisation of any floating charge or any consent to dealing that may, in the discretion of the security trustee, be considered necessary or desirable, provided that in the case of an intra-restricted Group disposal any transaction security granted by the transferee shall not be released and any required replacement security is granted before or at the same time as the release. If the disposal is not made, the releases described above shall have no effect.

Release of security and guarantees—distressed disposals

If a disposal of an asset of a member of the restricted Group is:

- (i) being effected by an instructing group after the transaction security has become enforceable;
- (ii) being effected by an enforcement of the transaction security; or

- (iii) being effected, after an acceleration or enforcement of the transaction security, by a debtor to a person who is not a member of the restricted Group, (each a distressed disposal), then the security trustee is irrevocably authorised to release (amongst other things) the relevant assets from the transaction security provided that the net proceeds of each distressed disposal are paid to the security trustee for application in accordance with the enforcement proceeds waterfall described below under “—Application of proceeds”.

In the case of any distressed disposal being effected by or at the request of the security trustee, the security trustee shall take reasonable care to obtain a fair market price in the prevailing market conditions.

Turnover

Subject to certain exclusions, if at any time prior to the final discharge date, any creditor or subordinated creditor receives or recovers:

- (i) any amount which is not a permitted payment or made in accordance with the enforcement proceeds waterfall described below under “—Application of proceeds”;
- (ii) subject to certain exclusions, any amount by way of set off in respect of any of the liabilities owed to it which does not give effect to a permitted payment;
- (iii) subject to certain exclusions, any amount on account or, or in relation to, or by way of set off in respect of any liabilities after an acceleration or enforcement of the transaction security or as a result of any litigation against certain members of the Group;
- (iv) the proceeds of any enforcement of any transaction security; or
- (v) subject to certain exclusions, any distribution in cash or in kind or payment of, or on account of or in relation to, any of the liabilities owed by certain insolvent members of the Group, in each case where such payment is not made in accordance with the enforcement proceeds waterfall described below under “—Application of proceeds”,

then that creditor or subordinated creditor will:

- (i) in relation to receipts and recoveries not received or recovered by way of set-off, hold the relevant portion of an amount of that receipt or recovery on trust for the security trustee and promptly pay the relevant portion of that amount to the security trustee for application in accordance with the terms of the intercreditor agreement; and
- (ii) in relation to receipts and recoveries received or recovered by way of set-off, promptly pay the relevant portion of an amount equal to that recovery to the security trustee for application in accordance with the terms of the intercreditor agreement.

The Trustee shall only have an obligation to turn over or repay amounts received or recovered by it as described above (i) if it had actual knowledge that the receipt or recovery is an amount received in breach of a provision of the intercreditor agreement (a **turnover receipt**) and (ii) to the extent that, prior to receiving that knowledge, it has not distributed the amount of the turnover receipt to the holders of the Notes in accordance with the provisions of the relevant Note documentation.

Application of proceeds

All amounts from time to time received pursuant to the provisions described under “—Turnover” above or otherwise recovered by the security trustee in connection with the realisation or enforcement of all or any part of the transaction security or otherwise paid to

the security trustee under the intercreditor agreement for application as set forth below shall be held by the security trustee on trust and applied in the following order:

- *firstly, pro rata and pari passu*, in payment of certain amounts owing to the Trustee and all costs and expenses incurred by the security trustee, each creditor representative and any receiver or delegate;
- *secondly*, in payment to (i) the agent on its own behalf and on behalf of the arrangers; and the RCF lenders (ii) the existing hedge counterparties and (iii) the senior new hedge counterparties for application towards the discharge of (A) the agent's liabilities, the arrangers' liabilities and the liabilities owed to the RCF lenders (in accordance with the terms of the RCF documentation) (B) the liabilities owed to the existing hedge counterparties (on a pro rata basis between the hedging liabilities of each existing hedge counterparty), and (C) the liabilities owed to the senior new hedge counterparties (on a *pro rata* basis between the hedging liabilities of each senior new hedge counterparty) (provided that the liabilities discharged under paragraph (C) may not exceed an agreed maximum cap) on a *pro rata* basis between paragraph (A), (B) and (C) above;
- *thirdly*, in payment to the senior new and other hedge counterparties for application towards the discharge of any remaining hedging liabilities (on a pro rata basis between the hedging liabilities of each such hedge counterparty);
- *fourthly*, in payment to the Trustee on its own behalf and on behalf of the Senior Noteholders for application (in accordance with the terms of the Note documentation) towards the discharge of the Trustee's liabilities and the liabilities owed to the holders of the Notes;
- *fifthly*, in payment to any person to whom the security trustee is obliged to pay in priority to any member of the restricted Group; and
- the balance, if any, in payment to the relevant member of the restricted Group.

Option to purchase

The holders of the Notes may, after the occurrence of an acceleration or enforcement of the transaction security and subject to various conditions set out in the intercreditor agreement (including the grant of an acceptable indemnity against clawback to the RCF lenders and existing hedge counterparties), exercise an option to purchase the liabilities owed to the RCF lenders and the liabilities owed to the existing hedge counterparties in full and at par.

Existing Alderley facility

Alderley Urban Investments Limited entered into an £8,000,000 ten year amortising term loan facility with The Royal Bank of Scotland plc dated 19 May 2008 for the purpose of purchasing Manchester International Freight Terminal (the **Alderley Facility**). The Alderley Facility bears interest at a rate of LIBOR plus 1% every three months and terminates on 7 October 2018. Alderley Urban Investment Limited's repayment obligations under the Alderley Facility are intended to be met using rental income from the Manchester International Freight Terminal. Any shortfall in rental income is guaranteed by Manchester United Limited pursuant to an annual rental shortfall guarantee. The maximum amount recoverable from Manchester United Limited in any given year is £775,000. We anticipate that the Alderley Facility will stay in place after completion of the refinancing of our debt.

MUTV Limited loan stock

33.3% of MUTV is owned by Sky Ventures Limited, a wholly-owned subsidiary of British Sky Broadcasting Group PLC. As at 30 September 2009, £5 million in aggregate principal amount of loan stock was held by Sky Ventures Limited.

Hedging arrangements

In relation to our existing senior facilities agreements which will be repaid in full and cancelled upon completion of the offering of the Notes, we entered into interest rate hedging swap agreements to hedge our interest rate cost on a principal amount not exceeding the aggregate sum of the principal amount of the senior facilities. We have entered into swap agreements with each of J.P. Morgan Chase Bank, N.A., The Royal Bank of Scotland plc and Deutsche Bank AG. Each swap has a notional amount of £150,000,000 and is effective from 24 December 2007 to 31 December 2013. In exchange for six month pound sterling LIBOR, we pay a fixed rate of 5.0775% on a semi annual basis. The swap agreements allow J.P. Morgan Chase Bank, N.A. and The Royal Bank of Scotland plc to terminate the swaps upon refinancing of the senior facilities agreements. The swap agreements do not allow Deutsche Bank AG, London Branch to terminate the swaps upon refinancing of the senior facilities agreements unless we agree otherwise. In connection with the offering of the Notes and the repayment of our existing senior credit facilities, the terms of and the amounts outstanding under these hedging arrangements will be modified. The mark-to-market value of these hedging arrangements as at 6 January 2010 was a liability of approximately £35 million. If we were to terminate our existing hedging arrangements upon the refinancing of our current senior credit facilities, we would be required to pay our hedging counterparties the value of this liability as at the date of termination.

We will crystallise the liabilities owed to our hedging counterparties as at the date of pricing of the offering of Notes and we expect that we will make aggregate payments to such counterparties to reduce the liabilities by approximately £8 million. The amount of the remaining liability will be amortised on a straight-line basis over the next six years.

Description of the Notes

MU Finance plc (the **Issuer**) will issue sterling-denominated notes (the **Sterling Notes**) and U.S. dollar-denominated notes (the **Dollar Notes** and, together with the Sterling Notes, the **Notes**) under an indenture (the **Indenture**) among itself, as issuer, Red Football Limited, as parent guarantor (the **Parent**), the Parent's subsidiaries that guarantee the Notes (the **Subsidiary Guarantors**), The Bank of New York Mellon, as trustee (the **Trustee**) and J.P. Morgan Europe Limited, as security agent (the **Security Agent**), in a private transaction that is not subject to the registration requirements of the U.S. Securities Act of 1933, as amended (the **U.S. Securities Act**). The Sterling Notes and the Dollar Notes each constitute a separate series of Notes. Unless the context requires otherwise, references in this "*Description of the Notes*" to the Notes include the Sterling Notes, the Dollar Notes and any additional Notes that are issued. See "*Notice to Investors*". The terms of the Notes include those set forth in the Indenture. The Indenture will not incorporate or include any of the provisions of the U.S. Trust Indenture Act of 1939, as amended.

The following description is only a summary of the material provisions of the Indenture, the Notes and the Security Documents and refers to the Intercreditor Agreement. It does not restate those agreements in their entirety. You should read the Indenture, the Security Documents and the Intercreditor Agreement because they, and not this description, define your rights as holders of the Notes. Copies of the Indenture, the form of Note, the Security Documents and the Intercreditor Agreement are available as set forth below under "*—Available information*".

Certain defined terms used in this description but not defined below under "*—Certain definitions*" have the meanings assigned to them in the Indenture. You can find the definitions of certain terms used in this description under the subheading "*—Certain definitions*". In this description, the term **Parent** refers only to Red Football Limited and not to any of its Subsidiaries.

The registered holder of a Note will be treated as the owner of it for all purposes. Only registered holders will have rights under the Indenture.

Brief description of the Notes and the Note Guarantees

The Notes

The Notes:

- will be general obligations of the Issuer;
- will be secured by first-ranking Liens over substantially all of the property and assets of the Issuer;
- will be effectively subordinated to any existing and future Indebtedness of the Issuer that is secured by Liens senior to the Liens securing the Notes, or secured by property and assets that do not secure the Notes, to the extent of the value of the property and assets securing such Indebtedness;
- will be *pari passu* in right of payment with all existing and future Indebtedness of the Issuer that is not subordinated in right of payment to the Notes;
- will rank senior in right of payment to all existing and future Indebtedness of the Issuer that is subordinated in right of payment to the Notes;
- will be effectively subordinated to all obligations of the Subsidiaries of the Parent that do not guarantee the Notes; and
- will be unconditionally guaranteed by the Guarantors.

The Note Guarantees

The Notes will be guaranteed by the Guarantors.

The Note Guarantee of each Guarantor:

- will be a general obligation of such Guarantor;
- will be secured by first-ranking Liens over substantially all of the property and assets of the such Guarantor;
- will be effectively subordinated to any existing and future Indebtedness of such Guarantor that is secured by Liens senior to the Liens securing such Note Guarantee or secured by property and assets that do not secure such Note Guarantee, to the extent of the value of the property and assets securing such Indebtedness;
- will be *pari passu* in right of payment with all existing and future Indebtedness of such Guarantor that is not subordinated in right of payment to such Note Guarantee;
- will rank senior in right of payment to all existing and future Indebtedness of such Guarantor that is subordinated in right of payment to such Note Guarantee; and
- will be effectively senior to all of such Guarantor's existing and future unsecured Indebtedness to the extent of the assets securing such Note Guarantee.

Not all of the Parent's Subsidiaries will guarantee the Notes. In the event of a bankruptcy, liquidation or reorganisation of any of these non-guarantor Subsidiaries, the non-guarantor Subsidiaries will pay the holders of their debt and their trade creditors before they will be able to distribute any of their assets to the Parent. During the twelve months ended 30 September 2009, the Guarantors represented approximately 96.5% of our consolidated revenues and approximately 99.0% of our EBITDA, and as of 30 September 2009, the Guarantors represented approximately 98.7% of our consolidated total assets.

The operations of the Parent are conducted through its Subsidiaries and, therefore, the Parent depends on the cash flow of Subsidiaries to meet its obligations, including its obligations under its Note Guarantee. The Notes will be effectively subordinated in right of payment to all Indebtedness and other liabilities and commitments (including trade payables and lease obligations) of the Parent's non-guarantor Subsidiaries. Any right of the Issuer or any Guarantor to receive assets of any of the Parent's non-guarantor Subsidiaries upon that non-guarantor Subsidiary's liquidation or reorganisation (and the consequent right of the holders of the Notes to participate in those assets) will be effectively subordinated to the claims of that non-guarantor Subsidiary's creditors, except to the extent that the Issuer or such Guarantor is itself recognised as a creditor of the non-guarantor Subsidiary, in which case the claims of the Issuer or such Guarantor, as the case may be, would still be subordinate in right of payment to any security in the assets of the non-guarantor Subsidiary and any Indebtedness of the non-guarantor Subsidiary senior to that held by the Issuer or such Guarantor. As of 30 September 2009, on a pro forma basis after giving effect to this offering of Notes and the application of the proceeds therefrom as described under "*Use of Proceeds*," the Parent's non-guarantor Subsidiaries would have had approximately £12.7 million of Indebtedness outstanding. See "*Risk Factors—Risks relating to Our Debt and the Notes—Your right to receive payments on the Notes could be adversely affected if any of our non-Guarantor subsidiaries declare bankruptcy, liquidate or reorganise*".

As of the Issue Date, all of the Parent's Subsidiaries will be "*Restricted Subsidiaries*" for purposes of the Indenture. However, under the circumstances described below under the caption "*Certain Covenants—Designation of Restricted and Unrestricted Subsidiaries*", the Parent will be permitted to designate certain Subsidiaries as "*Unrestricted Subsidiaries*". The Parent's Unrestricted Subsidiaries will not be subject to many of the restrictive covenants in the Indenture. The Parent's Unrestricted Subsidiaries will not guarantee the Notes.

Principal, maturity and interest

The Issuer will issue £ million in aggregate principal amount of Sterling Notes and \$ million in aggregate principal amount of Dollar Notes in this offering. The Issuer may issue additional Notes (the **Additional Notes**) under the Indenture from time to time after this offering. The Notes may be issued in one or more series under the Indenture. Any issuance of Additional Notes is subject to all of the covenants in the Indenture, including the covenant described below under the caption "*—Certain Covenants—Incurrence of Indebtedness and issuance of preferred stock*". The Notes and any Additional Notes subsequently issued under the Indenture will be treated as a single class for all purposes under the Indenture, including, without limitation, waivers, amendments, redemptions and offers to purchase. The Issuer will issue Notes in denominations of £50,000 or \$100,000 and integral multiples of £1,000 or \$1,000 in excess thereof. The Notes will mature on 2017.

Interest on the Sterling Notes will accrue at the rate of % per annum and interest on the Dollar Notes will accrue at a rate of % per annum. Interest will be payable semi-annually in arrears on and , commencing on 2010. Interest on overdue principal and interest, including Additional Amounts (as defined herein), if any, will accrue at a rate that is 1% higher than the then applicable interest rate on the Notes. The Issuer will make each interest payment to the holders of record on the immediately preceding and .

Interest on the Notes will accrue from the date of original issuance or, if interest has already been paid, from the date it was most recently paid. Interest will be computed on the basis of a 360-day year comprised of twelve 30-day months.

Paying Agent and Registrar for the Notes

The Issuer will maintain one or more paying agents (each, a **Paying Agent**) for the Notes in each of (i) the City of London (the **Principal Paying Agent**), (ii) the Borough of Manhattan, City of New York, and (iii) Luxembourg, for so long as the Notes are listed on the Euro MTF market of the Luxembourg Stock Exchange (the **Euro MTF Market**). The Issuer will undertake to maintain a Paying Agent in a member state of the European Union that is not obligated to withhold or deduct tax pursuant to the European Union Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income, or any law implementing, or complying with or introduced in order to conform to, such directive. The initial Paying Agents will be The Bank of New York Mellon in London, The Bank of New York Mellon in New York and The Bank of New York Mellon (Luxembourg) S.A. in Luxembourg.

The Issuer will also maintain one or more registrars (each, a **Registrar**) with offices in each of (i) the City of London, (ii) the Borough of Manhattan, City of New York and (iii) Luxembourg, for so long as the Notes are listed on the Euro MTF Market. The Issuer will also maintain a transfer agent in each of London, New York and Luxembourg. The initial Registrar will be The Bank of New York Mellon in London and New York and The Bank of New York Mellon (Luxembourg) S.A. in Luxembourg. The initial transfer agent will be The Bank of New York Mellon in London and New York and The Bank of New York Mellon (Luxembourg) S.A. in Luxembourg. The Registrar and the transfer agent in New York and the transfer agent in Luxembourg will maintain a register reflecting ownership of Definitive Registered Notes outstanding from time to time and will make payments on and facilitate transfer of Definitive Registered Notes on the behalf of the Issuer. Each transfer agent shall perform the functions of a transfer agent.

The Issuer may change any Paying Agents, Registrars or transfer agents without prior notice to the holders of Notes. For so long as the Notes are listed on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish a notice of any change of Paying Agent, Registrar or transfer agent in a newspaper having a general circulation in

Luxembourg (which is expected to be the *Luxembourger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Transfer and exchange

Sterling Notes and Dollar Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A under the U.S. Securities Act will initially be represented by one or more global Notes in registered form without interest coupons attached (the **Sterling 144A Global Note** and the **Dollar 144A Global Note** together, the **144A Global Notes**), and Sterling Notes and Dollar Notes sold outside the United States pursuant to Regulation S under the U.S. Securities Act (**Regulation S**) will initially be represented by one or more global Notes in registered form without interest coupons attached (the **Sterling Reg S Global Note** and the **Dollar Reg S Global Note** together, the **Reg S Global Notes** and, together with the 144A Global Notes, the **Global Notes**).

During the 40-day distribution compliance period (as such term is defined in Rule 902 of Regulation S), book-entry interests in the Regulation S Global Notes may be transferred only to non-U.S. Persons under Regulation S under the U.S. Securities Act or to persons whom the transferor reasonably believes are “qualified institutional buyers” within the meaning of Rule 144A under the U.S. Securities Act in a transaction meeting the requirements of Rule 144A or otherwise in accordance with applicable transfer restrictions and any applicable securities laws of any state of the United States or any other jurisdiction.

Ownership of interests in the Global Notes (the **Book-Entry Interests**) will be limited to persons that have accounts with DTC, Euroclear or Clearstream or Persons that may hold interests through such participants. Ownership of interests in the Book-Entry Interests and transfers thereof will be subject to the restrictions on transfer and certification requirements summarised below and described more fully under “*Notice to Investors*”. In addition, transfers of Book-Entry Interests between participants in DTC, Euroclear or Clearstream will be effected by DTC, Euroclear or Clearstream pursuant to customary procedures and subject to the applicable rules and procedures established by DTC, Euroclear or Clearstream and their respective participants.

Book-Entry Interests in the Sterling 144A Global Note and Dollar 144A Global Note, or the **Restricted Book-Entry Interests**, may be transferred to a person who takes delivery in the form of Book-Entry Interests in the Sterling Reg S Global Note and Dollar Reg S Global Note, as applicable, or the **Reg S Book-Entry Interests**, only upon delivery by the transferor of a written certification (in the form provided in the Indenture) to the effect that such transfer is being made in accordance with Regulation S under the U.S. Securities Act.

Any Book-Entry Interest that is transferred as described in the immediately preceding paragraphs will, upon transfer, cease to be a Book-Entry Interest in the Global Note from which it was transferred and will become a Book-Entry Interest in the Global Note to which it was transferred. Accordingly, from and after such transfer, it will become subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in the Global Note to which it was transferred.

If Definitive Registered Notes are issued, they will be issued only in minimum denominations of £50,000 or \$100,000 principal amount and integral multiples £1,000 or \$1,000 in excess thereof, upon receipt by the applicable Registrar of instructions relating thereto and any certificates and other documentation required by the Indenture. It is expected that such instructions will be based upon directions received by DTC, Euroclear or Clearstream, as applicable, from the participant which owns the relevant Book-Entry Interests. Definitive Registered Notes issued in exchange for a Book-Entry Interest will, except as set forth in the Indenture or as otherwise determined by the Issuer in compliance with applicable law, be subject to, and will have a legend with respect to, the restrictions on transfer summarised below and described more fully under “*Notice to Investors*”.

Subject to the restrictions on transfer referred to above, Notes issued as Definitive Registered Notes may be transferred or exchanged, in whole or in part, in minimum denominations of £50,000 or \$100,000 in principal amount and integral multiples of £1,000 or \$1,000 in excess thereof, to persons who take delivery thereof in the form of Definitive Registered Notes. In connection with any such transfer or exchange, the Indenture will require the transferring or exchanging holder to, among other things, furnish appropriate endorsements and transfer documents, furnish information regarding the account of the transferee at DTC, Euroclear or Clearstream, where appropriate, furnish certain certificates and opinions, and pay any Taxes in connection with such transfer or exchange. Any such transfer or exchange will be made without charge to the holder, other than any Taxes payable in connection with such transfer or exchange.

Notwithstanding the foregoing, the Issuer is not required to register the transfer of any Definitive Registered Notes:

- (1) for a period of 15 days prior to any date fixed for the redemption of the Notes;
- (2) for a period of 15 days immediately prior to the date fixed for selection of Notes to be redeemed in part;
- (3) for a period of 15 days prior to the record date with respect to any interest payment date; or
- (4) which the holder has tendered (and not withdrawn) for repurchase in connection with a Change of Control Offer or an Asset Sale Offer.

Additional Amounts

All payments made under or with respect to the Notes (whether or not in the form of Definitive Registered Notes) or with respect to any Note Guarantee will be made free and clear of and without withholding or deduction for, or on account of, any present or future Taxes unless the withholding or deduction of such Taxes is then required by law. If any deduction or withholding for, or on account of, any Taxes imposed or levied by or on behalf of any jurisdiction in which the Issuer or any Guarantor (including any surviving corporation), is then incorporated, engaged in business or resident for tax purposes or any political subdivision thereof or therein or any jurisdiction from or through which payment is made by or on behalf of the Issuer or any Guarantor (including, without limitation, the jurisdiction of any paying agent) (each, a **Tax Jurisdiction**), will at any time be required to be made from any payments made under or with respect to the Notes or with respect to any Note Guarantee, including, without limitation, payments of principal, redemption price, purchase price, interest or premium, the Issuer, the relevant Guarantor or other payor, as applicable, will pay such additional amounts (the **Additional Amounts**) as may be necessary in order that the net amounts received in respect of such payments by each holder (including Additional Amounts) after such withholding, deduction or imposition will equal the respective amounts that would have been received in respect of such payments in the absence of such withholding or deduction; *provided, however*, that no Additional Amounts will be payable with respect to:

- (1) any Taxes that would not have been imposed but for the holder or the beneficial owner of the Notes being a citizen or resident or national of, incorporated in or carrying on a business, in the relevant Tax Jurisdiction in which such Taxes are imposed or having any other present or former connection with the relevant Tax Jurisdiction other than the mere acquisition, holding, enforcement or receipt of payment in respect of the Notes or with respect to any Note Guarantee;
- (2) any Taxes that are imposed or withheld as a result of the failure of the holder of the Note or beneficial owner of the Notes to comply with any reasonable written request, made to that holder or beneficial owner in writing at least 90 days before any such withholding or deduction would be payable, by the Issuer or any of the Guarantors to provide timely and

accurate information concerning the nationality, residence or identity of such Holder or beneficial owner or to make any valid and timely declaration or similar claim or satisfy any certification information or other reporting requirement, which is required or imposed by a statute, treaty, regulation or administrative practice of the relevant Tax Jurisdiction as a precondition to any exemption from or reduction in all or part of such Taxes to which such Holder is entitled;

- (3) any Note presented for payment (where Notes are in the form of Definitive Registered Notes and presentation is required) more than 30 days after the relevant payment is first made available for payment to the Holder (except to the extent that the Holder would have been entitled to Additional Amounts had the Note been presented on the last day of such 30 day period);
- (4) any estate, inheritance, gift, sale, transfer, personal property or similar Taxes;
- (5) any Taxes withheld, deducted or imposed on a payment to an individual and that are required to be made pursuant to European Council Directive 2003/48/EC or any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to, such Directive;
- (6) any Note presented for payment by or on behalf of a holder of Notes who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a member state of the European Union;
- (7) any Taxes payable other than by deduction or withholding from payments under, or with respect to, the Notes or with respect to any Note Guarantee; or
- (8) any combination of items (1) through (7) above.

In addition to the foregoing, the Issuer and the Guarantors will also pay and indemnify the holder for any present or future stamp, issue, registration, court or documentary taxes, or any other excise or property taxes, charges or similar levies or Taxes which are levied by any Tax Jurisdiction on the execution, delivery, registration or enforcement of any of the Notes, the Indenture, any Note Guarantee, or any other document or instrument referred to therein.

If the Issuer or any Guarantor, as the case may be, becomes aware that it will be obligated to pay Additional Amounts with respect to any payment under or with respect to the Notes or any Note Guarantee, the Issuer or the relevant Guarantor, as the case may be, will deliver to the Trustee on a date that is at least 30 days prior to the date of that payment (unless the obligation to pay Additional Amounts arises after the 30th day prior to that payment date, in which case the Issuer or the relevant Guarantor shall notify the Trustee promptly thereafter) an Officers' Certificate stating the fact that Additional Amounts will be payable and the amount estimated to be so payable. The Officers' Certificate must also set forth any other information reasonably necessary to enable the Paying Agents to pay Additional Amounts to holders on the relevant payment date. The Trustee shall be entitled to rely solely on such Officers' Certificate as conclusive proof that such payments are necessary. The Issuer or the relevant Guarantor will provide the Trustee with documentation reasonably satisfactory to the Trustee evidencing the payment of Additional Amounts.

The Issuer or the relevant Guarantor will make all withholdings and deductions required by law and will remit the full amount deducted or withheld to the relevant Tax authority in accordance with applicable law. Upon request, the Issuer or the relevant Guarantor will provide to the Trustee an official receipt or, if official receipts are not obtainable, other documentation reasonably satisfactory to the Trustee evidencing the payment of any Taxes so deducted or withheld. The Issuer or the relevant Guarantor will attach to each certified copy or other document a certificate stating the amount of such Taxes paid per £1,000 or \$1,000 principal amount of the Notes then outstanding. Upon request, copies of those receipts or other

documentation, as the case may be, will be made available by the Trustee to the holders of the Notes.

Whenever in the Indenture or in this *"Description of the Notes"* there is mentioned, in any context, the payment of amounts based upon the principal amount of the Notes or of principal, interest or of any other amount payable under, or with respect to, any of the Notes or Note Guarantee, such mention shall be deemed to include mention of the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

The Proceeds Loan

The Issuer will loan the proceeds of the offering of Notes issued on the Issue Date to Manchester United Limited pursuant to one or more proceeds loans (the **Proceeds Loans**) issued under a proceeds loan agreement (the **Proceeds Loan Agreement**) to be dated the Issue Date.

The Proceeds Loans will be denominated in sterling and U.S. dollars in aggregate principal amounts equal to the aggregate principal amounts of the Sterling Notes and the Dollar Notes. The Proceeds Loans will bear interest at a rate at least equal to the interest rates of the Sterling Notes and the Dollar Notes, as applicable. Interest on the Proceeds Loans will be payable semi-annually in arrears on each _____ and _____, commencing _____ 2010. The Proceeds Loan Agreement will provide that Manchester United Limited will pay the Issuer interest and principal that becomes payable on the Notes and any additional amounts due thereunder.

The Proceeds Loan Agreement provides that all payments made pursuant thereto will be made by Manchester United Limited on a timely basis in order to ensure that the Issuer can satisfy its payment obligations under the Notes and the Indenture, in each case.

Note Guarantees

The Notes will be guaranteed by the Parent and the Subsidiary Guarantors. These Note Guarantees will be joint and several obligations of the Guarantors. The obligations of each Guarantor under its Note Guarantee will be limited as necessary to prevent that Note Guarantee from constituting a fraudulent conveyance under applicable law. See *"Risk Factors—Risks Related to Our Debt and the Notes—We are subject to English insolvency laws, which pose certain risks for holders of the Notes"*.

The Note Guarantee of a Subsidiary Guarantor (other than Manchester United Limited and Red Football Junior Limited) will be released:

- (1) in connection with any sale, assignment, transfer, conveyance or other disposition of all or substantially all of the assets of that Subsidiary Guarantor (including by way of merger, consolidation, amalgamation or combination) to a Person that is not (either before or after giving effect to such transaction) the Parent or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture;
- (2) in connection with any sale or other disposition of Capital Stock of that Subsidiary Guarantor to a Person that is not (either before or after giving effect to such transaction) the Parent or any of its Restricted Subsidiaries, if the sale or other disposition does not violate the "Asset Sale" provisions of the Indenture and the Subsidiary Guarantor ceases to be a Restricted Subsidiary as a result of the sale or other disposition;
- (3) if the Parent designates any of its Restricted Subsidiaries that is a Subsidiary Guarantor to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture;
- (4) upon repayment in full of the Notes;

- (5) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Legal Defeasance and Covenant Defeasance*" and "*—Satisfaction and Discharge*"; or
- (6) in connection with an enforcement sale pursuant to the terms of the Intercreditor Agreement.

In addition, the Note Guarantee of the Parent, Manchester United Limited and Red Football Junior Limited will be released:

- (1) upon repayment in full of the Notes; or
- (2) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Legal Defeasance and Covenant Defeasance*" and "*—Satisfaction and discharge*".

Security

General

The Notes and the Note Guarantees will be secured by first-ranking Liens over the Collateral. Subject to the terms of the Indenture and the Intercreditor Agreement, certain other Indebtedness will be permitted to be secured by the Collateral now and in the future. The Collateral will be pledged pursuant to the Security Documents to the Security Agent on behalf of the holders of the secured obligations that are secured by the Collateral, including holders of the Notes.

The collateral (the **Collateral**) will consist of the following properties and assets:

- (1) all of the Capital Stock in the Issuer and each Subsidiary Guarantor; and
- (2) substantially all of the property and assets of the Issuer and the Guarantors.

Under the Indenture, the Parent and the Restricted Subsidiaries will be permitted to incur certain additional Indebtedness in the future which may share in the Collateral, including additional Permitted Collateral Liens securing Indebtedness on a *pari passu* basis with the Notes, including Indebtedness under the Revolving Credit Facility and certain Hedging Obligations. The amount of such Permitted Collateral Liens will be limited by the covenants described under the captions "*—Certain Covenants—Liens*" and "*—Certain Covenants—Incurrence of Indebtedness and issuance of preferred stock*". Under certain circumstances, the amount of such additional Indebtedness secured by Permitted Collateral Liens could be significant.

The obligations under the Notes and the Revolving Credit Facility and certain Hedging Obligations will be secured equally and ratably by a first-ranking Liens over the Collateral but, any liabilities in respect of obligations under the Revolving Credit Facility and certain existing Hedging Obligations will receive priority with respect to any proceeds received upon any enforcement action over any Collateral.

The proceeds from the sale of the Collateral may not be sufficient to satisfy the obligations owed to the holders of the Notes. No appraisals of the Collateral have been made in connection with this offering of the Notes. By its nature, some or all of the Collateral will be illiquid and may have no readily ascertainable market value. Accordingly, the Collateral may not be able to be sold in a short period of time, or at all. See "*Risk Factors—Risks Related to Our Debt and the Notes—Under the intercreditor agreement, the holders of the Notes will be required to share recovery proceeds with other secured creditors, have certain limitations on their ability to enforce the security documents and have agreed that the collateral may be released in certain circumstances without their consent*" and "*Risk Factors—It may be difficult to realise the value of the collateral securing the Notes*".

Security Documents

Each of the Issuer and the Guarantors will enter into a debenture (the **Debentures**) with the Security Agent granting a first-ranking fixed and floating charge over substantially all of the property and assets of the Issuer or such Guarantor, including the Proceeds Loans. In addition, certain Guarantors will enter into mortgages (the **Mortgages** and together with the Debentures, the **Security Documents**) with the Security Agent granting a first-ranking security interest in all real estate owned by such Guarantors (other than real estate related to the Carrington Premises training grounds). Subject to the terms of, and limitations under, the Security Documents, these security interests will secure the payment and performance when due of the obligations of the Issuer and the Guarantors under the Notes, the Indenture, the Note Guarantees and the Security Documents.

Subject to the terms of the Indenture, the Revolving Credit Facility and the Security Documents, the Issuer and the Guarantors will have the right to remain in possession and retain exclusive control of the Collateral securing the Notes, to freely operate the Collateral and to collect, invest and dispose of any income therefrom.

The Security Documents will, as described under the caption "*Description of Other Indebtedness—Intercreditor agreement*", permit the Trustee and the agent for the Revolving Credit Facility to instruct the Security Agent to take enforcement action under the Security Documents following the occurrence of an event of default under such Indebtedness, such Indebtedness being declared due and payable and the requisite approval or consent of the holders of such Indebtedness and completion of a consultation period of 30 days.

Release

The Issuer and the Guarantors will be entitled to the release of the Liens over property and other assets constituting Collateral securing the Notes and the Note Guarantees under any one or more of the following circumstances:

- (1) in connection with any sale, assignment, transfer, conveyance or other disposition of such property or assets that does not violate the "Asset Sale" provisions of the Indenture;
- (2) in the case of a Subsidiary Guarantor that is released from its Note Guarantee pursuant to the terms of the Indenture, the release of the property and assets, and Capital Stock, of such Subsidiary Guarantor;
- (3) if the Parent designates any of its Restricted Subsidiaries to be an Unrestricted Subsidiary in accordance with the applicable provisions of the Indenture, the release of the property and assets of such Restricted Subsidiary;
- (4) upon repayment in full of the Notes;
- (5) upon legal defeasance, covenant defeasance or satisfaction and discharge of the Indenture as provided below under the captions "*—Legal Defeasance and Covenant Defeasance*" and "*—Satisfaction and discharge*";
- (8) in connection with an enforcement sale pursuant to the Intercreditor Agreement

Intercreditor agreement

On the Issue Date, the Trustee shall enter into an Intercreditor Agreement with, among others, the agent under the Revolving Credit Facility and the counterparties to certain Hedging Obligations, as described under "*Description of Other Indebtedness—Intercreditor agreement*". Pursuant to the terms of the Intercreditor Agreement, any liabilities in respect of obligations under the Revolving Credit Facility and such Hedging Obligations will receive priority with respect to any proceeds received upon any enforcement action over any Collateral.

Optional redemption

At any time prior to 2013, the Issuer may on any one or more occasions redeem up to 35% of the aggregate principal amount of Sterling Notes issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to % of the principal amount of the Sterling Notes redeemed and up to 35% of aggregate principal amount of Dollar Notes issued under the Indenture, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to % of the principal amount of the Dollar Notes redeemed, in each case, plus accrued and unpaid interest and Additional Amounts, if any, to the date of redemption (subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date), with the net cash proceeds of an Equity Offering; *provided that*:

- (1) at least 65% of the aggregate principal amount of the Sterling Notes and at least 65% of the aggregate principal amount of the Dollar Notes originally issued under the Indenture (excluding Notes held by the Parent and its Subsidiaries) remains outstanding immediately after the occurrence of such redemption; and
- (2) the redemption occurs within 90 days of the date of the closing of such Equity Offering.

At any time prior to 2013, the Issuer may on any one or more occasions redeem all or a part of the Sterling Notes and/or Dollar Notes, upon not less than 30 nor more than 60 days' notice, at a redemption price equal to 100% of the principal amount of the Notes redeemed, plus the Applicable Premium as of, and accrued and unpaid interest and Additional Amounts, if any, to the date of redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date.

Except pursuant to the preceding two paragraphs, the Notes will not be redeemable at the Issuer's option prior to 2013.

On or after 2013, the Issuer may on any one or more occasions redeem all or a part of the Sterling Notes and/or Dollar Notes, as the case may be, upon not less than 30 nor more than 60 days' notice, at the redemption prices (expressed as percentages of principal amount) set forth below, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes redeemed, to the applicable date of redemption, if redeemed during the twelve month period beginning on of the years indicated below, subject to the rights of holders of Notes on the relevant record date to receive interest on the relevant interest payment date:

Year	Redemption Price	
	Sterling Notes	Dollar Notes
2013	%	%
2014	%	%
2015	%	%
2016	100.000%	100.000%

Unless the Issuer defaults in the payment of the redemption price, interest will cease to accrue on the Notes or portions thereof called for redemption on the applicable redemption date.

Any redemption and notice may, in the Issuer's discretion, be subject to the satisfaction of one or more conditions precedent.

Redemption for changes in taxes

The Issuer may redeem the Notes, in whole but not in part, at its discretion at any time upon giving not less than 30 nor more than 60 days' prior notice to the holders of the Notes (which notice will be irrevocable and given in accordance with the procedures described in "—*Selection and notice*"), at a redemption price equal to the principal amount thereof,

together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption (a **Tax Redemption Date**) and all Additional Amounts (if any) then due and which will become due on the Tax Redemption Date as a result of the redemption or otherwise (subject to the right of holders of the Notes on the relevant record date to receive interest due on the relevant interest payment date and Additional Amounts (if any) in respect thereof), if on the next date on which any amount would be payable in respect of the Notes, the Issuer is or would be required to pay Additional Amounts or the Guarantors would be unable for reasons outside their control to procure payment by the Issuer and in making payment itself the relevant Guarantor would be required to pay Additional Amounts, and the Issuer or the relevant Guarantor, as applicable, cannot avoid any such payment obligation taking reasonable measures available, and the requirement arises as a result of:

- (1) any change in, or amendment to, the laws or treaties (or any regulations, or rulings promulgated thereunder) of the relevant Tax Jurisdiction (as defined above) affecting taxation which change or amendment has not been publicly announced as formally proposed before and which becomes effective on or after the Issue Date (or, if the relevant Tax Jurisdiction has changed since the Issue Date, the date on which the then current Tax Jurisdiction became the applicable Tax Jurisdiction under the Indenture); or
- (2) any change in, or amendment to, the existing official position or the introduction of an official position regarding the application, administration or interpretation of such laws, treaties, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction or a change in published practice), which change, amendment, application or interpretation has not been publicly announced as formally proposed before and becomes effective on or after the Issue Date (or, if the relevant Tax Jurisdiction has changed since the Issue Date, the date on which the then current Tax Jurisdiction became the applicable Tax Jurisdiction under the Indenture).

The Issuer will not give any such notice of redemption earlier than 60 days prior to the earliest date on which the Issuer would be obligated to make such payment or withholding if a payment in respect of the Notes were then due, and at the time such notice is given, the obligation to pay Additional Amounts must remain in effect. Prior to the publication or, where relevant, mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer will deliver the Trustee an opinion of independent tax counsel, the choice of such counsel to be subject to the prior written approval of the Trustee (such approval not to be unreasonably withheld) to the effect that there has been such change or amendment which would entitle the Issuer to redeem the Notes hereunder. In addition, before the Issuer publishes or mails notice of redemption of the Notes as described above, it will deliver to the Trustee an Officers' Certificate to the effect that it cannot avoid its obligation to pay Additional Amounts by the Issuer taking reasonable measures available to it.

The Trustee will accept such Officers' Certificate and opinion of counsel as sufficient evidence of the existence and satisfaction of the conditions precedent as described above, in which event it will be conclusive and binding on the holders.

For the avoidance of doubt, the implementation of European Council Directive 2003/48/EC on any other directive implementing the conclusions of the ECOFIN Council meeting of 26 and 27 November 2000 on the taxation of savings income or any law implementing or complying with or introduced in order to conform to, such directive will not be a change or amendment for such purposes.

Mandatory redemption

The Issuer is not required to make mandatory redemption or sinking fund payments with respect to the Notes.

Repurchase at the option of holders

Change of control

If a Change of Control occurs, each holder of Notes will have the right to require the Issuer to repurchase all or any part (equal to £50,000 or \$100,000 or an integral multiple of £1,000 or \$1,000 in excess thereof) of that holder's Notes pursuant to a Change of Control Offer on the terms set forth in the Indenture. In the Change of Control Offer, the Issuer will offer a payment in cash equal to 101% of the aggregate principal amount of Notes repurchased, plus accrued and unpaid interest and Additional Amounts, if any, on the Notes repurchased to the date of purchase (the **Change of Control Payment**), subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date. Within 30 days following any Change of Control, the Issuer will mail a notice to each holder describing the transaction or transactions that constitute the Change of Control and offering to repurchase Notes on the date (the **Change of Control Payment Date**) specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed or delivered, pursuant to the procedures required by the Indenture and described in such notice.

The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Securities Exchange Act of 1934, as amended (the **U.S. Exchange Act**) and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Change of Control provisions of the Indenture by virtue of such compliance.

On the Change of Control Payment Date, the Issuer will, to the extent lawful:

- (1) accept for payment all Notes or portions of Notes properly tendered pursuant to the Change of Control Offer;
- (2) deposit with the paying agent an amount equal to the Change of Control Payment in respect of all Notes or portions of Notes properly tendered; and
- (3) deliver or cause to be delivered to the Trustee the Notes properly accepted together with an Officers' Certificate stating the aggregate principal amount of Notes or portions of Notes being purchased by the Issuer.

The Paying Agent will promptly mail to each holder of Notes properly tendered the Change of Control Payment for such Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new Note equal in principal amount to any unpurchased portion of the Notes surrendered, if any. The Issuer will publicly announce the results of the Change of Control Offer on or as soon as practicable after the Change of Control Payment Date.

The provisions described above that require the Issuer to make a Change of Control Offer following a Change of Control will be applicable whether or not any other provisions of the Indenture are applicable. Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the holders of the Notes to require that the Issuer repurchase or redeem the Notes in the event of a takeover, recapitalisation or similar transaction.

The Issuer will not be required to make a Change of Control Offer upon a Change of Control if (1) a third party makes the Change of Control Offer in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to a Change of Control Offer made by the Issuer and purchases all Notes properly tendered and not withdrawn under the Change of Control Offer, or (2) notice of redemption has been given

pursuant to the Indenture as described above under the caption “—*Optional redemption*”, unless and until there is a default in payment of the applicable redemption price.

Notwithstanding anything to the contrary contained herein, a Change of Control Offer may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The Issuer’s ability to repurchase the Notes pursuant to the Change of Control Offer may be limited by a number of factors. The ability of the Issuer to pay cash to the holders of the Notes following the occurrence of a Change of Control may be limited by the Parent Guarantor’s and its Restricted Subsidiaries’ then existing financial resources, and sufficient funds may not be available when necessary to make any required repurchases. We expect that we would require third party financing to make an offer to repurchase the Notes upon a Change of Control. We cannot assure you that we would be able to obtain such financing. Any failure by the Issuer to offer to purchase Notes would constitute a Default under the Indenture, which could, in turn, constitute a default under the Revolving Credit Facility. See “*Risk Factors—Risks Related to Our Debt and the Notes—We may not have the ability to raise the funds necessary to finance the change of control offer required by the indenture*”.

The definition of Change of Control includes a phrase relating to the direct or indirect sale, lease, transfer, conveyance or other disposition of “all or substantially all” of the properties or assets of the Parent and its Subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase “substantially all”, there is no precise established definition of the phrase under applicable law. Accordingly, the ability of a holder of Notes to require the Issuer to repurchase its Notes as a result of a sale, lease, transfer, conveyance or other disposition of less than all of the assets of the Parent and its Subsidiaries taken as a whole to another Person or group may be uncertain.

If and for so long as the Notes are listed on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, the Issuer will publish notices relating to the Change of Control Offer in a leading newspaper of general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Asset Sales

The Parent will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, consummate an Asset Sale unless:

- (1) the Parent (or the Restricted Subsidiary, as the case may be) receives consideration at the time of the Asset Sale at least equal to the Fair Market Value (measured as of the date of the definitive agreement with respect to such Asset Sale) of the assets or Equity Interests issued or sold or otherwise disposed of; and
- (2) at least 75% of the consideration received in the Asset Sale by the Parent or such Restricted Subsidiary is in the form of cash or Cash Equivalents. For purposes of this provision, each of the following will be deemed to be cash:
 - (a) any liabilities, as shown on the Parent’s most recent consolidated balance sheet, of the Parent or any of its Restricted Subsidiaries (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Note Guarantee) that are assumed by the transferee of any such assets pursuant to a customary novation or indemnity agreement that releases the Parent or such Restricted Subsidiary from or indemnifies against further liability;
 - (b) any securities, notes or other obligations received by the Parent or any such Restricted Subsidiary from such transferee that are converted by the Parent or such Restricted Subsidiary into cash or Cash Equivalents within 90 days following the

closing of the Asset Sale, to the extent of the cash or Cash Equivalents received in that conversion;

- (c) Indebtedness of any Restricted Subsidiary of the Parent or Preferred Stock of a Subsidiary Guarantor, in each case that is no longer a Restricted Subsidiary of the Parent as a result of such Asset Sale, to the extent that the Parent and its Restricted Subsidiaries following such Asset Sale are released from any guarantee of such Indebtedness or Preferred Stock in connection with such Asset Sale;
- (d) consideration consisting of Indebtedness of the Parent or any of its Restricted Subsidiaries or Preferred Stock of a Subsidiary Guarantor which is either repaid in full or cancelled in connection with such Asset Sale; and
- (e) any Capital Stock or assets of the kind referred to in clauses (2) or (4) of the next paragraph of this covenant,

provided that, in no event will the Parent or any of its Restricted Subsidiaries sell, lease, convey or otherwise dispose of all or part of the Specified Asset other than (i) to the Issuer or a Guarantor or (ii) in a sale and lease back transaction permitted by the covenant described under "*Certain Covenants—Limitation on sale and leaseback transactions*" (a **Specified Asset Sale and Leaseback**).

Within 30 Business Days of any Specified Asset Sale and Leaseback entered into in compliance with the Indenture, including this covenant and the covenants described under "*Certain Covenants—Limitation on sale and leaseback transactions*" and "*—Use of facilities*", the Issuer will apply the Net Proceeds from such Specified Asset Sale and Leaseback (a) to repay, repurchase, prepay or redeem outstanding Indebtedness of the Parent or any other Guarantor incurred pursuant to clause (1) of the second paragraph of the covenant entitled "*—Incurrence of Indebtedness and Issuance of Preferred Stock*" and (b) with the balance of such Net Proceeds after making such repayment, repurchase, prepayment or redemption, to make an Asset Sale Offer (as defined below). Upon the completion of such Asset Sale Offer, any Net Proceeds not applied to such Asset Sale Offer will not constitute Excess Proceeds (as defined below) and may be used by the Parent and its Restricted Subsidiaries in any manner not prohibited by the Indenture.

Within 360 days after the receipt of any Net Proceeds from an Asset Sale, the Parent (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Proceeds.

- (1) to repay, repurchase, prepay or redeem (a) Indebtedness of the Parent or any other Guarantor incurred pursuant to clause (1) of the second paragraph of the covenant entitled "*—Incurrence of Indebtedness and issuance of preferred stock*" that is secured by a Lien on the Collateral and that is not subordinated in right of payment with the Notes or the Note Guarantees, and, if the Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto, (b) Indebtedness of a Restricted Subsidiary of the Parent that is not a Guarantor or (c) the Notes pursuant to an offer to all holders of Notes at a purchase price equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase (a **Notes Offer**);
- (2) to acquire (or enter into a binding agreement to acquire, provided that such commitment will be subject only to customary conditions (other than financing) and such acquisition will be consummated within 180 days after the end of such 360 day period) all or substantially all of the assets of, or any Capital Stock of, another Permitted Business, if, after giving effect to any such acquisition of Capital Stock, the Permitted Business is or becomes a Restricted Subsidiary of the Parent;
- (3) to make a capital expenditure; or

- (4) to acquire (or enter into a binding agreement to acquire, *provided* that such commitment will be subject only to customary conditions (other than financing) and such acquisition will be consummated within 180 days after the end of such 360 day period) other assets (other than Capital Stock) that are not classified as current assets under GAAP and that are used or useful in a Permitted Business.

Pending the final application of any Net Proceeds, the Parent (or the applicable Restricted Subsidiary) may temporarily reduce revolving credit borrowings or otherwise invest the Net Proceeds in any manner that is not prohibited by the Indenture.

Any Net Proceeds from Asset Sales that are not applied or invested as provided in the third paragraph of this covenant will constitute **Excess Proceeds**. When the aggregate amount of Excess Proceeds exceeds £15.0 million, within five Business Days thereof, the Issuer will make an offer (an **Asset Sale Offer**) to all holders of Notes and may make an offer to all holders of other Indebtedness that is *pari passu* with the Notes or any Note Guarantee containing provisions similar to those set forth in the Indenture with respect to offers to purchase, prepay or redeem with the proceeds of sales of assets to purchase, prepay or redeem the maximum principal amount of Notes and such other *pari passu* Indebtedness (plus all accrued interest on the Indebtedness and the amount of all fees and expenses, including premiums, incurred in connection therewith) that may be purchased, prepaid or redeemed out of the Excess Proceeds. The offer price in any Asset Sale Offer will be equal to 100% of the principal amount, plus accrued and unpaid interest and Additional Amounts, if any, to the date of purchase, prepayment or redemption, subject to the rights of holders of Notes on the relevant record date to receive interest due on the relevant interest payment date, and will be payable in cash. If any Excess Proceeds remain after consummation of an Asset Sale Offer, the Parent and its Restricted Subsidiaries may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture. If the aggregate principal amount of Notes and other *pari passu* Indebtedness tendered into (or required to be prepaid or redeemed in connection with) such Asset Sale Offer exceeds the amount of Excess Proceeds, or if the aggregate principal amount of Notes tendered pursuant to a Notes Offer exceeds the amount of Net Proceeds so applied, the Trustee will select the Notes and such other *pari passu* Indebtedness to be purchased on a pro rata basis, based on the amounts tendered or required to be prepaid or redeemed. For the purposes of calculating the principal amount of any such Indebtedness not denominated in sterling, such Indebtedness shall be calculated by converting any such principal amounts into their Sterling Equivalent determined as of the Business Day immediately prior to the date on which the Asset Sale Offer is announced. Upon completion of each Asset Sale Offer, the amount of Excess Proceeds will be reset at zero.

The Issuer will comply with the requirements of Rule 14e-1 under the U.S. Exchange Act and any other applicable securities laws and regulations to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Note Offer or an Asset Sale Offer. To the extent that the provisions of any securities laws or regulations conflict with the Asset Sale provisions of the Indenture, the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Asset Sale provisions of the Indenture by virtue of such compliance.

Selection and notice

If less than all of the Notes are to be redeemed at any time, the Trustee will select Notes for redemption on a pro rata basis (or, in the case of Notes issued in global form as discussed under "*Book-Entry, Delivery and Form*", based on a method that most nearly approximates a pro rata selection as the Trustee deems fair and appropriate) unless otherwise required by law or applicable stock exchange or depository requirements.

No Notes of £50,000 or \$100,000 or less can be redeemed in part. Notices of redemption will be mailed by first class mail at least 30 but not more than 60 days before the redemption date

to each holder of Notes to be redeemed at its registered address, except that redemption notices may be mailed more than 60 days prior to a redemption date if the notice is issued in connection with a defeasance of the Notes or a satisfaction and discharge of the Indenture.

If any Note is to be redeemed in part only, the notice of redemption that relates to that Note will state the portion of the principal amount of that Note that is to be redeemed. A new Note in principal amount equal to the unredeemed portion of the original Note will be issued in the name of the holder of Notes upon cancellation of the original Note. Notes called for redemption become due on the date fixed for redemption. On and after the redemption date, interest ceases to accrue on Notes or portions of Notes called for redemption.

For Notes which are represented by Global Notes held on behalf of DTC, Euroclear or Clearstream, notices may be given by delivery of the relevant notices to DTC, Euroclear or Clearstream for communication to entitled account holders in substitution for the aforesaid mailing. So long as any Notes are listed on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, any such notice to the holders of the relevant Notes shall also be published in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxembourger Wort*) or, to the extent and in the manner permitted by such rules, posted on the official website of the Luxembourg Stock Exchange (www.bourse.lu), and, in connection with any redemption, the Issuer will notify the Luxembourg Stock Exchange of any change in the principal amount of Notes outstanding.

Certain covenants

Restricted Payments

The Parent will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly:

- (1) declare or pay any dividend or make any other payment or distribution on account of the Parent's or any of its Restricted Subsidiaries' Equity Interests (including, without limitation, any payment in connection with any merger or consolidation involving the Parent or any of its Restricted Subsidiaries) or to the direct or indirect holders of the Parent's or any of its Restricted Subsidiaries' Equity Interests in their capacity as such (other than dividends or distributions payable in Equity Interests (other than Disqualified Stock) of the Parent and other than dividends or distributions payable to the Parent or any of its Restricted Subsidiaries);
- (2) purchase, redeem or otherwise acquire or retire for value (including, without limitation, in connection with any merger or consolidation involving the Parent) any Equity Interests of the Parent or any direct or indirect parent entity of the Parent;
- (3) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee (excluding (x) any intercompany Indebtedness between or among the Parent and any of its Restricted Subsidiaries or (y) the purchase, repurchase, redemption, defeasance or other acquisition or retirement of any Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee purchased in anticipation of satisfying a sinking fund obligation, principal installment or final maturity, in each case due within one year of the date of purchase, repurchase, redemption, defeasance or other acquisition or retirement);
- (4) make any payment on or with respect to, or purchase, redeem, defease or otherwise acquire or retire for value any Subordinated Shareholder Funding; or
- (5) make any Restricted Investment,

(all such payments and other actions set forth in these clauses (1) through (5) above being collectively referred to as **Restricted Payments**), unless, at the time of and after giving effect to such Restricted Payment:

- (a) no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Restricted Payment;
- (b) the Parent would, at the time of such Restricted Payment and after giving pro forma effect thereto as if such Restricted Payment had been made at the beginning of the applicable four-quarter period, have been permitted to incur at least £1.00 of additional Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described below under the caption "*—Incurrence of Indebtedness and issuance of preferred stock*"; and
- (c) such Restricted Payment, together with the aggregate amount of all other Restricted Payments made by the Parent and its Restricted Subsidiaries since the Issue Date (excluding Restricted Payments permitted by clauses (2), (3), (5), (6), (7), (8), (9), (10), (11), (13) and (14) of the next succeeding paragraph), is less than the sum, without duplication, of:
 - (i) 50% of the Consolidated Net Income of the Parent for the period (taken as one accounting period) from the beginning of the first fiscal quarter commencing after the Issue Date to the end of the Parent's most recently ended fiscal quarter for which internal financial statements are available at the time of such Restricted Payment (or, if such Consolidated Net Income for such period is a deficit, less 100% of such deficit); *plus*
 - (ii) 100% of the aggregate net cash proceeds received by the Parent since the Issue Date as a contribution to its common equity capital or from the issue or sale of Equity Interests of the Parent (other than Disqualified Stock and Excluded Contributions) or from Subordinated Shareholder Funding or from the issue or sale of convertible or exchangeable Disqualified Stock of the Parent or convertible or exchangeable debt securities of the Parent, in each case that have been converted into or exchanged for Equity Interests of the Parent (including such cash proceeds received in connection with any such conversion or exchange) (other than Equity Interests (or Disqualified Stock or debt securities) sold to a Subsidiary of the Parent), excluding, in each case, any such contribution, issue or sale made in connection with the Closing Funds Flow; *plus*
 - (iii) to the extent that Restricted Investments that were made after the date of the Indenture are sold for cash and/or Cash Equivalents or otherwise liquidated or repaid for cash and/or Cash Equivalents, the lesser of (A) the cash return of capital with respect to such Restricted Investments (less the cost of disposition, if any) and (B) the initial amount of such Restricted Investments; *plus*
 - (iv) to the extent that any Unrestricted Subsidiary of the Parent designated as such after the date of the Indenture is redesignated as a Restricted Subsidiary after the date of the Indenture, the lesser of (A) the Fair Market Value of the Parent's Investment in such Subsidiary as of the date of such redesignation or (B) such Fair Market Value as of the date on which such Subsidiary was originally designated as an Unrestricted Subsidiary after the date of the Indenture; *plus*
 - (v) a upon the full and unconditional release of a Restricted Investment that is a guarantee made by the Parent or one of its Restricted Subsidiaries to any Person, an amount equal to the amount of such guarantee; *plus*
 - (vi) the initial amount of any Restricted Investment made after the Issue Date in a Person that becomes a Restricted Subsidiary; *plus*

- (vii) 100% of any dividends received in cash by the Parent or a Restricted Subsidiary after the Issue Date from an Unrestricted Subsidiary, to the extent that such dividends were not otherwise included in the Consolidated Net Income of the Parent for such period.

The preceding provisions will not prohibit:

- (1) the payment of any dividend or the consummation of any irrevocable redemption within 60 days after the date of declaration of the dividend or giving of the redemption notice, as the case may be, if at the date of declaration or notice, the dividend or redemption payment would have complied with the provisions of the Indenture;
- (2) the making of any Restricted Payment in exchange for, or out of or with the net cash proceeds of the substantially concurrent sale (other than to a Subsidiary of the Parent) of, Equity Interests of the Parent (other than Disqualified Stock) or from the substantially concurrent contribution of common equity capital or Subordinated Shareholder Funding to the Parent (excluding any such sale or contribution made in connection with the Closing Funds Flow); *provided* that the amount of any such net cash proceeds that are utilised for any such Restricted Payment will not be excluded from clause (c)(ii) of the preceding paragraph;
- (3) the repurchase, redemption, defeasance or other acquisition or retirement for value of (A) Indebtedness of the Issuer or any Guarantor that is contractually subordinated to the Notes or to any Note Guarantee with the net cash proceeds from a substantially concurrent incurrence of Permitted Refinancing Indebtedness; or (B) Indebtedness of the Issuer or any Guarantor that is subordinated in right of payment to the Notes or to any Note Guarantee (other than any Indebtedness so subordinated and held by Affiliates of the Issuer) upon a Change of Control or Asset Sale to the extent required by the agreements governing such Indebtedness, but only if the Issuer shall have complied with its obligations under the covenants described under *"Repurchase at the option of holders—Change of control"* or *"—Asset sales"*, as the case may be, and the Issuer repurchased all Notes tendered pursuant to the offer required by such covenants prior to offering to purchase, purchasing or repaying such Indebtedness;
- (4) the repurchase, redemption or other acquisition or retirement for value of any Equity Interests of the Parent, any of its Restricted Subsidiaries or any Parent Entity held by any current or former officer, director, employee or consultant of the Parent or any of its Restricted Subsidiaries pursuant to any equity subscription agreement, stock option agreement, shareholders' agreement, employment agreements, or similar agreements or stock option plans; *provided* that the aggregate price paid for all such repurchased, redeemed, acquired or retired Equity Interests may not exceed £3.0 million in any twelve-month period; *provided, further*, that such amount in any twelve-month period may be increased by an amount not to exceed the cash proceeds received by the Parent or any of its Restricted Subsidiaries from the sale of Equity Interests of the Parent, any of its Restricted Subsidiaries or any Parent Entity to current or former officers, directors, employees or consultants of the Parent, any of its Restricted Subsidiaries or any Parent Entity to the extent the cash proceeds from the sale of Equity Interests have not otherwise been applied to the making of Restricted Payments pursuant to clause (c) of the preceding paragraph;
- (5) the repurchase of Equity Interests of the Parent or any Parent Entity deemed to occur upon the exercise of stock options to the extent such Equity Interests represent a portion of the exercise price of those stock options;
- (6) the declaration and payment of regularly scheduled or accrued dividends to holders of any class or series of Disqualified Stock of the Parent or any preferred stock of any Restricted Subsidiary issued on or after the Issue Date in accordance with the Fixed Charge

Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described under the caption "*—Incurrence of Indebtedness and issuance of preferred stock*";

- (7) payments of cash, dividends, distributions, advances or other Restricted Payments by the Parent or any of its Restricted Subsidiaries to allow the payment of cash in lieu of the issuance of fractional shares upon (i) the exercise of options or warrants or (ii) the conversion or exchange of Capital Stock of any such Person;
- (8) the payment of any dividend (or, in the case of any partnership or limited liability company, any similar distribution) by a Restricted Subsidiary of the Parent to the holders of its Equity Interests on a pro rata basis;
- (9) payments pursuant to any tax sharing agreement or arrangement among the Parent and its Subsidiaries and other Persons with which the Parent or any of its Subsidiaries is required or permitted to file a consolidated tax return or with which the Parent or any of its Restricted Subsidiaries is a part of a group for tax purposes; *provided, however*, that such payments will not exceed the amount of tax that the Parent and its Subsidiaries would owe on a stand alone basis and the related tax liabilities of the Parent Guarantor and its Subsidiaries are relieved thereby;
- (10) the declaration and payment of dividends or other distributions, or the making of loans, by the Parent or any of its Restricted Subsidiaries to any Parent Entity in amounts and at times required to pay:
 - (a) franchise taxes and other fees, taxes and expenses required to maintain the corporate existence of any Parent Entity;
 - (b) general corporate overhead expenses of any Parent Entity to the extent such expenses are attributable to the ownership or operation of the Parent and its Restricted Subsidiaries or related to the proper administration of such Parent Entity, including (i) fees and expenses properly incurred in the ordinary course of business to auditors and legal advisors; and (ii) payments in respect of services provided by directors, officers or employees of any such Parent Entity, not to exceed £3.0 million in any calendar year;
 - (c) any income taxes, to the extent such income taxes are attributable to the income of the Parent and any of its Restricted Subsidiaries and, to the extent of the amount actually received in cash from its Unrestricted Subsidiaries, in amounts required to pay such taxes to the extent attributable to the income of such Unrestricted Subsidiaries;
 - (d) costs (including all professional fees and expenses) incurred by any Parent Entity in connection with reporting obligations under or otherwise incurred in connection with compliance with applicable laws, rules or regulations of any governmental, regulatory or self-regulatory body or stock exchange, the Indenture or any other agreement or instrument relating to Indebtedness of the Parent or any of its Restricted Subsidiaries, including in respect of any reports filed with respect to the U.S. Securities Act, U.S. Exchange Act or the respective rules and regulations promulgated thereunder; and
 - (e) fees and expenses of any Parent Entity incurred in relation to any public offering or other sale of Capital Stock or Indebtedness (x) where the net proceeds of such offering or sale are intended to be received by or contributed to the Parent or any of its Restricted Subsidiaries; (y) in a prorated amount of such expenses in proportion to the amount of such net proceeds intended to be so received or contributed; or (z) otherwise on an interim basis prior to completion of such offering so long as any Parent Entity will cause the amount of such expenses to be repaid to the Parent or

the relevant Restricted Subsidiary out of the proceeds of such offering promptly if completed;

- (11) Permitted Transactions;
- (12) so long as no Default has occurred and is continuing or would be caused thereby, following a Public Equity Offering that results in a Public Market of the Capital Stock of the Parent or any Parent Entity, the payment of dividends on the Capital Stock of the Parent up to 6% *per annum* of the net cash proceeds received by the Parent in any such Public Equity Offering or any subsequent public offering of such Capital Stock, or the net cash proceeds of any such Public Equity Offering or subsequent public offering of such Capital Stock of any Parent Entity that are contributed in cash to the Parent's equity (other than through the issuance of Disqualified Stock); *provided*, that if such Public Equity Offering was of Capital Stock of a Parent Entity, the net proceeds of any such dividend are used to fund a corresponding dividend in equal or greater amount on the Capital Stock of such Parent Entity;
- (13) the declaration and payment of dividends or other distributions, or the making of loans, by the Parent or any of its Restricted Subsidiaries to Red Football Joint Venture Limited in an aggregate amount not to exceed £70.0 million since the Issue Date; or
- (14) so long as no Default or Event of Default has occurred and is continuing, other Restricted Payments in an aggregate amount not to exceed £25.0 million since the Issue Date.

The amount of all Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Parent or such Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment.

Incurrence of Indebtedness and issuance of preferred stock

The Parent will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, issue, assume, guarantee or otherwise become directly or indirectly liable, contingently or otherwise, with respect to (collectively, **incur**) any Indebtedness (including Acquired Debt), and the Parent will not and will not permit the Issuer or any Subsidiary Guarantor to, issue any Disqualified Stock and will not permit any of its Restricted Subsidiaries to issue any shares of preferred stock; *provided, however*:

- (1) that the Parent may incur Indebtedness (including Acquired Debt) or issue Disqualified Stock, the Issuer and the Subsidiary Guarantors may issue Disqualified Stock, and the Issuer and the Subsidiary Guarantors may incur Indebtedness (including Acquired Debt) or issue preferred stock, if the Fixed Charge Coverage Ratio for the Parent's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred or such Disqualified Stock or such preferred stock is issued, as the case may be, would have been at least 2.0 to 1.0, in each case, determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the additional Indebtedness had been incurred or the Disqualified Stock or the preferred stock had been issued, as the case may be, at the beginning of such four-quarter period; and
- (2) if the Indebtedness to be incurred is Senior Secured Indebtedness, the Issuer and the Guarantors may incur such Senior Secured Indebtedness if the Consolidated Senior Secured Leverage Ratio for the Parent's most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred is less than 4.0 to 1.0 determined on a *pro forma* basis (including a *pro forma* application of the net proceeds therefrom), as if the Indebtedness had been incurred at the beginning of such four-quarter period.

The first paragraph of this covenant will not prohibit the incurrence of any of the following items of Indebtedness (collectively, **Permitted Debt**):

- (1) the incurrence by the Parent and any Subsidiary Guarantor of additional Indebtedness and letters of credit under Credit Facilities in an aggregate principal amount at any one time outstanding under this clause (1) (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Parent and its Restricted Subsidiaries thereunder) not to exceed £75 million;
- (2) the incurrence by the Parent and its Restricted Subsidiaries of Existing Indebtedness;
- (3) the incurrence by the Issuer and the Guarantors of Indebtedness represented by the Notes and the related Note Guarantees to be issued on the Issue Date;
- (4) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness represented by Capital Lease Obligations, mortgage financings or purchase money obligations, in each case, incurred for the purpose of financing or refinancing all or any part of the purchase price or cost of design, construction, lease, installation or improvement of property (real or personal), plant or equipment used or useful in a Permitted Business, in an aggregate principal amount, including all Permitted Refinancing Indebtedness incurred in exchange for, or the net proceeds of which were used to renew, refund, refinance, replace, defease or discharge any Indebtedness incurred pursuant to this clause (4), not to exceed £50.0 million at any time outstanding;
- (5) the incurrence by the Parent or any of its Restricted Subsidiaries of Permitted Refinancing Indebtedness in exchange for, or the net proceeds of which are used to renew, refund, refinance, replace, defease or discharge any Indebtedness (other than intercompany Indebtedness) that was permitted by the Indenture to be incurred under the first paragraph of this covenant or clauses (2), (3), (5) or (12) of this paragraph;
- (6) the incurrence by the Parent or any of its Restricted Subsidiaries of intercompany Indebtedness between or among the Parent and any of such Restricted Subsidiaries; *provided, however*, that:
 - (a) if the Issuer or any Guarantor is the obligor on such Indebtedness and the payee is not the Issuer or a Guarantor, such Indebtedness must be unsecured and expressly subordinated to the prior payment in full in cash of all Obligations then due with respect to the Notes, in the case of the Issuer, or the relevant Note Guarantee, in the case of a Guarantor; and
 - (b) (i) any subsequent issuance or transfer of Equity Interests that results in any such Indebtedness being held by a Person other than the Parent or a Restricted Subsidiary of the Parent and (ii) any sale or other transfer of any such Indebtedness to a Person that is not either the Parent or a Restricted Subsidiary of the Parent, will be deemed, in each case, to constitute an incurrence of such Indebtedness by the Parent or such Restricted Subsidiary, as the case may be, that was not permitted by this clause (6);
- (7) the issuance by any Restricted Subsidiary of the Parent to the Parent or to any of its Restricted Subsidiaries of shares of preferred stock; *provided, however*, that:
 - (a) any subsequent issuance or transfer of Equity Interests that results in any such preferred stock being held by a Person other than the Parent or any of its Restricted Subsidiaries; and
 - (b) any sale or other transfer of any such preferred stock to a Person that is not either the Parent or any of its Restricted Subsidiaries,

will be deemed, in each case, to constitute an issuance of such preferred stock by such Restricted Subsidiary that was not permitted by this clause (7);

- (8) the incurrence by the Parent or any Restricted Subsidiary of Hedging Obligations in the ordinary course of business and not for speculative purposes;
- (9) the Guarantee by the Parent or any of its Restricted Subsidiaries of Indebtedness of the Parent or any of its Restricted Subsidiaries to the extent that the guaranteed Indebtedness was permitted to be incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a Note Guarantee, then the Guarantee must be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;
- (10) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness in respect of workers' compensation claims, self-insurance obligations, bankers' acceptances, customs, VAT and other tax guarantees, performance and surety bonds in the ordinary course of business;
- (11) the incurrence by the Parent or any of its Restricted Subsidiaries of Indebtedness arising from the honoring by a bank or other financial institution of a check, draft or similar instrument inadvertently drawn against insufficient funds, so long as such Indebtedness is covered within five business days;
- (12) Indebtedness of any Person outstanding on the date on which such Person becomes a Restricted Subsidiary of the Parent or is merged, consolidated, amalgamated or otherwise combined with (including pursuant to any acquisition of assets and assumption of related liabilities) the Parent or any of its Restricted Subsidiaries (other than Indebtedness incurred to provide all or any portion of the funds used to consummate the transaction or series of related transactions pursuant to which such Person became a Restricted Subsidiary of the Parent or was otherwise acquired by the Parent or any of its Restricted Subsidiaries); *provided, however*, with respect to this clause (12), that at the time of the acquisition or other transaction pursuant to which such Indebtedness was deemed to be incurred the Parent would have been able to incur £1.00 of additional Indebtedness pursuant to clause (1) the first paragraph of this covenant after giving *pro forma* effect to the incurrence of such Indebtedness pursuant to this clause (12);
- (13) Indebtedness arising from agreements of the Parent or any of its Restricted Subsidiaries providing for customary indemnification, obligations in respect of earnouts or other adjustments of purchase price or, in each case, similar obligations, in each case, incurred or assumed in connection with the acquisition or disposition of any business or assets or Person or any Equity Interests of a Subsidiary, *provided* that the maximum liability of the Parent and its Restricted Subsidiaries in respect of all such Indebtedness shall at no time exceed the gross proceeds, including the Fair Market Value of non-cash proceeds (measured at the time received and without giving effect to any subsequent changes in value), actually received by the Parent and its Restricted Subsidiaries in connection with such disposition; and
- (14) the incurrence by the Parent and its Restricted Subsidiaries of additional Indebtedness in an aggregate principal amount (or accreted value, as applicable) at any time outstanding not to exceed £50.0 million.

Neither the Issuer nor any Guarantor will incur any Indebtedness (including Permitted Debt) that is contractually subordinated in right of payment to any other Indebtedness of the Issuer or such Guarantor unless such Indebtedness is also contractually subordinated in right of payment to the Notes and the applicable Note Guarantee on substantially identical terms; *provided, however*, that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Issuer or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

For purposes of determining compliance with this *"Incurrence of Indebtedness and issuance of preferred stock"* covenant, in the event that an item of Indebtedness meets the criteria of more than one of the categories of Permitted Debt described in clauses (1) through (14) above, or is entitled to be incurred pursuant to clause (1) of the first paragraph of this covenant, the Parent will be permitted to classify such item of Indebtedness on the date of its incurrence or later reclassify all or a portion of such item of Indebtedness, in any manner that complies with this covenant. Indebtedness under any Credit Facility that is secured by a Lien on the Collateral will be deemed to have been incurred under clause (1) of the definition of Permitted Debt and may not be reclassified if such Indebtedness or any part thereof ranks senior to the Notes and the Note Guarantees with respect to proceeds distributions of any enforcement Collateral. The accrual of interest or preferred stock dividends, the accretion or amortisation of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of preferred stock as Indebtedness due to a change in accounting principles, and the payment of dividends on preferred stock or Disqualified Stock in the form of additional shares of the same class of preferred stock or Disqualified Stock will not be deemed to be an incurrence of Indebtedness or an issuance of preferred stock or Disqualified Stock for purposes of this covenant; *provided*, in each such case, that the amount of any such accrual, accretion or payment is included in Consolidated Interest Expense of the Parent as accrued. Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Parent or any of its Restricted Subsidiaries may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values.

The amount of any Indebtedness outstanding as of any date will be:

- (1) the accreted value of the Indebtedness, in the case of any Indebtedness issued with original issue discount;
- (2) the principal amount of the Indebtedness, in the case of any other Indebtedness; and
- (3) in respect of Indebtedness of another Person secured by a Lien on the assets of the specified Person, the lesser of:
 - (a) the Fair Market Value of such assets at the date of determination; and
 - (b) the amount of the Indebtedness of the other Person.

For purposes of determining compliance with any sterling-denominated restriction on the incurrence of Indebtedness, the Sterling Equivalent of the principal amount of Indebtedness denominated in another currency will be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred, in the case of term Indebtedness, or first committed, in the case of Indebtedness incurred under a revolving credit facility; *provided* that (1) if such Indebtedness is incurred to refinance other Indebtedness denominated in a currency other than sterling, and such refinancing would cause the applicable sterling-denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such sterling-denominated restriction will be deemed not to have been exceeded so long as the principal amount of such Permitted Refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced; (2) the Sterling Equivalent of the principal amount of any such Indebtedness outstanding on the Issue Date will be calculated based on the relevant currency exchange rate in effect on the Issue Date; and (3) if and for so long as any such Indebtedness is subject to an agreement intended to protect against fluctuations in currency exchange rates with respect to the currency in which such Indebtedness is denominated covering principal and interest on such Indebtedness, the amount of such Indebtedness, if denominated in sterling, will be the amount of the principal payment required to be made under such currency agreement and, otherwise, the Sterling Equivalent of such amount plus the Sterling Equivalent of any premium which is at such time due and payable but is not covered by such currency agreement.

Liens

The Parent will not and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create, incur, assume or otherwise cause or suffer to exist or become effective any Lien of any kind securing Indebtedness upon any of their property or assets, now owned or hereafter acquired, except (1) in the case of any property or asset that does not constitute Collateral, Permitted Liens and (2) in the case of any property or asset that constitutes Collateral, Permitted Collateral Liens.

Limitation on sale and leaseback transactions

The Parent will not, and will not permit any of its Restricted Subsidiaries to, enter into any sale and leaseback transaction with a Person (other than the Carrington Transaction) other than the Parent or a Restricted Subsidiary of the Parent; *provided* that any Guarantor may enter into a sale and leaseback transaction if:

- (1) that Guarantor, as applicable, could have (a) incurred Indebtedness in an amount equal to the Attributable Debt relating to such sale and leaseback transaction under the Fixed Charge Coverage Ratio test in clause (1) of the first paragraph of the covenant described above under the caption "*—Incurrence of Indebtedness and issuance of preferred stock*" and (b) (other than in connection with a Specified Asset Sale and Leaseback transaction) incurred a Lien to secure such Indebtedness pursuant to the covenant described above under the caption "*—Liens*";
- (2) the gross cash proceeds of that sale and leaseback transaction are at least equal to the Fair Market Value, as determined in good faith by the Board of Directors of the Parent of the property that is the subject of that sale and leaseback transaction; and
- (3) the transfer of assets in that sale and leaseback transaction is permitted by, and the Parent applies the proceeds of such transaction in compliance with, the covenant described above under the caption "*—Repurchase at the option of holders—Asset sales*".

Use of facilities

Notwithstanding any other provision of the Indenture, none of the Parent or any of its Restricted Subsidiaries will consummate any Asset Sale in respect of all or part of the Specified Asset or the Carrington Premises (including, without limitation, a Specified Asset Sale and Leaseback transaction or the Carrington Transaction) or enter into or consummate the Carrington Transaction unless the Parent and its Restricted Subsidiaries have entered into a lease with the transferee or purchaser in respect thereto that provides for the following: (i) a term ending on a date that is not earlier than the 10-year anniversary of the Issue Date, (ii) a lease, license and/or right for the Parent and its Restricted Subsidiaries to continue to have substantially the same access to the Specified Asset and the Carrington Premises during the term of the lease as it has on the Issue Date, (iii) for the necessary capital expenditures to be made during the term of the lease and (iv) in the case of the Carrington Premises, aggregate rental and other payments to the landlord in respect thereof not exceeding £1,000 per annum.

Dividend and other payment restrictions affecting Restricted Subsidiaries

The Parent will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, create or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to:

- (1) pay dividends or make any other distributions on its Capital Stock to the Parent or any of its Restricted Subsidiaries, or with respect to any other interest or participation in, or measured by, its profits, or pay any Indebtedness owed to the Parent or any of its Restricted Subsidiaries;
- (2) make loans or advances to the Parent or any of its Restricted Subsidiaries; or

- (3) sell, lease or transfer any of its properties or assets to the Parent or any of its Restricted Subsidiaries.

However, the preceding restrictions will not apply to encumbrances or restrictions existing under or by reason of:

- (1) agreements governing Existing Indebtedness and the Revolving Credit Facility or any other agreement as in effect at or entered into on the Issue Date and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings are not materially more restrictive, taken as a whole, with respect to such dividend and other payment restrictions than those contained in those agreements on the Issue Date;
- (2) the Indenture, the Notes and the Note Guarantees, the Intercreditor Agreement and the Security Documents;
- (3) agreements governing other Indebtedness permitted to be incurred under the provisions of the covenant described above under the caption "*—Incurrence of Indebtedness and issuance of preferred stock*" and any amendments, restatements, modifications, renewals, supplements, refundings, replacements or refinancings of those agreements; *provided* that the restrictions therein are not materially more restrictive, taken as a whole, than those contained in the Indenture, the Notes and the Note Guarantees;
- (4) applicable law, rule, regulation or order;
- (5) any agreement or instrument of or Capital Stock of a Person acquired by the Issuer or any of its Restricted Subsidiaries as in effect at the time of such acquisition (except to the extent such agreement or instrument was entered into or incurred in connection with or in contemplation of such acquisition) and any amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings of any such agreement or instrument, *provided* that the amendments, modifications, restatements, renewals, increases, supplements, refundings, replacements or refinancings are (A) no more restrictive or (B) not materially less favorable as determined in good faith by the Issuer, than the dividend and other payment restrictions contained in such instrument at the time of such acquisition, which encumbrance or restriction is not applicable to any Person, or the properties or assets of any Person, other than the Person, or the property or assets of the Person, so acquired; *provided* that, in the case of Indebtedness, such Indebtedness was permitted by the terms of the Indenture to be incurred;
- (6) customary non-assignment provisions in contracts, leases and licenses entered into in the ordinary course of business;
- (7) purchase money obligations for property acquired in the ordinary course of business and Capital Lease Obligations that impose restrictions on the property purchased or leased of the nature described in clause (3) of the preceding paragraph;
- (8) any agreement for the sale or other disposition of the Capital Stock or all or substantially all of the property and assets of a Restricted Subsidiary of the Parent that restricts distributions by that Restricted Subsidiary pending its sale or other disposition;
- (9) Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

- (10) Liens permitted to be incurred under the provisions of the covenant described above under the caption "*—Liens*" that limit the right of the debtor to dispose of the assets subject to such Liens;
- (11) provisions limiting the disposition or distribution of assets or property in joint venture agreements, asset sale agreements, sale-leaseback agreements, stock sale agreements and other similar agreements (including agreements entered into in connection with a Restricted Investment) entered into with the approval of the Parent's Board of Directors, which limitation is applicable only to the assets that are the subject of such agreements;
- (12) restrictions on cash or other deposits or net worth imposed by customers or suppliers or required by insurance, surety or bonding companies, in each case, under contracts entered into in the ordinary course of business;
- (13) Hedging Obligations entered into from time to time;
- (14) any mortgage financing or mortgage refinancing that imposes restrictions on the real property (including any heritage building rights) securing such Indebtedness; and
- (15) agreements governing Indebtedness incurred pursuant to clauses (4) or (14) of the covenant described above under the caption "*—Incurrence of Indebtedness and issuance of preferred stock*" by a Restricted Subsidiary of the Parent that is not required to become a Guarantor by virtue of clause (1) of the fifth paragraph of the covenant described below under the caption "*—Additional Note Guarantees*", provided that any encumbrance or restriction in any such agreement is not applicable to any Person, or the properties or assets of any other Person, other than such Restricted Subsidiary or its property or assets.

Merger, consolidation or sale of assets

None of the Parent, Red Football Junior Limited or Manchester United Limited will, directly or indirectly: (1) consolidate or merge with or into another Person (whether or not the Parent is the surviving corporation), or (2) sell, assign, transfer, convey or otherwise dispose of all or substantially all of the properties or assets of the Parent and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to another Person, unless:

- (1) either: (a) the Parent is the surviving corporation; or (b) the Person formed by or surviving any such consolidation or merger (if other than the Parent, Red Football Junior Limited or Manchester United Limited, as the case may be) or to which such sale, assignment, transfer, conveyance or other disposition has been made is an entity organised or existing under the laws of any member state of the European Union, Switzerland, the United States, any state of the United States or the District of Columbia;
- (2) the Person formed by or surviving any such consolidation or merger (if other than the Parent) or the Person to which such sale, assignment, transfer, conveyance or other disposition has been made assumes all the obligations of the Parent, Red Football Junior Limited or Manchester United Limited, as the case may be, under the Notes, the Note Guarantees, the Indenture, the Intercreditor Agreement and the Security Documents to which the Parent, Red Football Junior Limited or Manchester United Limited (as applicable) is a party pursuant to agreements reasonably satisfactory to the Trustee;
- (3) immediately after such transaction, no Default or Event of Default exists;
- (4) the Parent, Red Football Junior Limited or Manchester United Limited, as the case may be or the Person formed by or surviving any such consolidation or merger (if other than the Parent, Red Football Junior Limited or Manchester United Limited, as the case may be), or to which such sale, assignment, transfer, conveyance or other disposition has been made, on the date of such transaction after giving pro forma effect thereto and any related financing transactions as if the same had occurred at the beginning of the applicable four-quarter period, (i) would be permitted to incur at least £1.00 of additional

Indebtedness pursuant to the Fixed Charge Coverage Ratio test set forth in clause (1) of the first paragraph of the covenant described above under the caption "*—Incurrence of Indebtedness and issuance of preferred stock*" or (ii) the Fixed Charge Coverage Ratio would not be less than it was prior to such transaction; and

- (5) the Parent delivers to the Trustee an Officers' Certificate and opinion of counsel, in each case, stating that such consolidation, merger or transfer and such supplemental indenture comply with this covenant.

A Subsidiary Guarantor may not sell or otherwise dispose of all or substantially all of its assets to, or consolidate with or merge with or into (whether or not such Subsidiary Guarantor is the surviving Person) another Person, other than the Issuer, the Parent or another Subsidiary Guarantor, unless either:

- (1) the Person acquiring the property in any such sale or disposition or the Person formed by or surviving any such consolidation or merger assumes all the obligations of that Subsidiary Guarantor under its Note Guarantee, the Indenture, the Intercreditor Agreement and the Security Documents to which such Subsidiary Guarantor is a party pursuant to agreements reasonably satisfactory to the Trustee and immediately after giving effect to that transaction, no Default or Event of Default exists; or
- (2) the Net Proceeds of such sale or other disposition are applied in accordance with the applicable provisions of the Indenture.

In addition, neither the Issuer nor any Guarantor will, directly or indirectly, lease all or substantially all of the properties and assets of it and its Restricted Subsidiaries taken as a whole, in one or more related transactions, to any other Person.

Clauses (3) and (4) of the first and second paragraphs of this covenant will not apply to any sale or other disposition of all or substantially all of the assets or merger or consolidation of the Issuer or any Subsidiary Guarantor with or into the Parent or any other Subsidiary Guarantor and clause (4) of the second paragraph of this covenant will not apply to any sale or other disposition of all or substantially all of the assets or merger or consolidation of the Issuer with or into an Affiliate solely for the purpose of reincorporating the Issuer in another jurisdiction for tax reasons.

Transactions with Affiliates

The Parent will not, and will not cause or permit any of its Restricted Subsidiaries to, make any payment to or sell, lease, transfer or otherwise dispose of any of its properties or assets to, or purchase any property or assets from, or enter into or make or amend any transaction, contract, agreement, understanding, loan, advance or guarantee with, or for the benefit of, any Affiliate of the Parent (each, an **Affiliate Transaction**), unless:

- (1) the Affiliate Transaction is on terms that are no less favorable to the Parent or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's length transaction by the Parent or such Restricted Subsidiary with a Person who is not an Affiliate of the Parent or any of its Restricted Subsidiaries; and
- (2) the Parent delivers to the Trustee:
 - (a) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £10.0 million, a resolution of the Board of Directors of the Parent set forth in an Officers' Certificate certifying that such Affiliate Transaction complies with this covenant and that such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors of the Parent or, if there are no disinterested directors in respect of such Affiliate Transaction, an opinion as to the fairness to the Parent or such

Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing; and

- (b) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of £20.0 million, an opinion as to the fairness to the Parent or such Subsidiary of such Affiliate Transaction from a financial point of view issued by an accounting, appraisal or investment banking firm of international standing.

The following items will not be deemed to be Affiliate Transactions and, therefore, will not be subject to the provisions of the prior paragraph:

- (1) any employment agreement, collective bargaining agreement, consultant agreement, employee benefit arrangements with any employee, consultant, officer or director of the Parent or any of its Restricted Subsidiaries, including under any stock option, stock appreciation rights, stock incentive or similar plans, entered into in the ordinary course of business;
- (2) transactions between or among the Parent and/or its Restricted Subsidiaries;
- (3) transactions with a Person (other than an Unrestricted Subsidiary of the Parent) that is an Affiliate of the Parent solely because the Parent owns, directly or through a Restricted Subsidiary, an Equity Interest in, or controls, such Person;
- (4) payment of reasonable and customary fees and reimbursements of expenses (pursuant to indemnity arrangements or otherwise) of officers, directors, employees or consultants of the Parent or any of its Restricted Subsidiaries;
- (5) any issuance of Equity Interests (other than Disqualified Stock) or Subordinated Shareholder Funding of the Parent to Affiliates of the Parent;
- (6) Restricted Payments that do not violate the provisions of the Indenture described above under the caption "*—Restricted payments*";
- (7) Permitted Investments (other than Permitted Investments described as defined in clauses (3), (13) and (15) of the definition thereof);
- (8) transactions pursuant to, or contemplated by any agreement in effect on the Issue Date and transactions pursuant to any amendment, modification or extension to such agreement, so long as such amendment, modification or extension, taken as a whole, is not materially more disadvantageous to the holders of the Notes than the original agreement as in effect on the Issue Date;
- (9) transactions with customers, clients, suppliers, or purchasers or sellers of goods or services, in each case in the ordinary course of business and otherwise in compliance with the terms of this Indenture that are fair to the Parent or its Restricted Subsidiaries, in the reasonable determination of the members of the Board of Directors of the Parent or the senior management thereof, or are on terms at least as favorable as might reasonably have been obtained at such time from an unaffiliated Person;
- (10) any payments or other transactions pursuant to a tax sharing agreement between the Parent and any other Person or a Restricted Subsidiary of the Parent and any other Person with which the Parent or any of its Restricted Subsidiaries files a consolidated tax return or with which the Parent or any of its Restricted Subsidiaries is part of a group for tax purposes or any tax advantageous group contribution made pursuant to applicable legislation; *provided, however*, that any such tax sharing or arrangement and payment does not permit or require payments in excess of the amounts of tax that would be payable by the Parent and its Restricted Subsidiaries on a stand-alone basis;

- (11) payment of Management Fees and the entry into any agreement related thereto, *provided* that any such agreement does not contain any material provision or term other than those related to the payment of such Management Fees and the performance of management, monitoring and advisory services by the counterparty thereto;
- (12) transactions permitted by, and complying with, the provisions of the covenant described under the caption "*—Merger, consolidation or sale of assets*"; and
- (13) Permitted Transactions.

Limitation on issuances of guarantees of Indebtedness

The Parent will not cause or permit any of its Restricted Subsidiaries that are not Guarantors, directly or indirectly, to guarantee, assume or in any manner become liable with respect to any other Indebtedness of the Issuer or a Guarantor unless such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture providing for the Guarantee of the payment of the Notes by such Restricted Subsidiary, which Guarantee will be senior to or *pari passu* with such Restricted Subsidiary's guarantee of such other Indebtedness. Any such Restricted Subsidiary will, simultaneously with the execution of such supplemental indenture, pledge all of its existing and future assets to secure its Note Guarantee, and the Parent will cause all of the Capital Stock in such Restricted Subsidiary owned by the Parent and its Restricted Subsidiaries to be pledged to secure the Notes and the Note Guarantees.

Each additional Note Guarantee will be limited as necessary to recognise certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Parent shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent that such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures reasonably available to the Parent or the Restricted Subsidiary or any liability for the officers, directors or shareholders of such Restricted Subsidiary.

Any additional Note Guarantee will automatically and unconditionally be released under the same conditions and circumstances that the guarantee of other Indebtedness will be released, so long as no Event of Default would arise as a result and no other Indebtedness is at that time guaranteed by the relevant Guarantor.

Additional Note Guarantees

The Parent will, on the date it furnishes an annual report to the holders of Notes pursuant to clause (1) of the covenant described under "*—Reports*", cause each of its Restricted Subsidiaries that is not a Guarantor and is Material Company as of the end of the most recently completed fiscal year to become a Guarantor and to execute a supplemental indenture and deliver an opinion of counsel satisfactory to the Trustee on such date.

Each additional Note Guarantee of such Restricted Subsidiary will be limited as necessary to recognise certain defenses generally available to guarantors (including those that relate to fraudulent conveyance or transfer, voidable preference, financial assistance, corporate purpose, capital maintenance or similar laws, regulations or defenses affecting the rights of creditors generally) or other considerations under applicable law.

Notwithstanding the foregoing, the Parent shall not be obligated to cause such Restricted Subsidiary to Guarantee the Notes to the extent that such Guarantee by such Restricted Subsidiary would reasonably be expected to give rise to or result in a violation of applicable law which, in any case, cannot be prevented or otherwise avoided through measures

reasonably available to the Parent or the Restricted Subsidiary or any liability for the officers, directors or shareholders of such Restricted Subsidiary.

Any such Restricted Subsidiary will, simultaneously with the execution of such supplemental indenture, pledge all of its existing and future assets to secure its Note Guarantee, and the Parent will cause all of the Capital Stock in such Restricted Subsidiary owned by the Parent and its Restricted Subsidiaries to be pledged to secure the Notes and the Note Guarantees.

Notwithstanding the foregoing:

- (1) in no event will a Restricted Subsidiary formed solely for the purpose of holding one or more assets or properties that are to be financed, in whole or in part, with Indebtedness incurred pursuant to clauses (4) or (14) of the second paragraph of the covenant described under “—*Incurrence of Indebtedness and issuance of preferred stock*” be required to become a Guarantor pursuant to this covenant if the only assets and properties (other than assets that are *de minimis* in value) owned by such Restricted Subsidiary are financed, in whole or in part, with Indebtedness incurred pursuant to clauses (4) or (14) of the second paragraph of the covenant described under “—*Incurrence of Indebtedness and issuance of preferred stock*” for so long as any such Indebtedness remains outstanding and an obligation of such Restricted Subsidiary (it being understood that promptly upon the retirement or repayment of such Indebtedness or the assumption of such Indebtedness by a Person other than such Restricted Subsidiary, such Restricted Subsidiary shall become a Guarantor pursuant to this covenant (to the extent it would otherwise be required to do so)); and
- (2) to the extent that any Person that becomes a Restricted Subsidiary after the Issue Date as a result of the acquisition of such Person by a Restricted Subsidiary of the Parent (other than Red Football Junior Limited) and such Person will have outstanding, following the consummation of such acquisition, Indebtedness permitted to be incurred pursuant to clause (12) of the second paragraph of the covenant described under “—*Incurrence of Indebtedness and Issuance of Preferred Stock*” and such Person would be required to obtain the consent of the holders of such Indebtedness to become a Guarantor or grant security pursuant to this covenant, then such Person need not become a Guarantor for so long as any such Indebtedness remains outstanding and an obligation of such Person (it being understood that promptly upon the retirement or repayment of such Indebtedness or the assumption of such Indebtedness by a Person other than such Person, such Person shall become a Guarantor pursuant to this covenant (to the extent it would otherwise be required to do so)).

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors of the Parent may designate any Restricted Subsidiary to be an Unrestricted Subsidiary if that designation would not cause a Default. If a Restricted Subsidiary is designated as an Unrestricted Subsidiary, the aggregate Fair Market Value of all outstanding Investments owned by the Parent and its Restricted Subsidiaries in the Subsidiary designated as Unrestricted will be deemed to be an Investment made as of the time of the designation and will reduce the amount available for Restricted Payments under the covenant described above under the caption “—*Restricted payments*” or under one or more clauses of the definition of Permitted Investments, as determined by the Parent. That designation will only be permitted if the Investment would be permitted at that time and if the Restricted Subsidiary otherwise meets the definition of an Unrestricted Subsidiary. The Board of Directors of the Parent may redesignate any Unrestricted Subsidiary to be a Restricted Subsidiary if that redesignation would not cause a Default.

Any designation of a Subsidiary of the Parent as an Unrestricted Subsidiary will be evidenced to the Trustee by filing with the Trustee a certified copy of a resolution of the Board of Directors giving effect to such designation and an Officers’ Certificate certifying that such designation

complied with the preceding conditions and was permitted by the covenant described above under the caption "*Restricted payments*". If, at any time, any Unrestricted Subsidiary would fail to meet the preceding requirements as an Unrestricted Subsidiary, it will thereafter cease to be an Unrestricted Subsidiary for purposes of the Indenture and any Indebtedness of such Subsidiary will be deemed to be incurred by a Restricted Subsidiary as of such date and, if such Indebtedness is not permitted to be incurred as of such date under the covenant described under the caption "*Incurrence of Indebtedness and issuance of preferred stock*", the Parent will be in default of such covenant. The Board of Directors of the Parent may at any time designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that such designation will be deemed to be an incurrence of Indebtedness by a Restricted Subsidiary of any outstanding Indebtedness of such Unrestricted Subsidiary, and such designation will only be permitted if (1) such Indebtedness is permitted under the covenant described under the caption "*Incurrence of Indebtedness and issuance of preferred stock*", calculated on a pro forma basis as if such designation had occurred at the beginning of the applicable reference period; and (2) no Default or Event of Default would be in existence following such designation.

Impairment of security interest

(a) The Parent will not, and will not cause or permit any of its Restricted Subsidiaries to, take or knowingly or negligently omit to take, any action which action or omission might or would have the result of materially impairing the security interest with respect to the Collateral (it being understood that the incurrence of Liens on the Collateral permitted by the definition of Permitted Collateral Liens shall under no circumstances be deemed to materially impair the security interest with respect to the Collateral) for the benefit of the Trustee and the holders of the Notes, and the Parent will not, and will not cause or permit any of its Restricted Subsidiaries to, grant to any Person other than the Security Agent, for the benefit of the Trustee and the holders of the Notes and the other beneficiaries described in the Security Documents and the Intercreditor Agreement, any interest whatsoever in any of the Collateral; *provided* that (a) nothing in this provision shall restrict the discharge or release of the Collateral in accordance with the Indenture, the Security Documents and the Intercreditor Agreement and (b) the Parent and its Restricted Subsidiaries may incur Permitted Collateral Liens; and *provided further, however*, that no Security Document may be amended, extended, renewed, restated, supplemented or otherwise modified or replaced, unless contemporaneously with such amendment, extension, replacement, restatement, supplement, modification or renewal, the Parent delivers to the Trustee either (1) a solvency opinion, in form and substance reasonably satisfactory to the Trustee confirming the solvency of the Parent and its Subsidiaries, taken as a whole, after giving effect to any transactions related to such amendment, extension, renewal, supplement, modification or replacement or (2) an opinion of counsel, in form and substance reasonably satisfactory to the Trustee (subject to customary exceptions and qualifications), confirming that, after giving effect to any transactions related to such amendment, extension, renewal, restatement, supplement, modification or replacement, the Lien or Liens securing the Notes created under the Security Documents so amended, extended, renewed, restated, supplemented, modified or replaced are valid and perfected Liens not otherwise subject to any limitation imperfection or new hardening period, in equity or at law, and that such Lien or Liens were not otherwise subject to immediately prior to such amendment, extension, renewal, restatement, supplement, modification or replacement which shall be substantially in the form attached to the Indenture.

(b) At the direction of the Parent and without the consent of the holder of Notes, the Security Agent may from time to time enter into one or more amendments to the Security Documents to: (i) cure any ambiguity, omission, defect or inconsistency therein, (ii) (but subject to compliance with paragraph (a) above) provide for Permitted Collateral Liens, (iii) add to the Collateral or (iv) make any other change thereto that does not adversely affect the rights of the holders of the Notes in any material respect.

(c) In the event that the Parent complies with this covenant, the Trustee and the Security Agent shall (subject to customary protections and indemnifications) consent to such amendment, extension, renewal, restatement, supplement, modification or replacement with no need for instructions from holders of the Notes.

Security

The Parent shall, and shall procure that each of its Subsidiaries shall, at its own expense, execute and do all such acts and things and provide such assurances as the Security Agent may reasonably require (i) for registering any Security Documents in any required register and for perfecting or protecting the security intended to be afforded by such Security Documents; and (ii) if such Security Documents have become enforceable, for facilitating the realisation of all or any part of the assets which are subject to such Security Documents and for facilitating the exercise of all powers, authorities and discretions vested in the Security Agent or in any receiver of all or any part of those assets. The Parent shall, and shall procure that each of its respective Subsidiaries shall, execute all transfers, conveyances, assignments and releases of that property whether to the Security Agent or to its nominees and give all notices, orders and directions which the Security Agent may reasonably request.

Additional Intercreditor Agreement

At the request of the Parent, at the time of, or prior to, the Incurrence of any Indebtedness that is permitted to share the Collateral, the Parent, the relevant Guarantors, the Trustee and the Security Agent shall enter into an additional intercreditor agreement (each an **Additional Intercreditor Agreement**) on terms substantially similar to the Intercreditor Agreement or an amendment to the Intercreditor Agreement (which amendment does not adversely affect the rights of holder of the Notes); *provided* that such Intercreditor Agreement or Additional Intercreditor Agreement will not impose any personal obligations on the Trustee or the Security Agent or adversely affect the rights, duties, liabilities or immunities of the Trustee under the Indenture or the Intercreditor Agreement.

Each holder of a Note, by accepting such Note, shall be deemed to have agreed to and accepted the terms and conditions of each Intercreditor Agreement and Additional Intercreditor Agreement and any amendment referred to in the preceding paragraph and the Trustee or the Security Agent shall not be required to seek the consent of any holders of Notes to perform its obligations under and in accordance with this covenant.

Limitation on issuer activities

The Issuer will not engage in any business activity or undertake any other activity, except any activity (i) reasonably relating to the offering, sale, issuance and servicing, purchase, redemption, refinancing or retirement of the Notes, Indebtedness under the Revolving Credit Facility or the incurrence of other Indebtedness permitted by the terms of the Indenture and distributing, lending or otherwise advancing funds to the Parent or any of its Restricted Subsidiaries, (ii) undertaken with the purpose of fulfilling any other obligations under the Notes, Indebtedness under the Revolving Credit Facility, the Proceeds Loan Agreement, other Indebtedness permitted by the terms of the Indenture, any Security Document to which it is a party or the Intercreditor Agreement; and (iii) other activities not specifically enumerated above that are *de minimis* in nature. The Issuer will not create, incur, assume or suffer to exist any Lien over any of its property or assets, or any proceeds therefrom, to secure Indebtedness, except for Liens to secure the Notes, the Revolving Credit Facility or other Indebtedness permitted to be incurred under the Indenture to the extent Liens securing such Indebtedness are permitted to be incurred under the Indenture.

The Issuer will at all times remain a wholly-owned Restricted Subsidiary of Manchester United Limited. Except in accordance with covenant described under the Caption “—*Merger, consolidation or sale of assets*”, the Issuer will not merge, consolidate, amalgamate or otherwise combine with or into another Person (whether or not the Issuer is the surviving

corporation) or, other than in connection with the incurrence of a Permitted Collateral Lien, sell, assign, transfer, lease, convey or otherwise dispose of any material property or assets to any Person in one or more related transactions.

For so long as any Notes are outstanding, the Issuer will not (i) change the Stated Maturity of any Proceeds Loan; (ii) reduce the rate of interest on any Proceeds Loan; (iii) change the currency for payment of any amount under any Proceeds Loan; (iv) prepay or otherwise reduce or permit the prepayment or reduction of any Proceeds Loan (save to facilitate a corresponding payment of principal on the Notes); (v) assign or novate any Proceeds Loan or any rights or obligations under the Proceeds Loan Agreement (other than to secure the Notes and the Note Guarantees); or (vi) amend, modify or alter any Proceeds Loan or the Proceeds Loan Agreement in any manner adverse to the holders of the Notes. Notwithstanding the foregoing, the Note Proceeds Loans may be prepaid or reduced to facilitate or otherwise accommodate or reflect a repayment, redemption or repurchase of outstanding Notes.

For so long as any Notes are outstanding, none of the Parent nor any of its Restricted Subsidiaries will commence or take any action or facilitate a winding-up, liquidation or other analogous proceeding in respect of the Issuer.

Limitation on holding company activities

The Parent will not, at any time, (i) own any assets or property other than cash and Cash Equivalents, the Carrington Premises, Capital Stock in Red Football Junior Limited and Manchester United Limited, assets that will be used to make a Restricted Payment (other than a Restricted Investment) permitted by the covenant described under the caption “—*Restricted payments*” promptly following receipt thereof by the Parent and other assets that are *de minimis* in nature or (ii) be the lessee in respect of a Specified Asset Sale and Leaseback transaction.

Red Football Junior Limited will not, at anytime, (i) own any assets or property other than Capital Stock in Manchester United Limited and other assets that are *de minimis* in nature or (ii) be the lessee in respect of a Specified Asset Sale and Leaseback transaction.

In addition, neither the Parent nor Red Football Junior Limited will carry on any business, other than:

- (1) the ownership of shares of Manchester United Limited and, in the case of Red Football Limited, Red Football Junior Limited;
- (2) the provision of administrative services (excluding treasury services) to its Subsidiaries of a type customarily provided by a holding company to its Subsidiaries and the receipt of any amounts related thereto to the extent expressly permitted under the Intercreditor Agreement;
- (3) incurring Indebtedness permitted pursuant to the covenant described under “—*Incurrence of Indebtedness and issuance of preferred stock*” (including activities reasonably incidental thereto, including performance of the terms and conditions of such Indebtedness, to the extent such activities are otherwise permissible under the Indenture);
- (4) rights and obligations arising under the Indenture, its Note Guarantee, the Intercreditor Agreement (or any Additional Intercreditor Agreement entered into pursuant to the terms of the Intercreditor Agreement or the Indenture), the Security Documents, the Revolving Credit Facility or any other agreement existing on the Issue Date to which it is a party relating to the issue and sale of the Notes issued on the Issue Date or the application of the proceeds therefrom; or
- (5) directly related or reasonably incidental to the establishment and/or maintenance of its corporate existence.

Notwithstanding the foregoing, in the event that all of the Equity Interests in the Parent are pledged as Collateral to secure the Notes and the obligations of the Issuer and the Guarantors under the Indenture, this covenant shall have no further force or effect.

Payments for consent

The Parent will not, and will not cause or permit any of its Restricted Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration to or for the benefit of any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is offered to be paid and is paid to all holders of the Notes that consent, waive or agree to amend in the time frame set forth in the solicitation documents relating to such consent, waiver or agreement.

Maintenance of listing

The Issuer will use its best efforts to maintain the listing of the Notes on the Euro MTF Market for so long as such Notes are outstanding; *provided* that if at any time the Issuer determines that it can no longer reasonably comply with the requirements for listing the Notes on the Euro MTF Market or if maintenance of such listing becomes unduly onerous, it will obtain prior to the delisting of the Notes from the Euro MTF Market, and thereafter use its best efforts to maintain, a listing of such Notes on such other “recognised stock exchange” as defined in Section 1005 of the Income Tax Act 2007 of the United Kingdom.

Reports

So long as any Notes are outstanding, the Parent will furnish to the holders of Notes or cause the Trustee to furnish to the holders of Notes:

- (1) within 120 days after the end of the Parent’s fiscal year beginning with the fiscal year ending June 30, 2010, annual reports containing the following information with a level of detail that is substantially comparable and similar in scope to this Offering Memorandum (with appropriate revisions, as reasonably determined by the Parent to reflect segment reporting) and the following information: (a) audited consolidated balance sheets of the Parent as of the end of the two most recent fiscal years and audited consolidated income statements and statements of cash flow of the Parent for the three most recent fiscal years, including complete footnotes to such financial statements and the report of the Parent’s independent auditors on the financial statements; (b) *pro forma* income statement and balance sheet information of the Parent, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalisations (excluding acquisitions or dispositions of player registrations) that have occurred since the beginning of the most recently completed fiscal year as to which such annual report relates; (c) an operating and financial review of the audited financial statements, including a discussion of the results of operations (including a discussion by business segment), financial condition and liquidity and capital resources, and a discussion of material commitments and contingencies and critical accounting policies; and (d) a description of all material affiliate transactions and a description of all material debt instruments;
- (2) within 60 days following the end of each of the first three fiscal quarters in each fiscal year of the Parent, quarterly reports containing the following information: (a) an unaudited condensed consolidated balance sheet as of the end of such quarter and unaudited condensed statements of income and cash flow for the quarterly and year-to-date periods ending on the unaudited condensed balance sheet date, and the comparable prior year periods for the Parent, together with condensed footnote disclosure; (b) *pro forma* income statement and balance sheet information of the Parent, together with explanatory footnotes, for any material acquisitions, dispositions or recapitalisations (excluding acquisitions or dispositions of player registrations) that have occurred since the beginning of the most recently completed fiscal quarter as to which such quarterly report relates; and (c) an operating and financial review of the unaudited

financial statements (including a discussion by business segment), including a discussion of the consolidated financial condition and results of operations of the Parent and any material change between the current quarterly period and the corresponding period of the prior year; and

- (3) promptly after the closing of any material acquisition, disposition or restructuring of the Parent and the Restricted Subsidiaries, taken as a whole (in each case, excluding players unless publicly announced), or any senior management (other than the club manager unless publicly announced) changes at the Parent or any Subsidiary Guarantor or change in auditors of the Parent or any other material event that the Parent announces publicly, a report containing a description of such event.

If the Parent has designated any of its Subsidiaries as Unrestricted Subsidiaries and such Subsidiaries are Significant Subsidiaries, then the quarterly and annual financial information required by the preceding paragraph will include a reasonably detailed presentation, either on the face of the financial statements or in the footnotes thereto, of the financial condition and results of operations of the Parent and its Restricted Subsidiaries separate from the financial condition and results of operations of the Unrestricted Subsidiaries of the Parent.

All financial statements shall be prepared in accordance with GAAP. Except as provided for above, no report need include separate financial statements for the Parent or Subsidiaries of the Parent or any disclosure with respect to the results of operations or any other financial or statistical disclosure not of a type included in this Offering Memorandum.

In addition, for so long as any Notes remain outstanding, the Issuer has agreed that it will furnish to the holders and to prospective investors, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) under the U.S. Securities Act.

Contemporaneously with the furnishing of each such report discussed above, the Parent will also (a) file a press release with the appropriate internationally recognised wire services in connection with such report and (b) post such report on a publicly accessible website of the Parent. The Parent will also make available copies of all reports required by clauses (1) through (3) of the first paragraph of this covenant, if and so long as the Notes are listed on the Official List of the Luxembourg Stock Exchange and admitted for trading on the Euro MTF Market and the rules of the Luxembourg Stock Exchange so require, at the offices of the Paying Agent in Luxembourg or, to the extent and in the manner permitted by such rules, post such reports on the official website of the Luxembourg Stock Exchange (www.bourse.lu).

Events of Default and remedies

Each of the following is an **Event of Default**:

- (1) default for 30 days in the payment when due of interest or Additional Amounts, if any, with respect to the Notes;
- (2) default in the payment when due (at maturity, upon redemption or otherwise) of the principal of, or premium, if any, on, the Notes;
- (3) failure by the Parent or relevant Guarantor to comply with the provisions described under the caption "*Certain covenants—Consolidation, merger and sale of assets*";
- (4) failure by the Parent or relevant Guarantor for 60 days after written notice to the Parent by the Trustee or the holders of at least 25% in aggregate principal amount of the Notes then outstanding voting as a single class to comply with any of the agreements in the Indenture (other than a default in performance, or breach, or a covenant or agreement which is specifically dealt with in clauses (1), (2) or (3)), the Notes, the Note Guarantees, any Security Document or the Intercreditor Agreement (or any Additional Intercreditor

Agreement entered into pursuant to the terms of the Intercreditor Agreement or the Indenture);

- (5) default under any mortgage, indenture or instrument under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Parent or any of its Restricted Subsidiaries (or the payment of which is guaranteed by the Parent or any of its Restricted Subsidiaries), whether such Indebtedness or Guarantee now exists, or is created after the Issue Date, if that default:
 - (a) is caused by a failure to pay principal at final maturity on, such Indebtedness prior to the expiration of the grace period provided in such Indebtedness on the date of such default (a **Payment Default**); or
 - (b) results in the acceleration of such Indebtedness prior to its Stated Maturity,and, in each case, either (i) the principal amount of any such Indebtedness, together with the principal amount of any other such Indebtedness under which there has been a Payment Default or the maturity of which has been so accelerated, aggregates £25.0 million or more, or (ii) such Indebtedness is secured by a Permitted Collateral Lien pursuant to clauses (1), (2) or (3) of the definition thereof;
- (6) failure by the Parent or any of its Restricted Subsidiaries to pay final judgments entered by a court or courts of competent jurisdiction aggregating in excess of £25.0 million, which judgments are not paid, discharged or stayed for a period of 60 days;
- (7) except as permitted by the Indenture, any Note Guarantee is held in any judicial proceeding to be unenforceable or invalid or ceases for any reason to be in full force and effect, or any Guarantor, or any Person acting on behalf of any Guarantor, denies or disaffirms its obligations under its Note Guarantee;
- (8) (i) any security interest created by any Security Document ceases to be in full force and effect (except as permitted by the terms of the Indenture, the Intercreditor Agreement or the Security Documents) with respect to Collateral having a Fair Market Value in excess of £3.0 million, or an assertion by the Parent or any of its Restricted Subsidiaries that any Collateral having a Fair Market Value in excess of £3.0 million is not subject to a valid, perfected security interest (except as permitted by the terms of the indenture or Security Documents); or (ii) the repudiation by the Parent or any of its Restricted Subsidiaries of any of its material obligations under any Security Document; and
- (9) certain events of bankruptcy or insolvency described in the Indenture with respect to the Parent or any of its Restricted Subsidiaries that is a Significant Subsidiary or any group of its Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary.

In the case of an Event of Default arising from certain events of bankruptcy or insolvency, with respect to the Parent, any Restricted Subsidiary that is a Significant Subsidiary or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary, all outstanding Notes will become due and payable immediately without further action or notice. If any other Event of Default occurs and is continuing, the Trustee or the holders of at least 25% in aggregate principal amount of the then outstanding Notes may declare all the Notes to be due and payable immediately.

Subject to certain limitations, holders of a majority in aggregate principal amount of the then outstanding Notes may direct the Trustee in its exercise of any trust or power. The Trustee may withhold from holders of the Notes notice of any continuing Default or Event of Default if it determines that withholding notice is in their interest, except a Default or Event of Default relating to the payment of principal, interest or Additional Amounts or premium, if any.

Subject to the provisions of the Indenture relating to the duties of the Trustee, in case an Event of Default occurs and is continuing, the Trustee will be under no obligation to exercise any of the rights or powers under the Indenture at the request or direction of any holders of Notes unless such holders have offered to the Trustee reasonable indemnity or security against any loss, liability or expense. Except to enforce the right to receive payment of principal, premium, if any, or interest or Additional Amounts when due, no holder of a Note may pursue any remedy with respect to the Indenture or the Notes unless:

- (1) such holder has previously given the Trustee notice that an Event of Default is continuing;
- (2) holders of at least 25% in aggregate principal amount of the then outstanding Notes have requested the Trustee to pursue the remedy;
- (3) such holders have offered the Trustee reasonable security or indemnity against any loss, liability or expense;
- (4) the Trustee has not complied with such request within 60 days after the receipt of the request and the offer of security or indemnity; and
- (5) holders of a majority in aggregate principal amount of the then outstanding Notes have not given the Trustee a direction inconsistent with such request within such 60-day period.

The holders of a majority in aggregate principal amount of the then outstanding Notes by notice to the Trustee may, on behalf of the holders of all of the Notes, rescind an acceleration or waive any existing Default or Event of Default and its consequences under the Indenture except a continuing Default or Event of Default in the payment of interest, Additional Amounts or premium, if any, on, or the principal of, the Notes.

The Parent is required to deliver to the Trustee annually a statement regarding compliance with the Indenture. Upon becoming aware of any Default or Event of Default, the Parent is required to deliver to the Trustee a statement specifying such Default or Event of Default.

No Liability of directors, officers, employees and stockholders

No director, officer, employee, incorporator or stockholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or the Guarantors under the Notes, the Indenture, the Note Guarantees, the Intercreditor Agreement, the Security Documents or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Legal Defeasance and Covenant Defeasance

The Issuer may at any time, at the option of its Board of Directors evidenced by a resolution set forth in an Officers' Certificate, elect to have all of its obligations discharged with respect to the outstanding Notes and all obligations of the Guarantors discharged with respect to their Note Guarantees (**Legal Defeasance**) except for:

- (1) the rights of holders of outstanding Notes to receive payments in respect of the principal of, or interest (including Additional Amounts) or premium, if any, on, such Notes when such payments are due from the trust referred to below;
- (2) the Issuer's obligations with respect to the Notes concerning issuing temporary Notes, registration of Notes, mutilated, destroyed, lost or stolen Notes and the maintenance of an office or agency for payment and money for security payments held in trust;
- (3) the rights, powers, trusts, duties and immunities of the Trustee, and the Issuer's and the Guarantors' obligations in connection therewith; and

- (4) the Legal Defeasance provisions of the Indenture.

In addition, the Issuer may, at its option and at any time, elect to have the obligations of the Issuer and the Guarantors released with respect to certain covenants (including its obligation to make Change of Control Offers and Asset Sale Offers) that are described in the Indenture (**Covenant Defeasance**) and thereafter any omission to comply with those covenants will not constitute a Default or Event of Default with respect to the Notes. In the event Covenant Defeasance occurs, all Events of Default described under "*—Events of Default and Remedies*" (except those relating to payments on the Notes or bankruptcy, receivership, rehabilitation or insolvency events) will no longer constitute an Event of Default with respect to the Notes.

In order to exercise either Legal Defeasance or Covenant Defeasance:

- (1) the Issuer must irrevocably deposit with the Trustee, in trust, for the benefit of the holders of the Notes, cash in sterling, non-callable U.K. Government Securities, or a combination of cash in sterling and non-callable U.K. Government Securities (in the case of the Sterling Notes) or cash in U.S. dollars, non-callable U.S. Government Securities, or a combination of cash in U.S. dollars and non-callable U.S. Government Securities (in the case of the Dollar Notes), in amounts as will be sufficient, in the opinion of a nationally recognised investment bank, appraisal firm or firm of independent public accountants, to pay the principal of, or interest (including Additional Amounts and premium, if any) on the outstanding Notes on the stated date for payment thereof or on the applicable redemption date, as the case may be, and the Issuer must specify whether the Notes are being defeased to such stated date for payment or to a particular redemption date;
- (2) in the case of Legal Defeasance, the Issuer must deliver to the Trustee:
 - (a) an opinion of United States counsel reasonably acceptable to the Trustee confirming that (i) the Parent has received from, or there has been published by, the U.S. Internal Revenue Service a ruling or (ii) since the Issue Date, there has been a change in the applicable U.S. federal income tax law, in either case to the effect that, and based thereon such opinion of counsel will confirm that, the holders of the outstanding Notes will not recognise income, gain or loss for U.S. federal income tax purposes as a result of such Legal Defeasance and will be subject to tax on the same amounts, in the same manner and at the same times as would have been the case if such Legal Defeasance had not occurred; and
 - (b) an opinion of counsel in the jurisdiction of incorporation of the Issuer and reasonably acceptable to the Trustee to the effect that the holders of the Notes will not recognise income, gain or loss for tax purposes of such jurisdiction as a result of such deposit and defeasance and will be subject to tax in such jurisdiction on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred;
- (3) in the case of Covenant Defeasance, the Issuer must deliver to the Trustee:
 - (a) an opinion of United States counsel reasonably acceptable to the Trustee confirming that the holders of the outstanding Notes will not recognise income, gain or loss for U.S. federal income tax purposes as a result of such Covenant Defeasance and will be subject to U.S. federal income tax on the same amounts, in the same manner and at the same times as would have been the case if such Covenant Defeasance had not occurred; and
 - (b) an opinion of counsel in the jurisdiction of incorporation of the Issuer and reasonably acceptable to the Trustee to the effect that the holders of the Notes will not recognise income, gain or loss for tax purposes of such jurisdiction as a result of such deposit and defeasance and will be subject to tax in such jurisdiction on the

same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred;

- (4) no Default or Event of Default has occurred and is continuing on the date of such deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and the granting of Liens to secure such borrowings);
- (5) such Legal Defeasance or Covenant Defeasance will not result in a breach or violation of, or constitute a default under, any material agreement or instrument (other than the Indenture and the agreements governing any other Indebtedness being defeased, discharged or replaced) to which the Issuer or any of its Restricted Subsidiaries is a party or by which the Issuer or any of its Restricted Subsidiaries is bound;
- (6) the Issuer must deliver to the Trustee an Officers' Certificate stating that the deposit was not made by the Issuer with the intent of preferring the holders of Notes over the other creditors of the Issuer with the intent of defeating, hindering, delaying or defrauding any creditors of the Issuer or others; and
- (7) the Issuer must deliver to the Trustee an Officers' Certificate and an opinion of counsel, each stating that all conditions precedent relating to the Legal Defeasance or the Covenant Defeasance have been complied with.

Amendment, supplement and waiver

Except as provided in the next two succeeding paragraphs, the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement or any Security Document may be amended or supplemented with the consent of the holders of at least a majority in aggregate principal amount of the Notes then outstanding (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), and any existing Default or Event of Default or compliance with any provision of the Indenture or the Notes or the Note Guarantees may be waived with the consent of the holders of a majority in aggregate principal amount of the then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes).

Unless consented to by the holders of at least 90% of the aggregate principal amount of then outstanding Notes (including, without limitation, consents obtained in connection with a purchase of, or tender offer or exchange offer for, Notes), without the consent of each holder of Notes affected, an amendment, supplement or waiver may not (with respect to any Notes held by a non-consenting holder):

- (1) reduce the principal amount of Notes whose holders must consent to an amendment, supplement or waiver;
- (2) reduce the principal of or change the fixed maturity of any Note or alter the provisions with respect to the redemption of the Notes (other than provisions relating to the covenants described above under the caption "*—Repurchase at the option of holders*");
- (3) reduce the rate of or change the time for payment of interest, including default interest, on any Note;
- (4) waive a Default or Event of Default in the payment of principal of, or interest, Additional Amounts or premium, if any, on, the Notes (except a rescission of acceleration of the Notes by the holders of at least a majority in aggregate principal amount of the then outstanding Notes and a waiver of the Payment Default that resulted from such acceleration);
- (5) make any Note payable in money other than that stated in the Notes;

- (6) make any change in the provisions of the Indenture relating to waivers of past Defaults or the rights of holders of Notes to receive payments of principal of, or interest, Additional Amounts or premium, if any, on, the Notes;
- (7) waive a redemption payment with respect to any Note (other than a payment required by one of the covenants described above under the caption "*—Repurchase at the option of holders*");
- (8) release any Guarantor from any of its obligations under its Note Guarantee or the Indenture, except in accordance with the terms of the Indenture and the Intercreditor Agreement;
- (9) release the Lien on Collateral granted for the benefit of the holders of Notes, except in accordance with the terms of the relevant Security Document, the Indenture and Intercreditor Agreement; or
- (10) make any change in the preceding amendment and waiver provisions.

Notwithstanding the preceding, without the consent of any holder of Notes, the Issuer, the Guarantors and the Trustee may amend or supplement the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement or any Security Document:

- (1) to cure any ambiguity, defect or inconsistency;
- (2) to provide for uncertificated Notes in addition to or in place of certificated Notes;
- (3) to provide for the assumption of the Issuer's or a Guarantor's obligations to holders of Notes and Note Guarantees in the case of a merger or consolidation or sale of all or substantially all of the Issuer's or such Guarantor's assets, as applicable;
- (4) to make any change that would provide any additional rights or benefits to the holders of Notes or that does not adversely affect the legal rights under the Indenture of any such holder;
- (5) to conform the text of the Indenture, the Notes, any Note Guarantee, the Intercreditor Agreement or any Security Document to any provision of this Description of the Notes to the extent that such provision in this Description of the Notes was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Note Guarantees, the Intercreditor Agreement or the Security Documents;
- (6) to enter into additional or supplemental Security Documents;
- (7) to release Collateral in accordance with the terms of the Indenture, the Intercreditor Agreement and the Security Documents or to release any Note Guarantee in accordance with the terms of the Indenture and the Intercreditor Agreement;
- (8) to provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture as of the Issue Date;
- (9) to allow any Guarantor to execute a supplemental indenture and/or a Note Guarantee with respect to the Notes;
- (10) provide for uncertificated Notes in addition to or in place of certificated Notes (*provided* that the uncertificated Notes are issued in registered form for purposes of Section 163(f) of the Code, or in a manner such that the uncertificated Notes are described in Section 163(f)(2)(B) of the Code);
- (11) to evidence and provide the acceptance of the appointment of a successor Trustee under the Indenture; or

- (12) to add additional parties to the Intercreditor Agreement or any Security Document to the extent permitted hereunder and thereunder.

The consent of the holders of Notes is not necessary under the Indenture to approve the particular form of any proposed amendment. It is sufficient if such consent approves the substance of the proposed amendment.

For the purposes of calculating the aggregate principal amount of Notes that have consented to or voted in favor of any amendment, supplement or waiver, the Sterling Equivalent of the principal amount of any Dollar Notes shall be as of the Issue Date. For the avoidance of doubt, the provisions of articles 86 to 94-8 of the Luxembourg act dated 10 August 1915 on commercial companies, as amended, shall not apply in respect of the Notes.

Satisfaction and discharge

The Indenture will be discharged and will cease to be of further effect as to all Notes issued thereunder, when:

- (1) either:
- (a) all Notes that have been authenticated, except lost, stolen or destroyed Notes that have been replaced or paid and Notes for whose payment money has been deposited in trust and thereafter repaid to the Issuer, have been delivered to the Trustee for cancellation; or
 - (b) all Notes that have not been delivered to the Trustee for cancellation have become due and payable by reason of the mailing of a notice of redemption or otherwise or will become due and payable within one year and the Issuer or any Guarantor has irrevocably deposited or caused to be deposited with the Trustee as trust funds in trust solely for the benefit of the holders, cash in sterling, non-callable U.K. Government Securities, or a combination of cash in sterling and non-callable U.K. Government Securities (in the case of the Sterling Notes) or cash in U.S. dollars, non-callable U.S. Government Securities, or a combination of cash in U.S. dollars and non-callable U.S. Government Securities (in the case of the Dollar Notes), in amounts as will be sufficient, without consideration of any reinvestment of interest, to pay and discharge the entire Indebtedness on the Notes not delivered to the Trustee for cancellation for principal, premium and Additional Amounts, if any, and accrued interest to the date of maturity or redemption;
- (2) in respect of clause 1(b), no Default or Event of Default has occurred and is continuing on the date of the deposit (other than a Default or Event of Default resulting from the borrowing of funds to be applied to such deposit and any similar deposit relating to other Indebtedness and, in each case, the granting of Liens to secure such borrowings) and the deposit will not result in a breach or violation of, or constitute a default under, any other instrument to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than with respect to the borrowing of funds to be applied concurrently to make the deposit required to effect such satisfaction and discharge and any similar concurrent deposit relating to other Indebtedness, and in each case the granting of Liens to secure such borrowings);
- (3) the Issuer or any Guarantor has paid or caused to be paid all sums payable by it under the Indenture; and
- (4) the Issuer has delivered irrevocable instructions to the Trustee under the Indenture to apply the deposited money toward the payment of the Notes at maturity or on the redemption date, as the case may be.

In addition, the Issuer must deliver an Officers' Certificate and an opinion of counsel to the Trustee stating that all conditions precedent to satisfaction and discharge have been satisfied.

Judgment Currency

Any payment on account of an amount that is payable in sterling or U.S. dollars, as the case may be (the **Required Currency**), which is made to or for the account of any holder of the Notes or the Trustee in lawful currency of any other jurisdiction (the **Judgment Currency**), whether as a result of any judgment or order or the enforcement thereof or the liquidation of the Issuer or a Guarantor, shall constitute a discharge of the Issuer or the Guarantor's obligation under the Indenture and the Notes or Note Guarantee, as the case may be, only to the extent of the amount of the Required Currency with such holder or the Trustee, as the case may be, could purchase in the London foreign exchange markets with the amount of the Judgment Currency in accordance with normal banking procedures at the rate of exchange prevailing on the first Business Day following receipt of the payment in the Judgment Currency. If the amount of the Required Currency that could be so purchased is less than the amount of the Required Currency originally due to such holder or the Trustee, as the case may be, the Issuer shall indemnify and hold harmless the holder or the Trustee, as the case may be, from and against all loss or damage arising out of, or as a result of, such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in the Indenture or the Notes, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by any holder or the Trustee from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due hereunder or under any judgment or order.

Concerning the Trustee

If the Trustee becomes a creditor of the Issuer or any Guarantor, the Indenture limits the right of the Trustee to obtain payment of claims in certain cases, or to realise on certain property received in respect of any such claim as security or otherwise. The Trustee will be permitted to engage in other transactions; however, if it acquires any conflicting interest it must eliminate such conflict within 90 days or resign as Trustee.

The holders of a majority in aggregate principal amount of the then outstanding Notes will have the right to direct the time, method and place of conducting any proceeding for exercising any remedy available to the Trustee, subject to certain exceptions. The Indenture provides that in case an Event of Default occurs and is continuing, the Trustee will be required, in the exercise of its power, to use the degree of care of a prudent man in the conduct of his own affairs. Subject to such provisions, the Trustee will be under no obligation to exercise any of its rights or powers under the Indenture at the request of any holder of Notes, unless such holder has offered to the Trustee security and indemnity satisfactory to it against any loss, liability or expense.

Listing

Application has been made to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes to trading on the Euro MTF Market. The Notes are expected to be listed by the Issue Date or shortly thereafter. There can be no guarantee that the application to list the Notes on the official list of the Luxembourg Stock Exchange and to admit the Notes on the Euro MTF Market will be approved as of the date the Notes are issued or at any time thereafter, and settlement of the Notes is not conditioned on obtaining this listing. The legal notice relating to the issuance of the Notes and the Articles of Association of the Issuer will be registered prior to the listing with the Registrar of the District Court in Luxembourg, where such documents are available for inspection and where copies thereof can be obtained upon request.

Additional information

Anyone who receives this Offering Memorandum may obtain a copy of the Indenture, the form of Note, the Security Documents and the Intercreditor Agreement without charge by writing to MU Finance plc, Old Trafford, Manchester M16 0RA, Attention: Director of Legal.

So long as the Notes are listed on the Euro MTF Market and the rules of the Luxembourg Stock Exchange shall so require, copies, current and future, of all of the Issuer's annual audited consolidated and unconsolidated financial statements and the Issuer's unaudited consolidated interim quarterly financial statements may be obtained, free of charge, during normal business hours at the offices of the Paying Agent in Luxembourg.

Consent to jurisdiction and service of process

The Indenture will provide that the Issuer and each Guarantor will appoint CT Corporation System, 111 Eighth Avenue, 13th Floor, New York, New York 10011, U.S.A. as its agent for service of process in any suit, action or proceeding with respect to the Indenture, the Notes and the Note Guarantees and for actions brought under US federal or state securities laws brought in any Federal or state court located in the City of New York and will submit to such jurisdiction.

Enforceability of judgments

Because the assets of the Issuer and the Guarantors are outside the United States, any judgment obtained in the United States against the Issuer or any Guarantor, including judgments with respect to the payment of principal, premium, interest, Additional Amounts and any redemption price and any purchase price with respect to the Notes, may not be collectable within the United States.

Prescription

Claims against the Issuer or any Guarantor for the payment of principal or Additional Amounts, if any, on the Notes will be prescribed ten years after the applicable due date for payment thereof. Claims against the Issuer or any Guarantor for the payment of interest on the Notes will be prescribed five years after the applicable due date for payment of interest.

Certain definitions

Set forth below are certain defined terms used in the Indenture. Reference is made to the Indenture for a full disclosure of all defined terms used therein, as well as any other capitalised terms used herein for which no definition is provided.

Acquired Debt means, with respect to any specified Person:

- (1) Indebtedness of any other Person existing at the time such other Person is merged with or into or became a Restricted Subsidiary of such specified Person, whether or not such Indebtedness is incurred in connection with, or in contemplation of, such other Person merging with or into, or becoming a Restricted Subsidiary; and
- (2) Indebtedness secured by a Lien encumbering any asset acquired by such specified Person.

Affiliate of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, "control", as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of such Person, whether through the ownership of voting securities, by agreement or otherwise; *provided* that beneficial ownership of 10% or more of the Voting Stock of a Person

will be deemed to be control. For purposes of this definition, the terms **controlling, controlled by** and **under common control with** have correlative meanings.

Applicable Premium means, with respect to any Note on any redemption date, in the case of the Sterling Notes, the greater of:

- (1) 1.0% of the principal amount of the Sterling Note; or
- (2) the excess of:
 - (a) the present value at such redemption date of (i) the redemption price of the Note at 2013 (such redemption price being set forth in the table appearing under the caption "Optional Redemption" and being calculated exclusive of accrued and unpaid interest and Additional Amounts) plus (ii) all required interest payments due on the Note through 2013 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Gilt Rate as of such redemption date plus 50 basis points; over
 - (b) the principal amount of the Note; and

in the case of the Dollar Notes, the greater of

- (1) 1.0% of the principal amount of the Dollar Note; or
- (2) the excess of:
 - (a) the present value at such redemption date of (i) the redemption price of the Note at 2013 (such redemption price being set forth in the table appearing under the caption "Optional Redemption" and being calculated exclusive of accrued and unpaid interest and Additional Amounts) plus (ii) all required interest payments due on the Note through 2013 (excluding accrued but unpaid interest to the redemption date), computed using a discount rate equal to the Treasury Rate as of such redemption date plus 50 basis points; over
 - (b) the principal amount of the Note.

Asset Sale means:

- (1) the sale, lease, conveyance or other disposition of any assets or rights by the Parent or any of its Restricted Subsidiaries; *provided* that the sale, lease, conveyance or other disposition of all or substantially all of the assets of the Parent and its Restricted Subsidiaries taken as a whole will be governed by the provisions of the Indenture described above under the caption "*—Repurchase at the option of holders—Change of control*" and/or the provisions described above under the caption "*—Certain covenants—Merger, consolidation or sale of assets*" and not by the provisions of the Asset Sale covenant; and
- (2) the issuance of Equity Interests by any Restricted Subsidiary of the Parent or the sale by the Parent or any of its Restricted Subsidiaries of Equity Interests in any of the Parent's Subsidiaries.

Notwithstanding the preceding, none of the following items will be deemed to be an Asset Sale:

- (1) any single transaction or series of related transactions that involves assets having a Fair Market Value of less than £1.0 million;
- (2) a transfer of assets between or among the Parent and its Restricted Subsidiaries;
- (3) an issuance of Equity Interests by a Restricted Subsidiary of the Parent to the Parent or to a Restricted Subsidiary of the Parent;

- (4) the sale, lease, assignment or other transfer of products, services or accounts receivable in the ordinary course of business and any sale or other disposition of damaged, worn-out or obsolete assets in the ordinary course of business (including the abandonment or other disposition of intellectual property that is, in the reasonable judgment of the Parent, no longer economically practicable to maintain or useful in the conduct of the business of Parent and its Restricted Subsidiaries taken as whole);
- (5) licenses and sublicenses by the Parent or any of its Restricted Subsidiaries of software in the ordinary course of business;
- (6) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business;
- (7) the granting of Liens not prohibited by the covenant described above under the caption "*—Liens*";
- (8) the sale or other disposition of cash or Cash Equivalents;
- (9) a Restricted Payment that does not violate the covenant described above under the caption "*—Certain covenants—Restricted payments*" or a Permitted Investment;
- (10) the disposition of receivables in connection with the compromise, settlement or collection thereof in the ordinary course of business or in bankruptcy or similar proceedings and exclusive of factoring or similar arrangements;
- (11) the sale, lease, assignment, disposal or other transfer of player registrations;
- (12) any licence or other right of occupation that allows the beneficiary to attend one or more sporting events (including without limitation association football matches) or other events in the ordinary course of business;
- (13) any licence or other right of use of any intellectual property or other right if entered into in connection with the commercial exploitation of such intellectual property or other rights in the ordinary course of business;
- (14) the monetisation of any contract or arrangement related to (12) and (13) above;
- (15) the Carrington Transaction;
- (16) the foreclosure, condemnation or any similar action with respect to any property or other assets or a surrender or waiver of contract rights or the settlement, release or surrender of contract, tort or other claims of any kind; and
- (17) the sale of all or substantially all of the assets or merger or consolidation of the Issuer with or into an Affiliate solely for purposes of reincorporating the Issuer in another jurisdiction for tax reasons; *provided* any such transaction is consummated in accordance with the last paragraph of the covenant described under the caption "*—Merger, consolidation or sale of assets*".

Asset Sale Offer has the meaning assigned to that term in the Indenture governing the Notes.

Attributable Debt in respect of a sale and leaseback transaction means, at the time of determination, the present value of the obligation of the lessee for net rental payments during the remaining term of the lease included in such sale and leaseback transaction including any period for which such lease has been extended or may, at the option of the lessor, be extended. Such present value shall be calculated using a discount rate equal to the rate of interest implicit in such transaction, determined in accordance with GAAP; *provided, however*, that if such sale and leaseback transaction results in a Capital Lease Obligation, the amount of Indebtedness represented thereby will be determined in accordance with the definition of "*Capital Lease Obligation*".

Beneficial Owner has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the U.S. Exchange Act, except that in calculating the beneficial ownership of any particular “person” (as that term is used in Section 13(d)(3) of the U.S. Exchange Act), such “person” will be deemed to have beneficial ownership of all securities that such “person” has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or is exercisable only after the passage of time. The terms **Beneficially Owns** and **Beneficially Owned** have a corresponding meaning.

Board of Directors means:

- (1) with respect to a corporation, the board of directors (or analogous governing body) of the corporation or any committee thereof duly authorised to act on behalf of such board;
- (2) with respect to a partnership, the board of directors of the general partner of the partnership;
- (3) with respect to a limited liability company, the managing member or members (or analogous governing body) or any controlling committee of managing members thereof; and
- (4) with respect to any other Person, the board or committee of such Person serving a similar function.

Business Day means a day other than a Saturday, Sunday or other day on which banking institutions in London, Luxembourg or New York or a place of payment under the Indenture are authorised or required by law to close.

Capital Lease Obligation means, at the time any determination is to be made, the amount of the liability in respect of a capital lease that would at that time be required to be capitalised on a balance sheet prepared in accordance with GAAP, and the Stated Maturity thereof shall be the date of the last payment of rent or any other amount due under such lease prior to the first date upon which such lease may be prepaid by the lessee without payment of a penalty.

Capital Stock means:

- (1) in the case of a corporation, corporate stock;
- (2) in the case of an association or business entity, any and all shares, interests, participations, rights or other equivalents (however designated) of corporate stock;
- (3) in the case of a partnership or limited liability company, partnership interests (whether general or limited) or membership interests; and
- (4) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person, but excluding from all of the foregoing any debt securities convertible into Capital Stock, whether or not such debt securities include any right of participation with Capital Stock.

Carrington Premises means the property known as the Trafford Training Centre and Academy at Carrington Manchester (the number GM785864), including any real property and fixtures related thereto but not any personal property.

Carrington Transaction means the sale, lease, assignment, disposal or other transfer (including any sale and lease back transaction) of the Carrington Premises.

Cash Equivalents means:

- (1) direct obligations (or certificates representing an interest in such obligations) issued by, or unconditionally guaranteed by, the government of a member state of the European Union (including any agency or instrumentality thereof) or of the United States of America

(including any agency or instrumentality thereof), as the case may be, the payment of which is backed by the full faith and credit of the relevant member state of the European Union or the United States of America, as the case may be, and which are not callable or redeemable at the Parent's option;

- (2) overnight bank deposits, time deposit accounts, certificates of deposit, banker's acceptances and money market deposits with maturities (and similar instruments) of 12 months or less from the date of acquisition issued by a bank or trust company which is organised under, or authorised to operate as a bank or trust company under, the laws of a member state of the European Union or of the United States of America or any state thereof; *provided* that such bank or trust company has capital, surplus and undivided profits aggregating in excess of £500 million (or the foreign currency equivalent thereof as of the date of such investment) and whose long-term debt is rated "A-3" or higher by Moody's or "A-" or higher by S&P or the equivalent rating category of another internationally recognised rating agency;
- (3) repurchase obligations with a term of not more than 90 days for underlying securities of the types described in clauses (1) and (2) above entered into with any financial institution meeting the qualifications specified in clause (2) above;
- (4) commercial paper rated at the time of acquisition thereof at least P-1 by Moody's or at least A-1 by S&P and, in each case, maturing within one year after the date of acquisition; and
- (5) money market funds at least 95% of the assets of which constitute Cash Equivalents of the kinds described in clauses (1) through (4) of this definition.

Change of Control means the occurrence of any of the following:

- (1) the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Parent and its Restricted Subsidiaries taken as a whole to any Person (including any "person" (as that term is used in Section 13(d)(3) of the U.S. Exchange Act)) other than a Principal or a Related Party of a Principal (it being understood that a Specified Asset Sale and Leaseback transaction shall not be deemed to be a sale, lease, transfer, conveyance or other disposition of all or substantially all of the properties and assets of the Parent and its Restricted Subsidiaries taken as a whole for purposes of this clause (1); *provided* that no Default or Event of Default has occurred and is continuing or would occur as a consequence of such Specified Asset Sale and Leaseback transaction);
- (2) the adoption of a plan relating to the liquidation or dissolution of the Parent;
- (3) the consummation of any transaction (including, without limitation, any merger or consolidation), the result of which is that any Person (including any "person" as defined above), other than a Principal and/or any of its Related Parties, becomes the Beneficial Owner, directly or indirectly, of more than 50% of the Voting Stock of the Parent, measured by voting power rather than number of shares;
- (4) the first day on which a majority of the members of the Board of Directors of the Parent are not Continuing Directors; *provided, however*, that this clause (4) shall not apply to members of the Board of Directors nominated or re-elected by employees pursuant to co-determination and similar statutes providing for employee representatives on supervisory or similar boards; or
- (5) the first day on which Manchester United Limited fails to own, directly or indirectly, 100% of the Capital Stock of the Issuer.

Change of Control Offer has the meaning assigned to that term in the Indenture governing the Notes.

Closing Funds Flow means a loan to a Parent Entity and a contribution to the equity of the Parent in an equal amount with a portion of the proceeds of the Notes to effect the repayment of Indebtedness owed to the Parent on the Issue Date.

Collateral has the meaning specified in the section entitled "Security".

Consolidated EBITDA means, with respect to any specified Person for any period, the Consolidated Net Income of such Person for such period plus, without duplication:

- (1) all gains (losses) realised in connection with any Asset Sale or the disposition of securities or the early extinguishment of Indebtedness, together with any related provision for taxes on any such gain; *plus*
- (2) provision for taxes based on income or profits of such Person and its Restricted Subsidiaries for such period, to the extent that such provision for taxes was deducted in computing such Consolidated Net Income; *plus*
- (3) the Consolidated Interest Expense of such Person and its Restricted Subsidiaries for such period, to the extent that such Consolidated Interest Expense were deducted in computing such Consolidated Net Income; *plus*
- (4) depreciation, amortisation (including amortisation of intangibles but excluding amortisation of prepaid cash expenses that were paid in a prior period) and other non-cash charges and expenses (excluding any such non-cash charge or expense to the extent that it represents an accrual of or reserve for cash charges or expenses in any future period or amortisation of a prepaid cash charge or expense that was paid in a prior period) of such Person and its Restricted Subsidiaries for such period to the extent that such depreciation, amortisation and other non-cash charges or expenses were deducted in computing such Consolidated Net Income; *plus*
- (5) all deferred financing costs written off and premiums paid in connection with any early extinguishment of Indebtedness to the extent such costs and premiums were deducted in computing such Consolidated Net Income; *plus*
- (6) any foreign currency translation gains or losses (including gains or losses related to currency remeasurements of Indebtedness) of such Person and its Restricted Subsidiaries for such period, to the extent that such gains or losses were taken into account in computing such Consolidated Net Income; *plus*
- (7) the amount of any minority interest expense consisting of subsidiary income attributable to minority equity interests of third parties in any non-wholly owned Restricted Subsidiary in such period or any prior period, except to the extent of dividends declared or paid on, or other cash payments in respect of, Equity Interests held by such parties; *minus*
- (8) non-cash items increasing such Consolidated Net Income for such period, other than the accrual of revenue or the reversal of a reserve for cash charges in a future period in the ordinary course of business,

in each case, on a consolidated basis and determined in accordance with GAAP.

Consolidated Interest Expense means, with respect to any specified Person for any period, the sum, without duplication, of:

- (1) the consolidated interest expense of such Person and its Subsidiaries which are Restricted Subsidiaries for such period, whether paid or accrued, including, without limitation, amortisation of debt issuance costs and original issue discount, non-cash interest payments, the interest component of any deferred payment obligations, the interest

component of all payments associated with Capital Lease Obligations, imputed interest with respect to Attributable Debt, commissions, discounts and other fees and charges incurred in respect of letter of credit or bankers' acceptance financings, and net of the effect of all payments made or received pursuant to Hedging Obligations in respect of interest rates (excluding any non-cash interest expense on Subordinated Shareholder Funding); *plus*

- (2) the consolidated interest expense of such Person and its Subsidiaries which are Restricted Subsidiaries that was capitalised during such period; *plus*
- (3) any interest on Indebtedness of another Person that is guaranteed by such Person or one of its Subsidiaries which are Restricted Subsidiaries to the extent paid or secured by a Lien on assets of such Person or one of its Subsidiaries which are Restricted Subsidiaries to the extent such Lien is called upon; *plus*
- (4) the product of (a) all dividends, whether paid or accrued and whether or not in cash, on any series of preferred stock of such Person or any of its Subsidiaries which are Restricted Subsidiaries, other than dividends on Equity Interests payable solely in Equity Interests of the Parent (other than Disqualified Stock) or to the Parent or a Restricted Subsidiary of the Parent, times (b) a fraction, the numerator of which is one and the denominator of which is one minus the then current combined federal, state and local statutory tax rate of such Person, expressed as a decimal, in each case, determined on a consolidated basis in accordance with GAAP.

Consolidated Net Income means, with respect to any specified Person for any period, the aggregate of the net income (loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in accordance with GAAP; *provided that*:

- (1) the net income (loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting will be included only to the extent of the amount of dividends or similar distributions paid in cash to the specified Person or a Restricted Subsidiary of such Person and the Net Income (if negative) of any Person that is not a Restricted Subsidiary will be included only to the extent that such loss has been funded with cash by the specified Person or a Restricted Subsidiary of such Person;
- (2) solely for the purpose of determining the amount available for Restricted Payments under clause (c)(i) of the first paragraph under the caption "*Certain covenants—Restricted payments*", any net income (loss) of any Restricted Subsidiary if such Subsidiary is subject to restrictions, directly or indirectly, on the payment of dividends or the making of distributions by such Restricted Subsidiary, directly or indirectly, to the Parent by operation of the terms of such Restricted Subsidiary's charter or any agreement, instrument, judgment, decree, order, statute or governmental rule or regulation applicable to such Restricted Subsidiary or its shareholders; except that the Parent's equity in the net income of any such Restricted Subsidiary for such period will be included in such Consolidated Net Income up to the aggregate amount of cash or Cash Equivalents actually distributed or that could have been distributed by such Restricted Subsidiary during such period to the Parent or another Restricted Subsidiary as a dividend or other distribution (subject, in the case of a dividend to another Restricted Subsidiary, to the limitation contained in this clause);
- (3) the net income (loss) arising from the sale, assignment, disposal or other transfer of player registrations will be excluded;
- (4) any extraordinary or exceptional gain, loss or charge or any profit or loss on Asset Sales, asset impairments or early extinguishment of Indebtedness, or any charges or reserves in respect of any restructuring, redundancy, integration or severance or any expenses, charges, reserves or other costs related to acquisitions will be excluded;

- (5) non-cash tax charges that are set off by group relief by a Parent Entity will be excluded;
- (6) the cumulative effect of a change in accounting principles will be excluded; and
- (7) any intangible asset impairment charge and amortisation of player registrations and amortisation of goodwill will be excluded.

Consolidated Senior Secured Leverage means, as of any date of determination, the sum of the total amount of Senior Secured Indebtedness of the Parent and its Restricted Subsidiaries on a consolidated basis.

Consolidated Senior Secured Leverage Ratio means as of any date of determination, the ratio of (a) the Consolidated Senior Secured Leverage of the Parent on such date to (b) the Consolidated EBITDA of the Parent for the most recently ended four full fiscal quarters for which internal financial statements are available immediately preceding the date on which such additional Indebtedness is incurred. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Consolidated Senior Secured Leverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Consolidated Senior Secured Leverage Ratio is made (the **Calculation Date**), then the Consolidated Senior Secured Leverage Ratio will be calculated giving pro forma effect (as determined in good faith by the Parent's Chief Financial Officer, Chief Accounting Officer or Chief of Staff) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period.

Notwithstanding the foregoing, in connection with a Specified Asset Sale and Leaseback Transaction, the aggregate principal amount of Indebtedness required to be repaid, repurchased, prepaid or redeemed and the aggregate principal amount of Indebtedness subject to an Asset Sale Offer required to be made, in each case, pursuant to the second paragraph of the covenant described under "*—Certain covenants—Asset sales*" will be deemed to have been repaid, repurchased, prepaid or redeemed on such Calculation Date, and the Consolidated Senior Secured Leverage Ratio will be calculated giving pro forma effect (as determined in good faith by the Parent's Chief Financial Officer, Chief Accounting Officer or Chief of Staff) to such repayment, repurchase, prepayment or redemption as if the same had occurred at the beginning of the applicable four-quarter reference period.

For purposes of calculating the Consolidated EBITDA for such period:

- (1) acquisitions that have been made by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Subsidiaries which are Restricted Subsidiaries acquired by the specified Person or any of its Subsidiaries which are Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Subsidiaries which are Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by the Parent's Chief Financial Officer or Chief Accounting Officer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;
- (2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;

- (3) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period; and
- (4) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period.

continuing means, with respect to any Default or Event of Default, that such Default or Event of Default has not been cured or waived.

Continuing Directors means, as of any date of determination, any member of the Board of Directors of the Parent who:

- (1) was a member of such Board of Directors on the Issue Date; or
- (2) was nominated for election or elected to such Board of Directors with the approval of a majority of the Continuing Directors who were members of such Board of Directors at the time of such nomination or election.

Credit Facilities means one or more debt facilities or arrangements or ancillary facilities (including, without limitation, the Revolving Credit Facility), or commercial paper facilities and overdraft facilities with banks, investment banks, insurance companies, mutual funds and/or other institutional lenders, providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such institutions or to special purpose entities formed to borrow from such institutions against such receivables) or letters of credit, in each case, as amended, restated, modified, renewed, refunded, replaced or refinanced (including by means of sales of debt securities to institutional investors), in whole or in part from time to time (whether or not with the original administrative agent and lenders or another administrative agent or agents or other banks or institutions and whether provided under the original Revolving Credit Facility or one or more other credit or other agreements, indentures, financing agreements or otherwise) and, in each case, including all agreements, instruments and documents executed and delivered pursuant to or in connection with the foregoing. Without limiting the generality of the foregoing, the term "*Credit Facilities*" shall include any agreement or instrument (1) changing the maturity of any Indebtedness incurred thereunder or contemplated thereby, (2) adding Subsidiaries of the Parent as additional borrowers or guarantors thereunder, (3) increasing the amount of Indebtedness incurred thereunder or available to be borrowed thereunder or (4) otherwise altering the terms and conditions thereof.

Default means any event that is, or with the passage of time or the giving of notice or both would be, an Event of Default.

Disqualified Stock means any Capital Stock that, by its terms (or by the terms of any security into which it is convertible, or for which it is exchangeable, in each case, at the option of the holder of the Capital Stock), or upon the happening of any event, matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise, or redeemable at the option of the holder of the Capital Stock, in whole or in part, on or prior to the date that is 91 days after the date on which the Notes mature. Notwithstanding the preceding sentence, any Capital Stock that would constitute Disqualified Stock solely because the holders of the Capital Stock have the right to require the Issuer or any Guarantor to repurchase such Capital Stock upon the occurrence of a Change of Control or an Asset Sale will not constitute Disqualified Stock if the terms of such Capital Stock provide that the Issuer or such Guarantor may not repurchase or redeem any such Capital Stock pursuant to such provisions unless such repurchase or redemption complies with the covenant described above under the caption "*Certain covenants—Restricted payments*". The amount of Disqualified Stock deemed to be outstanding at any time for purposes of the Indenture will be the maximum amount that the Parent and its Restricted Subsidiaries may become obligated to pay upon the maturity of, or

pursuant to any mandatory redemption provisions of, such Disqualified Stock, exclusive of accrued dividends.

Equity Interests means Capital Stock and all warrants, options or other rights to acquire Capital Stock (but excluding any debt security that is convertible into, or exchangeable for, Capital Stock).

Equity Offering means a public or private sale either (1) of Equity Interests of the Parent by the Parent (other than Disqualified Stock and other than offerings registered on Form S-8 (or any successor form) under the U.S. Securities Act or any similar offering in other jurisdictions) or (2) of Equity Interests of a direct or indirect Parent Entity to the extent that the net proceeds therefrom are contributed to the equity capital of the Parent or any of its Restricted Subsidiaries.

European Union means the European Union as of 1 January 2004, including the countries of Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden and the United Kingdom, but not including any country which becomes a member of the European Union after 1 January 2004.

Excluded Contributions means the net cash proceeds received by the Parent after the Issue Date from (a) contributions to its common equity capital or (b) the sale (other than to a Subsidiary) of Equity Interests (other than Disqualified Stock), in each case designated as Excluded Contributions pursuant to an Officers' Certificate (which shall be designated no later than the date on which such Excluded Contribution has been received by the Parent), the cash proceeds of which are excluded from the calculation set forth in clause (c)(ii) of the first paragraph of the covenant entitled "*Restricted payments*".

Existing Hedging Agreements means the interest rate transactions entered into between the Parent and each of J.P. Morgan Chase Bank, N.A., National Westminster Bank plc and Deutsche Bank AG on or about the Issue Date, in each case documented under and subject to the terms of a 2002 ISDA Master Agreement (as published by the International Swaps and Derivatives Association, Inc.) and schedule thereto, each dated on or about the Issue Date.

Existing Indebtedness means all Indebtedness of the Parent and its Restricted Subsidiaries outstanding on the Issue Date after giving effect to the use of proceeds of the offering of the Notes on the Issue Date, until such amounts are repaid.

Fair Market Value means the value that would be paid by a willing buyer to an unaffiliated willing seller in an arm's length transaction not involving distress or necessity of either party, determined in good faith by the Board of Directors of the Parent (unless otherwise provided in the Indenture).

Fixed Charge Coverage Ratio means with respect to any specified Person for any period, the ratio of the Consolidated EBITDA of such Person for such period to the Consolidated Interest Expense of such Person for such period. In the event that the specified Person or any of its Restricted Subsidiaries incurs, assumes, guarantees, repays, repurchases, redeems, defeases or otherwise discharges any Indebtedness (other than ordinary working capital borrowings) or issues, repurchases or redeems Disqualified Stock or preferred stock subsequent to the commencement of the period for which the Fixed Charge Coverage Ratio is being calculated and on or prior to the date on which the event for which the calculation of the Fixed Charge Coverage Ratio is made (the **Calculation Date**), then the Fixed Charge Coverage Ratio will be calculated giving pro forma effect (as determined in good faith by the Parent's Chief Financial Officer, Chief Accounting Officer or Chief of Staff) to such incurrence, assumption, guarantee, repayment, repurchase, redemption, defeasance or other discharge of Indebtedness, or such issuance, repurchase or redemption of Disqualified Stock or preferred stock, and the use of the proceeds therefrom, as if the same had occurred at the beginning of the applicable four-quarter reference period. Notwithstanding the foregoing, in connection with a Specified

Asset Sale and Leaseback Transaction, the aggregate principal amount of Indebtedness required to be repaid, repurchased, prepaid or redeemed and the aggregate principal amount of Indebtedness subject to an Asset Sale Offer required to be made, in each case, pursuant to the second paragraph of the covenant described under “—*Certain covenants—Asset sales*” will be deemed to have been repaid, repurchased, prepaid or redeemed on such Calculation Date, and the Fixed Charge Coverage Ratio will be calculated giving pro forma effect (as determined in good faith by the Parent’s Chief Financial Officer, Chief Accounting Officer or Chief of Staff) to such repayment, repurchase, prepayment or redemption as if the same had occurred at the beginning of the applicable four-quarter reference period.

In addition, for purposes of calculating the Fixed Charge Coverage Ratio:

- (1) acquisitions that have been made by the specified Person or any of its Restricted Subsidiaries, including through mergers or consolidations, or any Person or any of its Restricted Subsidiaries acquired by the specified Person or any of its Restricted Subsidiaries, and including all related financing transactions and including increases in ownership of Restricted Subsidiaries, during the four-quarter reference period or subsequent to such reference period and on or prior to the Calculation Date, or that are to be made on the Calculation Date, will be given pro forma effect (as determined in good faith by the Parent’s Chief Financial Officer or Chief Accounting Officer and may include anticipated expense and cost reduction synergies) as if they had occurred on the first day of the four-quarter reference period;
- (2) the Consolidated EBITDA attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded;
- (3) the Consolidated Interest Expense attributable to discontinued operations, as determined in accordance with GAAP, and operations or businesses (and ownership interests therein) disposed of prior to the Calculation Date, will be excluded, but only to the extent that the obligations giving rise to such Consolidated Interest Expense will not be obligations of the specified Person or any of its Restricted Subsidiaries following the Calculation Date;
- (4) any Person that is a Restricted Subsidiary on the Calculation Date will be deemed to have been a Restricted Subsidiary at all times during such four-quarter period;
- (5) any Person that is not a Restricted Subsidiary on the Calculation Date will be deemed not to have been a Restricted Subsidiary at any time during such four-quarter period; and
- (6) if any Indebtedness bears a floating rate of interest, the interest expense on such Indebtedness will be calculated as if the rate in effect on the Calculation Date had been the applicable rate for the entire period (taking into account any Hedging Obligation applicable to such Indebtedness if such Hedging Obligation has a remaining term as at the Calculation Date in excess of 12 months, or, if shorter, at least equal to the remaining term of such Indebtedness).

GAAP means generally accepted accounting principles applicable in the United Kingdom, as in effect on the date of any calculation or determination required hereunder. At any time after the date of the Indenture, the Parent may elect to apply IFRS for all purposes of the Indenture, in lieu of GAAP, and, upon any such election, references herein to GAAP will be thereafter be construed to mean IFRS, as in effect as of the date of such election; *provided* that (a) any such election once made will be irrevocable, (b) all financial statements and reports required to be provided, after such election, pursuant to the Indenture will be prepared on the basis of IFRS, as in effect from time to time (including that, upon first reporting its fiscal year results under IFRS, the Parent will restate its financial statements on the basis of IFRS, for the fiscal year ending immediately prior to the first fiscal year for which financial statements have been prepared on the basis of IFRS) and (c) after such election, all ratios, computations and other

determinations based on GAAP contained in the Indenture will be computed in conformity with IFRS. For the avoidance of doubt, the making of an election referred to in this definition will not be treated as resulting in an incurrence of Indebtedness.

Gilt Rate means, with respect to any redemption date, the yield to maturity as of such redemption date of U.K. Government Securities with a fixed maturity (as compiled by the Office for National Statistics and published in the most recent Financial Statistics that have become publicly available at least two Business Days in London prior to such redemption date (or, if such Financial Statistics are no longer published, any publicly available source of similar market data)) most nearly equal to the period from such redemption date to 2013; *provided, however*, that if the period from such redemption date to 2013 is less than one year, the weekly average yield on actually traded U.K. Government Securities denominated in sterling adjusted to a fixed maturity of one year shall be used.

Guarantee means a guarantee other than by endorsement of negotiable instruments for collection in the ordinary course of business, direct or indirect, in any manner including, without limitation, by way of a pledge of assets or through letters of credit or reimbursement agreements in respect thereof, of all or any part of any Indebtedness (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take or pay or to maintain financial statement conditions or otherwise).

Guarantors means each of the Parent, Red Football Junior Limited, Manchester United Limited, Manchester United Football Club Limited and any Restricted Subsidiary of the Parent that executes a Note Guarantee in accordance with the provisions of the Indenture, and their respective successors and assigns, in each case, until the Note Guarantee of such Person has been released in accordance with the provisions of the Indenture.

Hedging Obligations means, with respect to any specified Person, the obligations of such Person under:

- (1) interest rate swap agreements (whether from fixed to floating or from floating to fixed), interest rate cap agreements and interest rate collar agreements;
- (2) other agreements or arrangements designed to manage interest rates or interest rate risk; and
- (3) other agreements or arrangements designed to protect such Person against fluctuations in currency exchange rates or commodity prices.

IFRS means International Financial Reporting Standards promulgated from time to time by the International Accounting Standards Board (or any successor board or agency) and as adopted by the European Union.

Indebtedness means, with respect to any specified Person, any indebtedness of such Person (excluding accrued expenses and trade payables), whether or not contingent:

- (1) in respect of borrowed money;
- (2) evidenced by bonds, notes, debentures or similar instruments or letters of credit (or reimbursement agreements in respect thereof);
- (3) in respect of banker's acceptances;
- (4) representing Capital Lease Obligations;
- (5) representing the balance deferred and unpaid of the purchase price of any property or services due more than six months after such property is acquired or such services are completed;

- (6) representing any Hedging Obligations;
- (7) representing Attributable Debt; and
- (8) representing liabilities under the Existing Hedging Agreements,

if and to the extent any of the preceding items (other than letters of credit, Attributable Debt and Hedging Obligations) would appear as a liability upon a balance sheet of the specified Person prepared in accordance with GAAP. In addition, the term "*Indebtedness*" includes all Indebtedness of others secured by a Lien on any asset of the specified Person (whether or not such Indebtedness is assumed by the specified Person) and, to the extent not otherwise included, the Guarantee by the specified Person of any Indebtedness of any other Person.

In addition, for the purpose of avoiding duplication in calculating the outstanding principal amount of Indebtedness for purposes of the covenant described under the caption "*—Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*", Indebtedness arising solely by reason of the existence of a Lien to secure other Indebtedness permitted to be incurred under the covenant described under the caption "*—Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*" will not be considered incremental Indebtedness.

The term **Indebtedness** shall not include:

- (1) in connection with the purchase by the Parent or any of its Restricted Subsidiaries of any business, any post-closing payment adjustments to which the seller may become entitled to the extent such payment is determined by a final closing balance sheet or such payment depends on the performance of such business after the closing; *provided, however*, that, at the time of closing, the amount of any such payment is not determinable and, to the extent such payment thereafter becomes fixed and determined, the amount is paid within 30 days thereafter;
- (2) any contingent obligations in respect of workers' compensation claims, early retirement or termination obligations, pension fund obligations or contributions or similar claims, obligations or contributions or social security or wage Taxes; or
- (3) Subordinated Shareholder Funding.

Intercreditor Agreement means the intercreditor agreement, to be dated on or about the Issue Date, among the Security Agent, the agent for the Revolving Credit Facility, the Trustee and the other parties named therein, as amended from time to time.

Investments means, with respect to any Person, all direct or indirect investments by such Person in other Persons (including Affiliates) in the forms of loans (including Guarantees or other obligations, but excluding advances or extensions of credit to customers or suppliers made in the ordinary course of business), advances or capital contributions (excluding commission, travel and similar advances to Officers and employees made in the ordinary course of business), purchases or other acquisitions for consideration of Indebtedness, Equity Interests or other securities, together with all items that are or would be classified as Investments on a balance sheet prepared in accordance with GAAP. If the Parent or any of its Restricted Subsidiaries sells or otherwise disposes of any Equity Interests of any direct or indirect Restricted Subsidiary of the Parent such that, after giving effect to any such sale or disposition, such Person is no longer a Restricted Subsidiary of the Parent, the Parent will be deemed to have made an Investment on the date of any such sale or disposition equal to the Fair Market Value of the Parent's Investments in such Restricted Subsidiary that were not sold or disposed of in an amount determined as provided in the final paragraph of the covenant described above under the caption "*—Certain covenants—Restricted payments*". The acquisition by the Parent or any of its Restricted Subsidiaries of a Person that holds an Investment in a third Person will be deemed to be an Investment by the Parent or such Restricted Subsidiary in such third Person in an amount equal to the Fair Market Value of the Investments held by the acquired Person in

such third Person in an amount determined as provided in the final paragraph of the covenant described above under the caption “—*Certain covenants—Restricted payments*”. Except as otherwise provided in the Indenture, the amount of an Investment will be determined at the time the Investment is made and without giving effect to subsequent changes in value.

Issue Date means 2010.

Lien means, with respect to any asset, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind in respect of such asset, whether or not filed, recorded or otherwise perfected under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing of or agreement to give any financing or similar statement under the laws of any jurisdiction.

Management Fees means management monitoring and advisory services fees, out-of-pocket expenses and other payments paid to any Related Party or any Affiliate of any Related Party; *provided* that such fees, out-of-pocket expenses and other payments will not, in the aggregate, exceed £6.0 million per fiscal year of the Parent, with unused amounts in the preceding fiscal year of the Parent being carried over to next succeeding fiscal year of the Parent.

Material Company

Any Restricted Subsidiary of the Parent (other than MUTV Limited and Alderley Urban Investments Limited) which:

- (1) has earnings before interest, taxes, depreciation and amortisation representing 5% or more of Consolidated EBITDA; or
- (2) has gross assets or turnover (excluding intragroup items) representing 5% or more of the gross assets or revenues of the Issuer and its Restricted Subsidiaries, consolidated as of the end of the most recently completed fiscal year.

Moody's means Moody's Investors Service, Inc.

Net Proceeds means the aggregate cash proceeds and Cash Equivalents received by the Parent or any of its Restricted Subsidiaries in respect of any Asset Sale (including, without limitation, any cash or Cash Equivalents received upon the sale or other disposition of any non-cash consideration received in any Asset Sale), net of the direct costs relating to such Asset Sale, including, without limitation, legal, accounting and investment banking fees, and sales commissions, and any relocation expenses incurred as a result of the Asset Sale, taxes paid or payable as a result of the Asset Sale, in each case, after taking into account any available tax credits or deductions and any tax sharing arrangements, and any reserve for adjustment or indemnification obligations in respect of the sale price of such asset or assets established in accordance with GAAP.

Non-Recourse Debt means Indebtedness:

- (1) as to which neither the Parent nor any of its Restricted Subsidiaries (a) provides credit support of any kind (including any undertaking, agreement or instrument that would constitute Indebtedness) or (b) is directly or indirectly liable as a guarantor or otherwise; and
- (2) as to which the lenders have been notified in writing that they will not have any recourse to the stock or assets of the Parent or any of its Restricted Subsidiaries (other than the Equity Interests of an Unrestricted Subsidiary).

Note Guarantee means the Guarantee by each Guarantor of the Issuer's obligations under the Indenture and the Notes, executed pursuant to the provisions of the Indenture. **Obligations**

means any principal, interest, penalties, fees, indemnifications, reimbursements, damages and other liabilities payable under the documentation governing any Indebtedness.

Officer means, with respect to any Person, the Chairman of the Board of Directors, the Chief Executive Officer, the President, the Chief Operating Officer, the Chief Financial Officer, the Chief of Staff, the Treasurer, any Assistant Treasurer, the Controller, the Secretary, any Managing Director, Director or any Vice-President of such Person.

Officers' Certificate means a certificate signed on behalf of any Person by two Officers, one of whom must be the Chief Executive Officer, the Chief Financial Officer or the Chief of Staff of such Person.

Parent Entity means any direct or indirect parent company or entity of the Parent.

Permitted Business means (i) any businesses, services or activities engaged in by the Parent and its Restricted Subsidiaries on the Issue Date and (ii) any other business or activity which is ancillary, reasonably related or complementary thereto.

Permitted Collateral Liens means:

- (1) Liens on the Collateral to secure the Notes (or the Note Guarantees) or any Additional Notes (or any guarantee of Additional Notes) and any Permitted Refinancing Indebtedness in respect thereof (and Permitted Refinancing Indebtedness in respect of Permitted Refinancing Indebtedness); *provided* that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement; *provided further* that all property and assets (including, without limitation, the Collateral) securing such Additional Notes (or any guarantee of Additional Notes) or Refinancing Indebtedness secures the Notes or the Note Guarantees on a senior or *pari passu* basis;
- (2) Liens on the Collateral to secure Indebtedness (i) under Credit Facilities that is permitted by clause (1) of the definition of Permitted Debt, (ii) permitted by clauses (4) or (14) of the second paragraph of the covenant entitled "*Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*" and (iii) permitted by the first paragraph of the covenant entitled "*Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*" and Permitted Refinancing Indebtedness in respect thereof (and Permitted Refinancing Indebtedness in respect of such Permitted Refinancing Indebtedness);

provided that, in each case, all property and assets (including, without limitation, the Collateral) securing such Indebtedness also secures the Notes or the Note Guarantees (in the case of clause (i) only, which security may rank junior with respect to distributions of proceeds of any enforcement of Collateral to the extent such Indebtedness under Credit Facilities is not Public Debt); *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement;

- (3) Liens on the Collateral securing the Parent's or any Restricted Subsidiary's obligations under (i) Hedging Obligations (other than Hedging Obligations in respect of commodity prices and only to the extent such Hedging Obligations relate to Indebtedness referred to in clauses (1) or (2) above and such Indebtedness is also secured by the Collateral) permitted by clause (8) of the second paragraph of the covenant entitled "*Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*" and (ii) the Existing Hedging Agreements and any Permitted Refinancing Indebtedness in respect thereof (and any Permitted Refinancing Indebtedness in respect of such Permitted Refinancing Indebtedness), *provided* that the assets and properties securing such Indebtedness will also secure the Notes or the Notes Guarantees (which security may rank junior with respect to distributions of proceeds of any enforcement of Collateral), *provided further* that each of the parties thereto will have entered into the Intercreditor Agreement or an Additional Intercreditor Agreement;

- (4) Liens on the Collateral arising by operation of law that are described in one or more of clauses (4), (7), (8), (9), (12), (14) and (15) of the definition of "*Permitted Liens*" and that, in each case, would not materially interfere with the ability of the Security Agent to enforce any Lien over the Collateral; and
- (5) Liens incurred in the ordinary course of business of the Parent or any of its Restricted Subsidiaries with respect to obligations that in total do not exceed £5.0 million at any one time outstanding and that (i) are not incurred in connection with the borrowing of money or the obtaining of advances or credit (other than trade credit in the ordinary course of business) and (ii) do not in the aggregate materially detract from the value of the property or materially impair the use thereof in the operation from the Parent's or such Restricted Subsidiary's business.

Permitted Investments means:

- (1) any Investment in the Parent or in a Restricted Subsidiary of the Parent;
- (2) any Investment in cash and Cash Equivalents;
- (3) any Investment by the Parent or any of its Restricted Subsidiaries in a Person, if as a result of such Investment:
 - (a) such Person becomes a Restricted Subsidiary of the Parent; or
 - (b) such Person is merged, consolidated or amalgamated with or into, or transfers or conveys substantially all of its assets to, or is liquidated into, the Parent or a Restricted Subsidiary of the Parent;
- (4) any Investment made as a result of the receipt of non-cash consideration from an Asset Sale that was made pursuant to and in compliance with the covenant described above under the caption "*—Repurchase at the option of holders—Asset sales*";
- (5) any acquisition of assets or Capital Stock solely in exchange for the issuance of Equity Interests (other than Disqualified Stock) of the Parent;
- (6) any Investments received in compromise or resolution of (A) obligations of trade creditors or customers that were incurred in the ordinary course of business of the Parent or any of its Restricted Subsidiaries, including settlement of delinquent obligations pursuant to any plan of reorganisation or similar arrangement upon the bankruptcy or insolvency of, or other foreclosure with respect to, any trade creditor or customer; or (B) litigation, arbitration or other disputes with Persons who are not Affiliates;
- (7) Investments in receivables owing to the Parent or any its Restricted Subsidiaries created or acquired in the ordinary course of business;
- (8) Investments represented by Hedging Obligations;
- (9) loans or advances to officers, directors or employees made in the ordinary course of business of the Parent or any of its Restricted Subsidiaries in an aggregate principal amount not to exceed £5.0 million at any one time outstanding;
- (10) repurchases of the Notes;
- (11) any Guarantee of Indebtedness permitted to be incurred by the covenant entitled "*—Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*";
- (12) any Investment existing on, or made pursuant to binding commitments existing on, the Issue Date and any Investment consisting of an extension, modification or renewal of any Investment existing on, or made pursuant to a binding commitment existing on, the Issue Date; *provided* that the amount of any such Investment may be increased (a) as required

by the terms of such Investment as in existence on the Issue Date or (b) as otherwise permitted under the Indenture;

- (13) Investments acquired after the Issue Date as a result of the acquisition by the Parent or any of its Restricted Subsidiaries of another Person, including by way of a merger, amalgamation or consolidation with or into the Parent or any of its Restricted Subsidiaries in a transaction that is not prohibited by the covenant described above under the caption "*—Merger, consolidation or sale of assets*" after the Issue Date to the extent that such Investments were not made in contemplation of such acquisition, merger, amalgamation or consolidation and were in existence on the date of such acquisition, merger, amalgamation or consolidation;
- (14) made with the Excluded Contributions;
- (15) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (15) that are at the time outstanding not to exceed £50 million, *provided*, that if an Investment is made pursuant to this clause in a Person that is not a Restricted Subsidiary of the Parent and such Person subsequently becomes a Restricted Subsidiary of the Parent or is subsequently designated a Restricted Subsidiary pursuant to "*Certain covenants—Restricted payments*", such Investment, if applicable, shall thereafter be deemed to have been made pursuant to clause (3) of the definition of "*Permitted Investments*" and not this clause.

Permitted Liens means:

- (1) Liens in favor of the Issuer or the Guarantors;
- (2) Liens on property of a Person existing at the time such Person becomes a Restricted Subsidiary of the Parent or is merged with or into or consolidated with the Parent or any of its Restricted Subsidiaries; *provided* that such Liens were in existence prior to the contemplation of such Person becoming a Restricted Subsidiary of the Parent or such merger or consolidation and do not extend to any assets other than those of the Person that becomes a Restricted Subsidiary of the Parent or is merged with or into or consolidated with the Parent or any of its Restricted Subsidiaries;
- (3) Liens on property (including Capital Stock) existing at the time of acquisition of the property by the Parent or any Subsidiary of the Parent; *provided* that such Liens were in existence prior to such acquisition and not incurred in contemplation of, such acquisition;
- (4) Liens to secure the performance of statutory obligations, insurance, surety or appeal bonds, workers compensation obligations, performance bonds or other obligations of a like nature incurred in the ordinary course of business (including Liens to secure letters of credit issued to assure payment of such obligations);
- (5) Liens to secure Indebtedness (including Capital Lease Obligations) permitted by clause (4) of the second paragraph of the covenant entitled "*—Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*" covering only the assets acquired with or financed by such Indebtedness;
- (6) Liens existing on the Issue Date;
- (7) Liens for taxes, assessments or governmental charges or claims that are not yet delinquent or that are being contested in good faith by appropriate proceedings promptly instituted and diligently concluded; *provided* that any reserve or other appropriate provision as is required in conformity with GAAP has been made therefor;

- (8) Liens imposed by law, such as carriers', warehousemen's, landlord's and mechanics' Liens, in each case, incurred in the ordinary course of business;
- (9) survey exceptions, easements or reservations of, or rights of others for, licenses, rights-of-way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or zoning or other restrictions as to the use of real property that were not incurred in connection with Indebtedness and that do not in the aggregate materially adversely affect the value of said properties or materially impair their use in the operation of the business of such Person;
- (10) Liens created for the benefit of (or to secure) the Notes (or the Note Guarantees);
- (11) Liens to secure any Permitted Refinancing Indebtedness permitted to be incurred under the Indenture; *provided, however*, that:
 - (a) the new Lien is limited to all or part of the same property and assets that secured or, under the written agreements pursuant to which the original Lien arose, could secure the original Lien (plus improvements and accessions to, such property or proceeds or distributions thereof); and
 - (b) the Indebtedness secured by the new Lien is not increased to any amount greater than the sum of (x) the outstanding principal amount, or, if greater, committed amount, of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged with such Permitted Refinancing Indebtedness and (y) an amount necessary to pay any fees and expenses, including premiums, related to such renewal, refunding, refinancing, replacement, defeasance or discharge;
- (12) bankers' Liens, rights of setoff, Liens arising out of judgments or awards not constituting an Event of Default and notices of *lis pendens* and associated rights related to litigation being contested in good faith by appropriate proceedings and for which adequate reserves have been made;
- (13) Liens on cash, Cash Equivalents or other property arising in connection with the defeasance, discharge or redemption of Indebtedness;
- (14) Liens on specific items of inventory or other goods (and the proceeds thereof) of any Person securing such Person's obligations in respect of bankers' acceptances issued or created in the ordinary course of business for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;
- (15) any interest or title of a lessor, licensor or sublicensee under any operating lease, license or sublicense, as applicable;
- (16) Liens securing Hedging Obligations;
- (17) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into in the ordinary course of business;
- (18) Liens to secure Indebtedness permitted by clause (14) of the second paragraph of the covenant entitled "*Certain covenants—Incurrence of Indebtedness and issuance of preferred stock*"; and
- (19) Liens incurred in the ordinary course of business of the Parent or any Restricted Subsidiary with respect to obligations (other than Indebtedness) that do not exceed £25.0 million at any one time outstanding.

Permitted Refinancing Indebtedness means any Indebtedness of the Parent or any of its Restricted Subsidiaries issued in exchange for, or the net proceeds of which are used to renew,

refund, refinance, replace, defease or discharge other Indebtedness of the Parent or any of its Restricted Subsidiaries (other than intercompany Indebtedness); *provided* that:

- (1) the principal amount (or accreted value, if applicable) of such Permitted Refinancing Indebtedness does not exceed the principal amount (or accreted value, if applicable) of the Indebtedness renewed, refunded, refinanced, replaced, defeased or discharged (plus all accrued interest on the Indebtedness and the amount of all fees, commissions and expenses, including premiums, incurred in connection therewith);
- (2) such Permitted Refinancing Indebtedness has a final maturity date not earlier than the final maturity date of the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged, and has a Weighted Average Life to Maturity that is equal to or greater than the Weighted Average Life to Maturity of, the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged;
- (3) if the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, such Permitted Refinancing Indebtedness is subordinated in right of payment to the Notes or the Note Guarantees, as the case may be, on terms at least as favorable to the holders of Notes or the Note Guarantees, as the case may be, as those contained in the documentation governing the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged; and
- (4) such Indebtedness is incurred either by the Issuer or a Guarantor (if the Issuer or a Guarantor was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged) or by the Restricted Subsidiary that was the obligor on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged and is guaranteed only by Persons who were obligors on the Indebtedness being renewed, refunded, refinanced, replaced, defeased or discharged.

Permitted Transactions means:

- (1) payment of Management Fees;
- (2) the Carrington Transaction; and
- (3) Closing Funds Flow.

Person means any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organisation, limited liability company or government or other entity.

Principal means Mr. Malcolm Glazer.

Public Debt means means any Indebtedness consisting of bonds, debentures, notes or other similar debt securities issued in (1) a public offering registered under the U.S Securities Act or (2) a private placement to institutional investors that is underwritten for resale in accordance with Rule 144A or Regulation S under the U.S. Securities Act, whether or not it includes registration rights entitling the holders of such debt securities to registration thereof with the SEC for public resale. The term **Public Debt** (a) shall not include the Notes (or any Additional Notes) and (b) for the avoidance of doubt, shall not be construed to include any Indebtedness issued to institutional investors in a direct placement of such Indebtedness that is not underwritten by an intermediary (it being understood that, without limiting the foregoing, a financing that is distributed to not more than ten Persons (provided that multiple managed accounts and affiliates of any such Persons shall be treated as one Person for the purposes of this definition) shall be deemed not to be underwritten), or any Indebtedness under the Revolving Credit Facility, commercial bank or similar Indebtedness, Capital Lease Obligation or

recourse transfer of any financial asset or any other type of Indebtedness incurred in a manner not customarily viewed as a “*securities offering*”.

Public Equity Offering means a bona fide underwritten public offering of the Capital Stock (other than Disqualified Stock) of the Parent or a Parent Entity, either:

- (1) pursuant to a flotation on the London Stock Exchange or any other nationally recognised stock exchange or listing authority in a member state of the European Union; or
- (2) pursuant to an effective registration statement under the U.S. Securities Act (other than a registration statement on Form S-8 or otherwise relating to Equity Interests issued or issuable under any employee benefit plan).

Public Market means any time after:

- (1) a Public Equity Offering has been consummated; and
- (2) at least 20% of the total issued and outstanding ordinary shares or common equity of the Company or a Parent Entity has been distributed to investors other than the Principals or any of their respective Affiliates or any other direct or indirect shareholders of the Parent as of the Issue Date pursuant to one or more Public Equity Offerings.

Related Party means:

- (1) the parents or spouse of a Principal, the parents of a Principal's spouse and any of a Principal's, his or her spouse's or their parents' direct descendants; or
- (2) any trust, corporation, partnership, limited liability company or other entity, the beneficiaries, shareholders, partners, members, owners or Persons beneficially holding a 50.1% or more controlling interest of which consist of any one or more Principals and/or such other Persons referred to in the immediately preceding clause (1).

Restricted Investment means an Investment other than a Permitted Investment.

Restricted Subsidiary of a Person means any Subsidiary of the referent Person that is not an Unrestricted Subsidiary.

Revolving Credit Facility means that certain senior revolving credit facility agreement, to be dated on or about the Issue Date, by and among the Parent, Manchester United Limited, Manchester United Football Club Limited and J.P. Morgan Europe Limited, as facility agent and security trustee (as contemplated in the mandate letter dated 7 January 2010 among such parties) providing for up to £75 million of revolving credit borrowings, including any related notes, Guarantees, collateral documents, instruments and agreements executed in connection therewith, and, in each case, as amended, restated, modified, renewed, refunded, replaced in any manner (whether upon or after termination or otherwise) or refinanced (including by means of sales of debt securities to institutional investors) in whole or in part from time to time.

S&P means Standard & Poor's Ratings Group.

Security Documents means the Debentures and the Mortgages and any other agreement or document that provides for a Lien over any Collateral for the benefit of the holders of the Notes in each case as amended or supplemented from time to time.

Senior Secured Indebtedness means, as of any date of determination, the principal amount of any Indebtedness that is secured by a Lien and Indebtedness of a Restricted Subsidiary of the Parent that is not a Guarantor.

Significant Subsidiary means, at the date of determination, any Restricted Subsidiary of the Parent that together with its Subsidiaries which are Restricted Subsidiaries of the Parent (i) for

the most recent fiscal year, accounted for more than 10% of the consolidated revenues of the Parent or (ii) as of the end of the most recent fiscal quarter, was the owner of more than 10% of the consolidated assets of the Parent.

Specified Asset means Old Trafford Stadium and grounds and any real property related thereto.

Stated Maturity means, with respect to any installment of interest or principal on any series of Indebtedness, the date on which the payment of interest or principal was scheduled to be paid in the documentation governing such Indebtedness as of the Issue Date, and will not include any contingent obligations to repay, redeem or repurchase any such interest or principal prior to the date originally scheduled for the payment thereof.

sterling or **£** means the lawful currency of the United Kingdom.

Sterling Equivalent means, with respect to any monetary amount in a currency other than sterling, at any time of determination thereof by the Parent or the Trustee, the amount of sterling obtained by converting such currency other than sterling involved in such computation into sterling at the spot rate for the purchase of sterling with the applicable currency other than sterling as published in *The Financial Times* in the "Currency Rates" section (or, if *The Financial Times* is no longer published, or if such information is no longer available in *The Financial Times*, such source as may be selected in good faith by the Parent) on the date of such determination.

Subordinated Shareholder Funding means, collectively, any funds provided to the Parent by any direct or indirect parent of the Parent or any Principal or Related Party, in exchange for or pursuant to any security, instrument or agreement other than Capital Stock, together with any such security, instrument or agreement and any other security or instrument other than Capital Stock issued in payment of any obligation under any Subordinated Shareholder Funding; *provided* that such Subordinated Shareholder Funding:

- (1) does not (including upon the happening of any event) mature or require any amortisation or other payment of principal prior to the first anniversary of the maturity of the Notes (other than through conversion or exchange of any such security or instrument for Qualified Capital Stock or for any other security or instrument meeting the requirements of the definition);
- (2) does not (including upon the happening of any event) require the payment of cash interest prior to the first anniversary of the maturity of the Notes;
- (3) does not (including upon the happening of any event) provide for the acceleration of its maturity nor confers on its shareholders any right (including upon the happening of any event) to declare a default or event of default or take any enforcement action, in each case, prior to the first anniversary of the maturity of the Notes;
- (4) is not secured by a lien on any assets of the Parent or a Restricted Subsidiary and is not guaranteed by any Subsidiary of the Parent;
- (5) is subordinated in right of payment to the prior payment in full in cash of the Notes in the event of any default, bankruptcy, reorganisation, liquidation, winding up or other disposition of assets of the Parent at least to the same extent as the "*Subordinated Liabilities*" are subordinated to the Notes under the Intercreditor Agreement;
- (6) does not (including upon the happening of any event) restrict the payment of amounts due in respect of the Notes or compliance by the Parent with its obligations under the Notes and the Indenture;
- (7) does not (including upon the happening of an event) constitute Voting Stock; and

- (8) is not (including upon the happening of any event) mandatorily convertible or exchangeable, or convertible or exchangeable at the option of the holder, in whole or in part, prior to the date on which the Notes mature other than into or for Capital Stock (other than Disqualified Stock) of the Parent;

provided, however, that any event or circumstance that results in such Indebtedness ceasing to qualify as Subordinated Shareholder Funding, such Indebtedness shall constitute an incurrence of such Indebtedness by the Parent, and any and all Restricted Payments made through the use of the net proceeds from the incurrence of such Indebtedness since the date of the original issuance of such Subordinated Shareholder Funding shall constitute new Restricted Payments that are deemed to have been made after the date of the original issuance of such Subordinated Shareholder Funding.

Subsidiary means, with respect to any specified Person:

- (1) any corporation, association or other business entity of which more than 50% of the total voting power of shares of Capital Stock entitled (without regard to the occurrence of any contingency and after giving effect to any voting agreement or stockholders' agreement that effectively transfers voting power) to vote in the election of directors, managers or trustees of the corporation, association or other business entity is at the time owned or controlled, directly or indirectly, by that Person or one or more of the other Subsidiaries of that Person (or a combination thereof); and
- (2) any partnership or limited liability company of which (a) more than 50% of the capital accounts, distribution rights, total equity and voting interests or general and limited partnership interests, as applicable, are owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of that Person or a combination thereof, whether in the form of membership, general, special or limited partnership interests or otherwise, and (b) such Person or any Subsidiary of such Person is a controlling general partner or otherwise controls such entity.

Tax means any tax, duty, levy, impost, assessment or other governmental charge (including penalties and interest related thereto, and, for the avoidance of doubt, including any withholding or deduction for or on account of Tax). **Taxes** and **Taxation** shall be construed to have corresponding meanings.

Total Assets means the consolidated total assets of the Parent and its Restricted Subsidiaries as shown on the most recent consolidated balance sheet (excluding the footnotes thereto) of the Parent.

Treasury Rate means the yield to maturity at the time of computation of U.S. Treasury securities with a constant maturity (as compiled and published in the most recent Federal Reserve Statistical Release H.15 (519) which has become publicly available at least two Business Days (but not more than five Business Days) prior to the redemption date (or, if such statistical release is not so published or available, any publicly available source of similar market data selected by the Parent in good faith)) most nearly equal to the period from the redemption date to 2013; provided, however, that if the period from the redemption date to 2013 is not equal to the constant maturity of a U.S. Treasury security for which a weekly average yield is given, the Treasury Rate shall be obtained by a linear interpolation (calculated to the nearest one-twelfth of a year) from the weekly average yields of U.S. Treasury securities for which such yields are given, except that if the period from the redemption date to 2013 is less than one year, the weekly average yield on actually traded U.S. Treasury securities adjusted to a constant maturity of one year shall be used.

U.K. Government Securities means direct obligations of, or obligations guaranteed by, the United Kingdom, and the payment for which the United Kingdom pledges its full faith and credit.

U.S. Government Securities means direct obligations of, or obligations guaranteed by, the United States of America, and the payment for which the United States pledges its full faith and credit.

Unrestricted Subsidiary means any Subsidiary of the Parent (other than the Issuer or any Subsidiary Guarantor or any successor to any of them) that is designated by the Board of Directors of the Parent as an Unrestricted Subsidiary pursuant to a resolution of the Board of Directors, but only to the extent that such Subsidiary:

- (1) has no Indebtedness other than Non-Recourse Debt;
- (2) except as permitted by the covenant described above under the caption "*Certain covenants—Transactions with Affiliates*", is not party to any agreement, contract, arrangement or understanding with the Parent or any of its Restricted Subsidiaries unless the terms of any such agreement, contract, arrangement or understanding are no less favorable to the Parent or such Restricted Subsidiary than those that might be obtained at the time from Persons who are not Affiliates of the Parent;
- (3) is a Person with respect to which neither the Parent nor any of its Restricted Subsidiaries has any direct or indirect obligation (a) to subscribe for additional Equity Interests or (b) to maintain or preserve such Person's financial condition or to cause such Person to achieve any specified levels of operating results; and
- (4) has not guaranteed or otherwise directly or indirectly provided credit support for any Indebtedness of the Parent or any of its Restricted Subsidiaries.

Voting Stock of any specified Person as of any date means the Capital Stock of such Person that is at the time entitled to vote in the election of the Board of Directors of such Person.

Weighted Average Life to Maturity means, when applied to any Indebtedness at any date, the number of years obtained by dividing:

- (1) the sum of the products obtained by multiplying (a) the amount of each then remaining installment, sinking fund, serial maturity or other required payments of principal, including payment at final maturity, in respect of the Indebtedness, by (b) the number of years (calculated to the nearest one-twelfth) that will elapse between such date and the making of such payment; by
- (2) the then outstanding principal amount of such Indebtedness.

Book-entry, Delivery and Form

General

Each series of Notes sold outside the United States pursuant to Regulation S under the Securities Act will initially be represented by a global note in registered form without interest coupons attached (the **Regulation S Global Notes**). The Regulation S Global Note representing the Sterling Notes (the **Sterling Regulation S Global Note**) will be deposited, on the closing date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream. The Regulation S Global Note representing the Dollar Notes (the **Dollar Regulation S Global Note**) will be deposited upon issuance with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Each series of Notes sold within the United States to qualified institutional buyers pursuant to Rule 144A will initially be represented by a global note in registered form without interest coupons attached (the **144A Global Notes** and, together with the Regulation S Global Note, the **Global Notes**). The 144A Global Note representing the Sterling Notes (the **Sterling 144A Global Note** and, together with the Sterling Regulation S Global Note, the **Sterling Global Notes**), will be deposited, on the closing date, with a common depository and registered in the name of the nominee of the common depository for the accounts of Euroclear and Clearstream. The 144A Global Note representing the Dollar Notes (the **Dollar 144A Global Note** and, together with the Dollar Regulation S Global Note, the **Dollar Global Notes**) will be deposited upon issuance with the Trustee as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of interests in the 144A Global Notes (**144A Book-Entry Interests**) and ownership of interests in the Regulation S Global Notes (the **Regulation S Book-Entry Interest**, and together with the 144A Book-Entry Interests, the **Book-Entry Interests**) will be limited to persons that have accounts with DTC, Euroclear and/or Clearstream or persons that may hold interests through such participants. Book-Entry Interests will be shown on, and transfers thereof will be effected only through, records maintained in book-entry form by DTC, Euroclear and Clearstream and their participants. The Book-Entry Interests in Sterling Global Notes will be issued only in denominations of £50,000 and in integral multiples of £1,000 in excess thereof and the Book-Entry Interests in Dollar Global Notes will be issued only in denominations of \$100,000 and integral multiples of \$1,000 in excess thereof.

The Book-Entry Interests will not be held in definitive form. Instead, DTC, Euroclear and/or Clearstream will credit on their respective book-entry registration and transfer systems a participant's account with the interest beneficially owned by such participant. The laws of some jurisdictions, including certain states of the United States, may require that certain purchasers of securities take physical delivery of such securities in definitive form. The foregoing limitations may impair the ability to own, transfer or pledge Book-Entry Interests. In addition, while the Notes are in global form, owners of interest in the Global Notes will not have the Notes registered in their names, will not receive physical delivery of the Notes in certificated form and will not be considered the registered owners or "holder" of Notes under the indenture for any purpose.

So long as the Notes are held in global form, DTC, Euroclear and/or Clearstream, as applicable, (or their respective nominees) will be considered the holders of Global Notes for all purposes under the Indenture. As such, participants must rely on the procedures of DTC, Euroclear and/or Clearstream and indirect participants must rely on the procedures of DTC, Euroclear and/or Clearstream and the participants through which they own Book-Entry Interests in order to exercise any rights of holders under the Indenture.

Neither the Issuer, nor the Trustee under the Indenture nor any of the Issuer's respective agents will have any responsibility or be liable for any aspect of the records relating to the Book-Entry Interests.

Issuance of Definitive Registered Notes

Under the terms of the Indenture, owners of Book-Entry Interests will receive definitive Notes in registered form (the **Definitive Registered Notes**):

- if DTC (with respect to the Dollar Global Notes) or Euroclear and Clearstream (with respect to the Sterling Global Notes) notify the Issuer that it is unwilling or unable to continue to act as depository and a successor depository is not appointed by the Issuer within 120 days;
- if the Issuer, at its option, notifies the Trustee in writing that it elects to exchange in whole, but not in part, the Global Note for Definitive Registered Notes; or
- if DTC, Euroclear or Clearstream so requests following an event of default under the Indenture.

In such an event, the registrar will issue Definitive Registered Notes, registered in the name or names and issued in any approved denominations, requested by or on behalf of DTC, Euroclear and/or Clearstream or the Issuer, as applicable (in accordance with their respective customary procedures and based upon directions received from participants reflecting the beneficial ownership of Book-Entry Interests), and such Definitive Registered Notes will bear the restrictive legend referred to in "*Notice to Investors*", unless that legend is not required by the Indenture or applicable law.

Redemption of Global Notes

In the event any Global Note, or any portion thereof, is redeemed, DTC, Euroclear and/or Clearstream, as applicable, will distribute the amount received by it in respect of the Global Note so redeemed to the holders of the Book-Entry Interests in such Global Note from the amount received by it in respect of the redemption of such Global Note. The redemption price payable in connection with the redemption of such Book-Entry Interests will be equal to the amount received by DTC, Euroclear or Clearstream, as applicable, in connection with the redemption of such Global Note (or any portion thereof). The Issuer understands that under existing practices of DTC, Euroclear and Clearstream, if fewer than all of the Notes are to be redeemed at any time, DTC, Euroclear and Clearstream will credit their respective participants' accounts on a proportionate basis (with adjustments to prevent fractions) or by lot or on such other basis as they deem fair and appropriate; provided, however, that no Book-Entry Interest of less than £50,000 or \$100,000, as applicable, principal amount at maturity, or less, may be redeemed in part.

Payments on Global Notes

Payments of amounts owing in respect of the Global Notes (including principal, premium, interest, additional interest and additional amounts) will be made by the Issuer to the Principal Paying Agent. The Principal Paying Agent will, in turn, make such payments to the common depository for Euroclear and Clearstream (in the case of the Sterling Global Notes) and to DTC or its nominee (in the case of the Dollar Global Notes), which will distribute such payments to participants in accordance with their respective procedures.

Under the terms of the Indenture governing the Notes, the Issuer and the Trustee will treat the registered holder of the Global Notes (i.e., DTC, Euroclear or Clearstream (or their respective nominees)) as the owner thereof for the purpose of receiving payments and for all other

purposes. Consequently, neither the Issuer nor the Trustee or any of their respective agents has or will have any responsibility or liability for:

- any aspects of the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest, for any such for any such payments made by DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to, or payments made on account of, a Book-Entry Interest; or
- payments made by DTC, Euroclear, Clearstream or any participant or indirect participant, or for maintaining, supervising or reviewing the records of DTC, Euroclear, Clearstream or any participant or indirect participant relating to or payments made on account of a Book-Entry Interest; or
- DTC, Euroclear, Clearstream or any participant or indirect participant.

Payments by participants to owners of Book-Entry Interests held through participants are the responsibility of such participants, as is now the case with securities held for the accounts of subscribers registered in “street name”.

Currency and payment for the Global Notes

The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Sterling Global Notes, will be paid to holders of interest in such Notes (the **Euroclear/Clearstream Holders**) through Euroclear and/or Clearstream in sterling. The principal of, premium, if any, and interest on, and all other amounts payable in respect of, the Dollar Global Notes will be paid to holders of interest in such Notes (the **DTC Holders**) through DTC in dollars.

Notwithstanding the payment provisions described above, Euroclear/Clearstream Holders may elect to receive payments in respect of the Sterling Global Notes in dollars and DTC Holders may elect to receive payments in respect of the Dollar Global Notes in Sterling.

If so elected, a Euroclear/Clearstream Holder may receive payments of amounts payable in respect of its interest in the Sterling Global Notes in dollars in accordance with Euroclear or Clearstream’s customary procedures, which include, among other things, giving to Euroclear or Clearstream, as appropriate, a notice of such holder’s election. All costs of conversion resulting from any such election will be borne by such holder.

If so elected, a DTC Holder may receive payment of amounts payable in respect of its interest in the Dollar Global Notes in Sterling in accordance with DTC’s customary procedures, which include, among other things, giving to DTC a notice of such holder’s election to receive payments in euro. All costs of conversion resulting from any such election will be borne by such holder.

Action by owners of Book-Entry Interests

DTC, Euroclear and Clearstream have advised the Issuer that they will take any action permitted to be taken by a holder of Notes only at the direction of one or more participants to whose account the Book-Entry Interests in the Global Notes are credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. DTC, Euroclear and Clearstream will not exercise any discretion in the granting of consents, waivers or the taking of any other action in respect of the Global Notes. However, if there is an event of default under the Notes, each of DTC, Euroclear and Clearstream reserves the right to exchange the Global Notes for Definitive Registered Notes in certificated form, and to distribute such Definitive Registered Notes to their respective participants.

Transfers

Transfers between participants in DTC will be done in accordance with DTC rules and will be settled in immediately available funds. If a holder requires physical delivery of Definitive Registered Notes for any reason, including to sell the Notes to persons in states which require physical delivery of such securities or to pledge such securities, such holder must transfer its interest in the Global Notes in accordance with the normal procedures of DTC and in accordance with the provisions of the Indenture.

The Global Notes will bear a legend to the effect set forth in *"Notice to Investors"*. Book-Entry Interests in the Global Notes will be subject to the restrictions on transfer discussed in *"Notice to Investors."*

Through and including the 40th day after the later of the commencement of the offering of the Notes and the closing of the offering (the **40-day Period**), beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of an interest in the Rule 144A Global Note denominated in the same currency only if such transfer is made pursuant to Rule 144A and the transferor first delivers to the Trustee a certificate (in the form provided in the Indenture) to the effect that such transfer is being made to a person who the transferor reasonably believes is a "qualified institutional buyer" within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A or otherwise in accordance with the transfer restrictions described under *"Notice to Investors"* and in accordance with all applicable securities laws of the states of the United States and other jurisdictions.

After the expiration of the 40-day Period, beneficial interests in a Regulation S Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Rule 144A Global Note denominated in the same currency without compliance with these certification requirements.

Beneficial interests in a Rule 144A Global Note may be transferred to a person who takes delivery in the form of a beneficial interest in the Regulation S Global Note denominated in the same currency only upon receipt by the Trustee of a written certification (in the form provided in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Regulation S or Rule 144 under the Securities Act (if available).

Subject to the foregoing, and as set forth in *"Notice to Investors"* Book-Entry Interests may be transferred and exchanged as described under *"Description of the Notes—Transfer and Exchange."* Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in the other Global Note of the same denomination will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in the other Global Note, and accordingly, will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it retains such a Book-Entry Interest.

Definitive Registered Notes may be transferred and exchanged for Book-Entry Interests in a Global Note only as described under *"Description of the Notes—Transfer and Exchange"* and, if required, only if the transferor first delivers to the Trustee a written certificate (in the form provided in the Indenture) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such Notes. See *"Notice to Investors"*.

This paragraph refers to transfers and exchanges with respect to Dollar Global Notes only. Transfers involving an exchange of a Regulation S Book-Entry Interest for 144A Book-Entry Interest in a Dollar Global Note will be done by DTC by means of an instruction originating from the Trustee through the DTC Deposit/Withdrawal Custodian system. Accordingly, in connection with any such transfer, appropriate adjustments will be made to reflect a decrease in the principal amount of the relevant Regulation S Global Note and a corresponding increase

in the principal amount of the corresponding 144A Global Note. The policies and practices of DTC may prohibit transfers of Unrestricted Book-Entry Interests in the Regulation S Global Note prior to the expiration of the 40 days after the date of initial issuance of the Notes. Any Book-Entry Interest in one of the Global Notes that is transferred to a person who takes delivery in the form of a Book-Entry Interest in any other Global Note will, upon transfer, cease to be a Book-Entry Interest in the first-mentioned Global Note and become a Book-Entry Interest in such other Global Note, and accordingly will thereafter be subject to all transfer restrictions, if any, and other procedures applicable to Book-Entry Interests in such other Global Note for as long as it remains such a Book-Entry Interest.

Information concerning DTC, Euroclear and Clearstream

All Book-Entry Interests will be subject to the operations and procedures of DTC, Euroclear and Clearstream, as applicable. The Issuer provides the following summaries of those operations and procedures solely for the convenience of investors. The operations and procedures of each settlement system are controlled by that settlement system and may be changed at any time. Neither the Issuer nor the initial purchasers are responsible for those operations or procedures. DTC has advised the Issuer that it is:

- a limited purpose trust company organised under New York Banking Law;
- a “banking organisation” under New York Banking Law;
- a member of the Federal Reserve System;
- a “clearing corporation” within the meaning of the New York Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the Exchange Act.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of transactions among its participants. It does this through electronic book-entry changes in the accounts of securities participants, eliminating the need for physical movement of securities certificates. DTC participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. DTC’s owners are the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc. and a number of its direct participants. Others, such as banks, brokers and dealers and trust companies that clear through or maintain a custodial relationship with a direct participant, also have access to the DTC system and are known as indirect participants.

Like DTC, Euroclear and Clearstream hold securities for participating organisations. They also facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants. Euroclear and Clearstream provide various services to their participants, including the safekeeping, administration, clearance, settlement, lending and borrowing of internationally traded securities. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organisations. Indirect access to Euroclear and Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear and Clearstream participant, either directly or indirectly.

Because DTC, Euroclear and Clearstream can only act on behalf of participants, who in turn act on behalf of indirect participants and certain banks, the ability of an owner of a beneficial interest to pledge such interest to persons or entities that do not participate in the DTC, Euroclear or Clearstream systems, or otherwise take actions in respect of such interest, may be limited by the lack of a definite certificate for that interest. The laws of some jurisdictions require that certain persons take physical delivery of securities in definitive form. Consequently, the ability to transfer beneficial interests to such person may be limited. In addition, owners of

beneficial interests through the DTC, Euroclear or Clearstream systems will receive distributions attributable to the 144A Global Notes only through DTC, Euroclear or Clearstream participants.

Global clearance and settlement under the book-entry system

The Notes represented by the Global Notes are expected to be admitted to trading on the Euro MTF Market and listed on the official list of the Luxembourg Stock Exchange and to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such Notes will, therefore be required by DTC to be settled in immediately available funds. The Issuer expects that secondary trading in any certificated Notes will also be settled in immediately available funds. Subject to compliance with the transfer restrictions applicable to the Global Notes, cross-market transfers between participants in DTC, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be done through DTC in accordance with DTC's rules on behalf of each of Euroclear or Clearstream by its common depository; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream by the counterparty in such system in accordance with the rules and regulations and within the established deadlines of such system (Brussels time). Euroclear or Clearstream will, if the transaction meets its settlement requirements, deliver instructions to the common depository to take action to effect final settlement on its behalf by delivering or receiving interests in the Global Notes by DTC, and making and receiving payment in accordance with normal procedures for same-day funds settlement application to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the common depository.

Because of the time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a participant in DTC will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. Cash received in Euroclear and Clearstream as a result of a sale of an interest in a Global Note by or through a Euroclear or Clearstream participant to a participant in DTC will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as at the business day for Euroclear or Clearstream following DTC's settlement date.

Although DTC, Euroclear and Clearstream currently follow the foregoing procedures in order to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear or Clearstream, as the case may be, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued or modified at any time. None of the Issuer, any Guarantor, the Trustee or the Principal Paying Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants, of their respective obligations under the rules and procedures governing their operations.

Initial settlement

Initial settlement for the Notes will be made in sterling and dollars. Book-Entry Interests owned through DTC, Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Book-Entry Interests will be credited to the securities custody accounts of DTC, Euroclear and Clearstream holders on the business day following the settlement date against payment for value on the settlement date.

Secondary market trading

The Book-Entry Interests will trade through participants of Euroclear or Clearstream and DTC and will settle in same-day funds. Since the purchase determines the place of delivery, it is important to establish at the time of trading of any Book-Entry Interests where both the purchaser's and the seller's accounts are located to ensure that settlement can be made on the desired value date.

Tax Considerations

United Kingdom taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current law and HM Revenue and Customs HMRC practice in the United Kingdom relating to certain aspects of United Kingdom taxation as in effect at the date of this offering memorandum. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective noteholders depends on their individual circumstances and may be subject to change in the future. This information is not exhaustive and prospective noteholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Interest on the Notes

Payment of interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the **Income Tax Act 2007**). The Luxembourg Stock Exchange is a recognised stock exchange. The Notes will satisfy this requirement if they are officially listed in Luxembourg in accordance with provisions corresponding to those generally applicable in EEA states and are admitted to trading on the Luxembourg Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20%). However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a noteholder, HMRC can issue a notice to the Issuer to pay interest to the noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Noteholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a noteholder or who either pays amounts payable on the redemption of Notes which constitute "deeply discounted securities" to or receives such amounts for the benefit of another person, although HMRC published practice indicates that HMRC will not exercise the power referred to above to require this information in respect of such amounts payable on redemption of Notes which constitute "deeply discounted securities" where such amounts are paid on or before 5 April 2010. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the noteholder is resident for tax purposes.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income (the **Taxation of Savings Income Directive**), Member States, including Belgium from 1 January 2010, are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State or to certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15 September 2008 the European Commission issued a report to the Council of the European Union on the operation of the Taxation of Savings Income Directive, which included the Commission's advice on the need for changes to the Taxation of Savings Income Directive. On 13 November 2008 the European Commission published a more detailed proposal for amendments to the Taxation of Savings Income Directive, which included a number of suggested changes. The European Parliament approved an amended version of this proposal on 24 April 2009. If any of the proposed changes are made in relation to the Taxation of Savings Income Directive, they may amend or broaden the scope of the requirements described above.

Further United Kingdom income tax issues

Interest on the Notes constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a noteholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that noteholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or agency in connection with which the interest is received or to which the Notes are attributable (and where that noteholder is a company, unless that noteholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Notes are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such noteholders.

United Kingdom corporation tax payers

In general, noteholders which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

Other United Kingdom tax payers

Taxation of chargeable gains

The Sterling Notes should constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a noteholder of a Sterling Note should not give rise to a chargeable gain or an allowable loss for the purposes of the United Kingdom taxation of chargeable gains.

A disposal of Dollar Notes by an individual noteholder who is resident or ordinarily resident in the United Kingdom or who carries on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Dollar Notes are attributable, may give rise to a

chargeable gain or allowable loss for the purposes of the United Kingdom taxation of chargeable gains.

Accrued income scheme

On a disposal of Notes by a noteholder, any interest which has accrued since the last interest payment date may, depending on the terms of the relevant Notes and in particular whether they are “deeply discounted securities”, be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Income Tax Act 2007, if that noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

Taxation of discount

Depending on the issue price and redemption amount, the Notes may constitute “deeply discounted securities” for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005. If the Notes are “deeply discounted securities”, any gain realised on redemption or transfer of the Notes by a noteholder who is within the charge to United Kingdom income tax in respect of the Notes will generally be taxable as income but such noteholder will not be able to claim relief from income tax in respect of costs incurred on the acquisition, transfer or redemption, or losses incurred on the transfer or redemption, of the Notes.

Stamp duty and Stamp Duty Reserve Tax

No United Kingdom stamp duty or Stamp Duty Reserve Tax (**SDRT**) is payable on the issue of the Notes or on a transfer of the Notes.

US Taxation

TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE (IRS) CIRCULAR 230, EACH TAXPAYER IS HEREBY NOTIFIED THAT: (A) ANY TAX DISCUSSION HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY THE TAXPAYER FOR THE PURPOSE OF AVOIDING US FEDERAL INCOME TAX PENALTIES THAT MAY BE IMPOSED ON THE TAXPAYER; (B) ANY SUCH TAX DISCUSSION WAS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) THE TAXPAYER SHOULD SEEK ADVICE BASED ON THE TAXPAYER’S PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

The following is a summary of certain US federal income tax considerations relevant to US Holders and Non-US Holders (each as defined below) acquiring, holding and disposing of Notes. This summary is based on the US Internal Revenue Code of 1986 (the **Code**), final, temporary and proposed US Treasury regulations, administrative and judicial interpretations, all of which are subject to change, possibly with retroactive effect. This summary does not discuss all aspects of US federal income taxation that may be relevant to investors in light of their particular circumstances, such as investors subject to special tax rules (including, without limitation: (i) financial institutions; (ii) insurance companies; (iii) dealers or traders in stocks, securities, or currencies or notional principal contracts; (iv) regulated investment companies; (v) real estate investment trusts; (vi) tax-exempt organisations; (vii) partnerships, pass-through entities, or persons that hold Notes through pass-through entities; (viii) investors that hold Notes as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for US federal income tax purposes; (ix) investors that have a functional currency other than the US dollar; (x) US expatriates and former long-term residents of the United States) and (xi) Holders that actually or constructively own 10% or more of the total combined voting power of all classes of voting stock of the Issuer or the Parent, all of whom may be subject to tax rules that differ significantly from those summarised below. This summary does not address US federal estate, gift or alternative minimum tax considerations and does not address the US federal income tax treatment of holders that do not acquire the Notes as part of the initial

distribution at their issue price (generally, the first price to the public at which a substantial amount of Notes is sold for money), or non US, state or local tax considerations. This summary assumes that investors will hold their Notes as capital assets (generally, property held for investment).

For the purposes of this summary, a **US Holder** is a beneficial owner of Notes that is for US federal income tax purposes (i) an individual who is a citizen or resident of the United States, (ii) a corporation created in, or organised under the laws of, the United States or any state thereof, including the District of Columbia, (iii) an estate the income of which is capable of being included in gross income for US federal income tax purposes regardless of its source or (iv) a trust the administration of which is subject to the primary supervision of a US court and which has one or more United States persons who have the authority to control all substantial decisions of the trust. A **Non-US Holder** is a beneficial owner of Notes that is not a US Holder.

US Holders

Payments of interest

Payments of stated interest on a Note (and payments of any Additional Amounts), will be taxable to a US Holder as ordinary income at the time received or accrued, in accordance with the holder's method of accounting for tax purposes. In the case of Sterling Notes, the amount of income recognised by a cash basis US Holder will be the US dollar value of the interest payment including any Additional Amount, based on the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into US dollars. An accrual basis US Holder may determine the amount of income recognised with respect to an interest payment denominated in, or determined by reference to, a foreign currency in accordance with either of two methods. Under the first method, the amount of income accrued will be based on the average exchange rate in effect during the interest accrual period (or, with respect to an accrual period that spans two taxable years of a US Holder, the part of the period within the US Holder's taxable year). Under the second method, the US Holder may elect to determine the amount of income accrued on the basis of the exchange rate in effect on the last day of the accrual period or, in the case of an accrual period that spans two taxable years, the exchange rate in effect on the last day of the part of the period within the US Holder's taxable year. Additionally, if a payment of interest is actually received within five business days of the last day of the accrual period or taxable year, an electing accrual basis US Holder may instead translate the accrued interest into US dollars at the exchange rate in effect on the day of actual receipt. Any such election will apply to all debt instruments held by the US Holder at the beginning of the first taxable year to which the election applies or thereafter acquired by the US Holder, and will be irrevocable without the consent of the IRS.

Upon receipt of the interest payment (including a payment attributable to accrued but unpaid interest upon the sale or other disposition of a Note) denominated in a foreign currency, an accrual basis US Holder will recognise US source exchange gain or loss (taxable as ordinary income or loss) equal to the difference, if any, between the amount received (translated into US dollars at the spot rate on the date of receipt) and the US dollar value of the amount previously accrued, regardless of whether the payment is in fact converted into US dollars.

Interest paid by the Issuer on the Notes and original issue discount (as discussed below), if any, accrued with respect to the Notes should generally constitute income from sources outside the United States, subject to the rules regarding the US foreign tax credit allowable to a US Holder (and the limitations imposed thereon).

Should any United Kingdom tax be withheld, the amount withheld and the gross amount of any additional amounts paid to a US Holder will be included in such holder's income at the time such amount is received or accrued in accordance with such holder's method of tax accounting. United Kingdom withholding tax, if any, imposed on a US Holder would, subject to limitations and conditions and at the election of such holder, be treated as foreign income tax eligible for credit against such holder's US federal income tax liability or a deduction in

computing taxable income, to the extent such tax is not otherwise refundable. Any additional amounts paid should generally constitute foreign source income.

In certain circumstances (see “*Description of the Notes—Optional Redemption*”), the Issuer may be obligated to pay amounts in excess of stated interest or principal on the Notes. According to US Treasury regulations, the possibility that any such payments in excess of stated interest or principal will be made will not affect the amount of interest income a US Holder recognises if there is only a remote chance as at the date the Notes were issued that such payments will be made. The Issuer believes that the likelihood that it will be obligated to make any such payments is remote. Therefore, the Issuer does not intend to treat the potential payment of these amounts as part of the yield to maturity of the Notes. The Issuer’s determination that these contingencies are remote is binding on a US Holder unless such holder discloses its contrary position in the manner required by applicable US Treasury regulations. The Issuer’s determination is not, however, binding on the IRS, and, if the IRS were to challenge this determination, a US Holder might be required to accrue income on its Notes in excess of stated interest, and to treat as ordinary income rather than capital gain any income realised on the taxable disposition of a Note before the resolution of the contingencies. In the event a contingency occurs, it would affect the amount and timing of the income recognised by a US Holder. If any such amounts are in fact paid, US Holders will be required to recognise such amounts as income.

In addition, under certain other circumstances the Issuer may be obligated to pay a premium upon the repurchase of the Notes due to a Change of Control. The Issuer believes that it is significantly more likely than not that it will not have to pay a premium upon a Change of Control. Therefore, this possibility will be ignored for purposes of determining the yield and maturity of the Notes.

Original issue discount

If the issue price of a Note is less than its principal amount by more than a *de minimis* amount, US Holders will be subject to special US federal income tax rules with respect to this original issue discount (**OID**). OID will be considered to be *de minimis* if it is less than 0.25% of the principal amount multiplied by the number of complete years to maturity. US Holders will be required to include any OID in income for US federal tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, even though the cash attributable to this income will not be received until a Note is sold, exchanged, redeemed or otherwise disposed.

If the Sterling Notes are issued with OID, OID on a Sterling Note would be determined for any accrual period in pounds sterling and then translated into US dollars in the same manner as stated interest accrued by an accrual basis US Holder. In such event, upon receipt of an amount attributable to OID (whether in connection with a payment of interest or the sale or disposition of such Sterling Note), a US Holder of such Note would recognise foreign currency gain or loss in an amount determined in the same manner as interest income received by a US Holder on the accrual basis, as described above.

Sale, exchange and redemption of Notes

Generally, upon the sale, exchange or redemption of a Note, a US Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange, or redemption (less any amount attributable to accrued but unpaid interest not previously included in income, which will be taxable as such) and such US Holder’s adjusted tax basis in the Note. A US Holder’s adjusted tax basis in a Note will generally equal the cost of such Note to such US Holder, reduced by any amortisable bond premium previously taken into account with respect to the Note. A US Holder’s tax basis in a Note will be determined by reference to the US dollar cost of the Notes. The US dollars cost of a Note purchased with a foreign currency will generally be the US dollar value of the purchase price on the date of purchase or, in the case of Notes traded on an established securities market, as defined in the applicable US

Treasury regulations, that are purchased by a cash basis US Holder (or an accrual basis US Holder that so elects), on the settlement date for the purchase. Such gain or loss generally will be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or redemption the Note has been held by such US Holder for more than one year, and will generally be treated as from US sources for purposes of the US foreign tax credit limitation. The amount realised on a sale or other disposition for an amount in foreign currency will be the US dollar value of this amount on the date of sale or other disposition or, in the case of Notes traded on an established securities market, as defined in the applicable US Treasury regulations, sold by a cash basis US Holder (or an accrual basis US Holder that so elects), on the settlement date for the sale. Such an election by an accrual basis US Holder must be applied consistently from year to year and cannot be revoked without the consent of the IRS. In the case of a US Holder that is an individual, estate or trust, the maximum marginal federal income tax rate applicable to capital gains is currently lower than the maximum marginal rate applicable to ordinary income if the Notes are held for more than one year. The deductibility of capital losses is subject to significant limitations.

Gain or loss recognised by a US Holder on the sale or other disposition of a Note that is attributable to changes in exchange rates will be treated as US source ordinary income or loss. However, exchange gain or loss is taken into account only to the extent of total gain or loss realised on the transaction.

Disposition of Foreign Currency

Foreign currency received as interest on a Note or on the sale or other disposition of a Note will have a tax basis equal to its US dollars value at the time the interest is received or at the time of the sale or other disposition. Foreign currency that is purchased will generally have a tax basis equal to the US dollar value of the foreign currency on the date of purchase. Any gain or loss recognised on a sale or other disposition of a foreign currency (including its use to purchase Notes or an exchange for US dollars) will be US source ordinary income or loss.

Non-US Holders

Subject to the discussion concerning information reporting and backup withholding below, a Non-US Holder generally should not be subject to US federal income or withholding tax on any payments on the Notes and gain from the sale, redemption or other disposition of the Notes unless: (i) that payment and/or gain is effectively connected with the conduct by that Non-US Holder of a trade or business in the US; (ii) in the case of any gain realised on the sale or exchange of a Note by an individual Non-US Holder, that Holder is present in the US for 183 days or more in the taxable year of the sale, exchange or retirement and certain other conditions are met; or (iii) the Non-US Holder is subject to tax pursuant to provisions of the Code applicable to certain expatriates.

Information reporting and backup withholding

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a US Holder by a US paying agent or other US intermediary will be reported to the IRS and to the US Holder as may be required under applicable regulations. Backup withholding will apply to these payments if the US Holder fails to provide an accurate taxpayer identification number or certification of exempt status or otherwise to comply with the applicable backup withholding requirements. Certain US Holders (including, among others, corporations) are not subject to backup withholding.

In general, payments of principal, interest and accrued OID on, and the proceeds of a sale, redemption or other disposition of, the Notes, payable to a Non-US Holder by a US paying agent or other US intermediary will not be subject to backup withholding tax and information reporting requirements if appropriate certification (IRS Form W-8BEN or other appropriate form) is timely provided by the Non-US Holder to the payer and the payer does not have actual knowledge that the certificate is false.

Plans of Distribution

The Issuer has agreed to sell to the initial purchasers, and the initial purchasers have agreed to purchase from the Issuer, the entire principal amount of the Notes. The sale will be made pursuant to a purchase agreement between the Issuer, the Guarantors and the initial purchasers dated 2010 (the **Purchase Agreement**).

The obligations of the initial purchasers under the Purchase Agreement, including their agreement to purchase Notes from the Issuer, are several and not joint. The Purchase Agreement provides that the initial purchasers will purchase all the Notes if any of them are purchased and the Issuer will sell the respective principal amount of Notes set forth opposite their names in the table below.

Initial Purchasers	Principal Amount of Sterling Notes ⁽¹⁾	Principal Amount of Dollar Notes ⁽²⁾
J.P. Morgan Securities Ltd.		
J.P. Morgan Securities Inc.		
Merrill Lynch International		
Deutsche Bank AG, London Branch		
Deutsche Bank Securities Inc.		
Goldman Sachs International		
The Royal Bank of Scotland plc		
KKR Capital Markets Limited		
Total		

(1) Sales in the United States will be made through affiliates of the initial purchasers listed above.

(2) Sales outside the United States will be made through affiliates of the initial purchasers listed above.

The initial purchasers initially propose to offer the Notes for resale at the issue price that appears on the cover of this offering memorandum. After the initial offering, the initial purchasers may change the offering price and any other selling terms. The initial purchasers may offer and sell Notes through certain of their affiliates, including sales into the United States.

The Purchase Agreement provides that the obligations of the initial purchasers to pay for and accept delivery of the Notes are subject to, among other conditions, the delivery of certain legal opinions by their counsel.

The initial purchasers propose to offer the Notes initially at the price indicated on the cover page hereof. After the initial offering of the Notes, the offering price and other selling terms of the Notes may from time to time be varied by the initial purchasers without notice.

The Purchase Agreement provides that we will indemnify and hold harmless the initial purchasers against certain liabilities, including liabilities under the Securities Act, and will contribute to payments that the initial purchasers may be required to make in respect thereof. We have agreed, subject to certain limited exceptions, that during the period from the date hereof through and including the date that is 120 days after the date the Notes are issued, to not, and to cause our subsidiaries to not, without having received the prior written consent provided for in the Purchase Agreement, offer, sell, contract to sell or otherwise dispose of any debt or convertible securities issued or guaranteed by us or any of our subsidiaries.

The Notes and the guarantees have not been and will not be registered under the Securities Act and may not be offered or sold within the United States except to qualified institutional buyers in reliance on Rule 144A and to certain persons in offshore transactions in reliance on Regulation S. Until 40 days after the later of (i) the commencement of this offering and (ii) the issue date of the Notes, an offer or sale of the Notes initially sold in reliance on Regulation S

within the United States by a dealer (whether or not participating in the offering) may not violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A under the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S. Resales of the Notes are restricted as described under *"Notice to Investors"*.

Each initial purchaser represents, warrants and agrees that it:

- has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and
- has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

No action has been taken in any jurisdiction, including the United States and the United Kingdom, by us or the initial purchaser that would permit a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to us or the Notes in any jurisdiction where action for this purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this offering memorandum nor any other offering material or advertisements in connection with the Notes may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This offering memorandum does not constitute an offer to sell or a solicitation of an offer to purchase in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this offering memorandum comes are advised to inform themselves about and to observe any restrictions relating to the offering of the Notes, the distribution of this offering memorandum and resale of the Notes. See *"Notice to Investors"*.

The Issuer and the Guarantors have also agreed that they will not at any time offer, sell, contract to sell, pledge or otherwise dispose of, directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Section 4(2) of the Securities Act or the safe harbour of Rule 144A and Regulation S to cease to be applicable to the offer and sale of the Notes.

The Notes are a new issue of securities for which there currently is no market. The Issuer has applied, through its listing agent, to list the Notes on the official list of the Luxembourg Stock Exchange and trade the Notes on the Euro MTF Market, however, the Issuer cannot assure you that such listing will be maintained.

The initial purchasers have advised us that they intend to make a market in the Notes as permitted by applicable law. The initial purchasers are not obligated, however, to make a market in the Notes, and any market-making activity may be discontinued at any time at the sole discretion of the initial purchaser without notice. In addition, any such market-making activity will be subject to the limits imposed by the Securities Act and (the Exchange Act). Accordingly, we cannot assure you that any market for the Notes will develop, that it will be liquid if it does develop, or that you will be able to sell any Notes at a particular time or at a price which will be favourable to you. See *"Risk Factors—Risks Relating to Our Debt and the Notes—If an active trading market does not develop for these Notes you may not be able to resell them"*.

We expect that delivery of the Notes will be made against payment on the Notes on or about the date specified on the cover page of this offering memorandum, which will be business days (as such term is used for purposes of Rule 15c6-1 of the Exchange Act) following

the date of pricing of the Notes (this settlement cycle is being referred to as “T + ”). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in three business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of this offering memorandum or the next succeeding business days will be required to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers of the Notes who wish to make such trades should consult their own advisors.

In connection with the offering, J.P. Morgan Securities Ltd. (the **Stabilising Manager**), or persons acting on its behalf, may engage in transactions that stabilise, maintain or otherwise affect the price of the Notes. Specifically, the Stabilising Manager, or persons acting on its behalf, may bid for and purchase Notes in the open markets to stabilise the price of the Notes. The Stabilising Manager, or persons acting on its behalf, may also over allot the offering, creating a syndicate short position, and may bid for and purchase Notes in the open market to cover the syndicate short position. In addition, the Stabilising Manager, or persons acting on its behalf, may bid for and purchase Notes in market making transactions as permitted by applicable laws and regulations and impose penalty bids. These activities may stabilise or maintain the respective market price of the Notes above market levels that may otherwise prevail. The Stabilising Manager is not required to engage in these activities, and may end these activities at any time. Accordingly, no assurances can be given as to the liquidity of, or trading markets for, the Notes. See *“Risk Factors—Risks Relating to Our Debt and the Notes—If an active trading market does not develop for these Notes you may not be able to resell them”*.

The initial purchasers may engage in over-allotment, stabilising transactions, covering transactions and penalty bids in accordance with Regulation M under the Exchange Act.

Over-allotment involves sales in excess of the offering size, which creates a short position for the relevant initial purchaser. Stabilising transactions permit bidders to purchase the underlying security so long as the stabilising bids do not exceed a specified maximum. Covering transactions involve purchase of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the initial purchaser to reclaim a selling concession from a broker or dealer when the Notes originally sold by that broker or dealer are purchased in a stabilising or covering transaction to cover short positions.

These stabilising transactions, covering transactions and penalty bids may cause the price of the Notes to be higher than it would otherwise be in the absence of these transactions. These transactions, if commenced, may be discontinued at any time.

The initial purchasers or their respective affiliates from time to time have provided in the past and may provide in the future investment banking, financial advisory and commercial banking services to us and our affiliates in the ordinary course of business for which they have received or may receive customary fees and commissions.

The initial purchasers and/or certain of their affiliates are mandated lead arrangers of and will be lenders under our new revolving credit facility. In addition, J.P. Morgan Europe Limited will act as facility agent and security trustee under our new revolving credit facility. In connection therewith, such initial purchasers and affiliates will receive customary fees and commissions.

A portion of the proceeds of the offering of Notes will be used to repay our existing senior credit facilities. The lenders under our existing senior credit facilities include affiliates of certain of the initial purchasers. In addition, certain of the initial purchasers and/or their affiliates may be lenders under or hold positions in the PIK loan of our immediate parent company, Red Football Joint Venture Limited.

Furthermore, J.P. Morgan Chase Bank N.A., The Royal Bank of Scotland plc and Deutsche Bank AG, London Branch are counterparties to our existing interest rate hedging

arrangements, for which they have received customary fees and commissions. In connection with the amendments to our existing hedging arrangements, as described under *"Description of Other Indebtedness—Hedging arrangements"*, a portion of the proceeds of the offering of Notes will be used to repay a portion of our outstanding liabilities under those arrangements.

Notice to Investors

You are advised to consult legal counsel prior to making any offer, resale, pledge or other transfer of any of the Notes offered hereby.

The Notes have not been and will not be registered under the Securities Act, or any state securities laws, and, unless so registered, may not be offered or sold except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. Accordingly, the Notes offered hereby are being offered and sold only to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and in offshore transactions in reliance on Regulation S.

We have not registered and will not register the Notes under the Securities Act and, therefore, the Notes may not be offered or sold within the United States or to, or for the account or benefit of, US persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Issuer is offering and selling the Notes to the initial purchasers for re-offer and resale only:

- in the United States to “qualified institutional buyers,” commonly referred to as “QIBs” as defined in Rule 144A in compliance with Rule 144A; and
- outside the United States in accordance with Regulation S.

We use the terms “offshore transaction”, “US person” and “United States” with the meanings given to them in Regulation S.

Each purchaser of Notes, by its acceptance thereof, will be deemed to have acknowledged, represented to and agreed with the Issuer and the initial purchasers as follows:

- (1) You understand and acknowledge that the Notes and the guarantees have not been registered under the Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including sales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom or in any transaction not subject thereto and in each case in compliance with the conditions for transfer set forth in paragraphs (4) and (5) below.
- (2) You are not our “affiliate” (as defined in Rule 144A) or acting on our behalf and you are either:
 - (a) a QIB, within the meaning of Rule 144A and are aware that any sale of these Notes to you will be made in reliance on Rule 144A, and such acquisition will be for your own account or for the account of another QIB; or
 - (b) you are purchasing the Notes in an offshore transaction in accordance with Regulation S.
- (3) You acknowledge that none of the Issuer, the Guarantors, or the initial purchasers, nor any person representing any of them, has made any representation to you with respect to us or the offer or sale of any of the Notes, other than the information contained in this offering memorandum, which offering memorandum has been delivered to you and upon which you are relying in making your investment decision with respect to the Notes. You acknowledge that neither the initial purchasers nor any person representing the initial purchasers make any representation or warranty as to the accuracy or completeness of this offering memorandum. You have had access to such financial and other information concerning us and the Notes as you have deemed necessary in connection with your

decision to purchase any of the Notes, including an opportunity to ask questions of, and request information from, us and the initial purchasers.

- (4) You are purchasing the Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act or any state securities laws, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within its or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other exemption from registration available under the Securities Act.
- (5) You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of the Notes by its acceptance thereof will be deemed to agree, to offer, sell or otherwise transfer such Notes prior to the date (the **Resale Restriction Termination Date**) that is one year (in the case of 144A Global Notes) or 40 days (in the case of Regulation S Global Notes) after the later of the date of the original issue and the last date on which the Issuer or any of its affiliates was the owner of such Notes (or any predecessor thereto) only (i) to the Issuer, (ii) pursuant to a registration statement that has been declared effective under the Securities Act, (iii) for so long as the Notes are eligible pursuant to Rule 144A to a person you reasonably believe is a QIB that purchases for its own account or for the account of a QIB to whom notice is given that the transfer is being made in reliance on Rule 144A, (iv) pursuant to offers and sales that occur outside the United States in compliance with Regulation S or (v) pursuant to any other available exemption from the registration requirements of the Securities Act, subject in each of the foregoing cases to any requirement of law that the disposition of its property or the property of such investor account or accounts be at all times within its or their control and to compliance with any applicable state securities laws, and any applicable local laws and regulations, and further subject to the Issuer's and the Trustee's rights prior to any such offer, sale or transfer (I) pursuant to clauses (iv) and (v) to require the delivery of an opinion of counsel, certification and/or other information satisfactory to each of them and (II) in each of the foregoing cases, to require that a certificate of transfer in the form appearing on the reverse of the security is completed and delivered by the transferor to the Trustee. The foregoing restrictions on resale will not apply subsequent to the Resale Restriction Termination Date.

Each purchaser acknowledges that each Note will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE **US SECURITIES ACT**) OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT.

THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF AGREES TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, PRIOR TO THE DATE (THE **RESALE RESTRICTION TERMINATION DATE**) WHICH IS IN THE CASE OF RULE 144A NOTES: ONE YEAR IN THE CASE OF REGULATION S NOTES: 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF AND THE LAST DATE ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WAS THE OWNER OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) ONLY (A) TO THE ISSUER, THE GUARANTORS OR ANY SUBSIDIARY THEREOF, (B) PURSUANT TO A REGISTRATION STATEMENT WHICH HAS BEEN DECLARED EFFECTIVE UNDER THE US SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT

TO RULE 144A UNDER THE US SECURITIES ACT (**RULE 144A**), TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN COMPLIANCE WITH REGULATION S UNDER THE US SECURITIES ACT OR (E) PURSUANT TO ANY OTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE US SECURITIES ACT, SUBJECT IN EACH OF THE FOREGOING CASES TO ANY REQUIREMENT OF LAW THAT THE DISPOSITION OF ITS PROPERTY OR THE PROPERTY OF SUCH INVESTOR ACCOUNT OR ACCOUNTS BE AT ALL TIMES WITHIN ITS OR THEIR CONTROL AND TO COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAWS, AND ANY APPLICABLE LOCAL LAWS AND REGULATIONS AND FURTHER SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHTS PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER (I) PURSUANT TO CLAUSE (E) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM, (II) IN EACH OF THE FOREGOING CASES, TO REQUIRE THAT A CERTIFICATE OF TRANSFER IN THE FORM APPEARING ON THE OTHER SIDE OF THIS SECURITY IS COMPLETED AND DELIVERED BY THE TRANSFEROR TO THE TRUSTEE AND (III) AGREES THAT IT WILL GIVE TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND.

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

- (6) You agree that you will give to each person to whom you transfer the Notes notice of any restrictions on the transfer of such Notes.
- (7) You acknowledge that until 40 days after the commencement of the offering, any offer or sale of the Notes within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.
- (8) You acknowledge that the Trustee will not be required to accept for registration or transfer any Notes acquired by you except upon presentation of evidence satisfactory to us and the Trustee that the restrictions set forth therein have been complied with.
- (9) You acknowledge that we, the initial purchasers and others will rely upon the truth and accuracy of your acknowledgements, representations, warranties and agreements and agree that if any of the acknowledgements, representations, warranties and agreements deemed to have been made by your purchase of the Notes are no longer accurate, you shall promptly notify the initial purchasers. If you are acquiring any Notes as a fiduciary or agent for one or more investor accounts, you represent that you have sole investment discretion with respect to each such investor account and that you have full power to make the foregoing acknowledgements, representations and agreements on behalf of each such investor account.
- (10) You understand that no action has been taken in any jurisdiction (including the United States) by the Issuer or the initial purchasers that would result in a public offering of the Notes or the possession, circulation or distribution of this offering memorandum or any other material relating to the Issuer or the Notes in any jurisdiction where action for such purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "*Plans of Distribution*".

ERISA considerations

Any purchaser, including, without limitation, any fiduciary purchasing on behalf of (i) an employee benefit plan (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended (**ERISA**)) subject to the provisions of part 4 of subtitle B of Title I of ERISA or a plan to which Section 4975 of the Code applies (each, a **Plan**), (ii) an entity whose underlying assets include “plan assets” by reason of a Plan’s investment in such entity (each, a **Benefit Plan Investor**), or (iii) a governmental, church or non-US plan which is subject to any federal, state, local, non-US or other laws or regulations that are substantially similar to the fiduciary responsibility or prohibited transaction provisions of ERISA or the provisions of Section 4975 of the Code (**Similar Laws**), transferee, or holder of the Notes will be deemed to have represented, in its corporate and fiduciary capacity, that:

- (a) With respect to the acquisition, holding and disposition of Notes, or any interest therein, (1) either (A) it is not, and it is not acting on behalf of (and for so long as it holds such Notes or any interest therein will not be, and will not be acting on behalf of), a Plan, a Benefit Plan Investor, or a governmental, church or non-US plan which is subject to Similar Laws, and no part of the assets used or to be used by it to acquire or hold such Notes or any interest therein constitutes the assets of any such Plan, Benefit Plan Investor or governmental, church or non-US plan which is subject to Similar Laws, or (B)(i) its acquisition, holding and disposition of such Notes or any interest therein does not and will not constitute or otherwise result in a non-exempt prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code (or, in the case of a governmental, church or non-US plan, a non-exempt violation of any Similar Laws); and (ii) none of the Issuer, the Guarantors, the initial purchasers, Trustee or any of their respective affiliates, is a sponsor of, or a fiduciary (within the meaning of Section 3(21) of ERISA or, with respect to a governmental, church or non-US plan, any definition of “fiduciary” under Similar Laws) with respect to, the acquirer, transferee or holder in connection with any acquisition or holding of such Notes, or as a result of any exercise by the Issuer or any of its affiliates of any rights in connection with such Notes, and no advice provided by the Issuer or any of their affiliates has formed a primary basis for any investment or other decision by or on behalf of the acquirer or holder in connection with such Notes and the transactions contemplated with respect to such Notes; and (2) it will not sell or otherwise transfer such Notes or any interest therein otherwise than to a purchaser or transferee that is deemed (or if required by the applicable indenture, certified) to make these same representations, warranties and agreements with respect to its acquisition, holding and disposition of such Notes or any interest therein.
- (b) The acquirer and any fiduciary causing it to acquire an interest in any Notes agrees to indemnify and hold harmless the Issuer, the Guarantors, the initial purchasers, the Trustee, and their respective affiliates, from and against any cost, damage or loss incurred by any of them as a result of any of the foregoing representations and agreements being or becoming false.
- (c) Any purported acquisition or transfer of any Note or beneficial interest therein to an acquirer or transferee that does not comply with the requirements of the above provisions shall be null and void *ab initio*.

Legal Matters

Legal advice for the Issuer, as to matters of US federal and New York state law, will be provided by Allen & Overy LLP and English law advice for the Issuer will also be provided by Allen & Overy LLP. Certain legal advice for the initial purchasers, as to matters of US federal and New York state law, will be provided by Latham & Watkins (London) LLP, and English law advice for the initial purchasers will also be provided by Latham & Watkins (London) LLP.

Independent Auditors

The financial statements as at and for the years ended 30 June 2007, 2008 and 2009 included in this offering memorandum have been audited by PricewaterhouseCoopers LLP, independent auditors, as stated in their reports appearing herein.

Enforceability of Judgments

The Issuer and the Guarantors of the Notes have been incorporated in England and Wales and certain of their board members and executive officers reside in the United Kingdom or other countries outside the United States. Substantially all of the assets of the Issuer and the Guarantors are located outside the United States. Although we will appoint an agent for service of process in the United States and will submit to the jurisdiction of New York courts, in each case, in connection with any action under US securities laws, it may not be possible for investors to effect service of process on us within the United States in any action, including actions predicated upon the civil liability provisions of US federal securities laws.

England and Wales

The following discussion with respect to the enforceability of certain US court judgments in England and Wales is based upon advice provided to us by our English counsel, Allen & Overy LLP. The United States and the United Kingdom do not have a treaty providing for the reciprocal recognition and enforcement of judgments in civil and commercial matters (although the United States and the United Kingdom are both parties to the New York Convention on Arbitral Awards). Any judgment rendered by any federal or state court in the United States based on civil liability, whether or not predicated solely upon US federal securities law, would not be directly enforceable in England and Wales. In order to enforce any such judgment in England and Wales, proceedings must be initiated by way of civil law action on the judgment debt before a court of competent jurisdiction in England and Wales. In this type of action, an English court generally will not (subject to the matters identified below) reinvestigate the merits of the original matter decided by a US court if:

- the relevant US court had jurisdiction (under English rules of private international law) to give the judgment; and
- the judgment is final and conclusive on the merits and is for a definite sum of money (not being a sum payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty or otherwise based on a US law that an English court considers to be a penal, revenue or other public law).

An English court may refuse to enforce such a judgment, however, if it is established that:

- the enforcement of such judgment would contravene public policy or statute in England and Wales;
- the enforcement of the judgment is prohibited by statute (including, without limitation, if the amount of the judgment has been arrived at by doubling, trebling or otherwise multiplying a sum assessed as compensation for the loss or damage sustained);

- the English proceedings were not commenced within the relevant limitation period;
- before the date on which the US court gave judgment, the issues in question had been the subject of a final judgment of an English court or of a court of another jurisdiction whose judgment is enforceable in England;
- the judgment has been obtained by fraud or in proceedings in which the principles of natural justice were breached;
- the bringing of proceedings in the relevant US court was contrary to an agreement under which the dispute in question was to be settled otherwise than by proceedings in that court (to whose jurisdiction the judgment debtor did not submit); or
- an order has been made and remains effective under section 9 of the UK Foreign Judgments (Reciprocal Enforcement) Act 1933 applying that section to US courts including the relevant US court.

If an English court gives judgment for the sum payable under a US judgment, the English judgment will be enforceable by methods generally available for this purpose. These methods generally permit the court discretion to prescribe the manner of enforcement. In addition, it may not be possible to obtain an English judgment or to enforce that judgment if the judgment debtor is subject to any insolvency or similar proceedings, or if the judgment debtor has any set-off or counterclaim against the judgment creditor.

Subject to the foregoing, investors may be able to enforce in England and Wales judgments in civil and commercial matters obtained from US federal or state courts in the manner described above using the methods available for enforcement of a judgment of an English court.

It is, however, uncertain whether an English court would impose liability on us or such persons in an action predicated upon the US federal securities law brought in England and Wales.

Listing and General Information

Listing

Application has been made for the Notes to be admitted to trading on the Euro MTF Market operated by the Luxembourg Stock Exchange in accordance with the rules of such exchange. Notice of any optional redemption, change of control or any change in the rate of interest payable on the Notes will be published in a Luxembourg newspaper of general circulation (which is expected to be the *Luxemburger Wort*) or published on the Luxembourg Stock Exchange website (www.bourse.lu).

For so long as the Notes are listed on the official list of the Luxembourg Stock Exchange and the rules of the Luxembourg Stock Exchange so require, copies of the following documents may be inspected and obtained free of charge at the specified office of the listing agent in Luxembourg during normal business hours on any weekday:

- the Issuer's and the Parent's organisational documents;
- the most recent audited financial statements and any interim quarterly financial statements published by the Issuer;
- the Issuer's and the Parent's annual reports for the two most recent years;
- the Purchase Agreement relating to the Notes;
- the documents granting security interests to Noteholders as described in this offering memorandum; and
- the Indenture relating to the Notes (which includes the form of the Notes).

The Issuer will maintain a paying and transfer agent in Luxembourg for as long as any of the Notes are listed on the official list of the Luxembourg Stock Exchange. The Issuer reserves the right to vary such appointment and it will publish notice of such change of appointment in a newspaper having a general circulation in Luxembourg (which is expected to be the *Luxemburger Wort*) or on the Luxembourg Stock Exchange website (www.bourse.lu).

Clearing information

The Sterling Notes sold pursuant to Regulation S and the Sterling Notes sold pursuant to Rule 144A in this offering have been accepted for clearance through the facilities of Euroclear and Clearstream under common codes _____ and _____, respectively. The ISIN for the Sterling Notes sold pursuant to Regulation S is _____ and the ISIN for the Euro Notes sold pursuant to Rule 144A is _____.

The Dollar Notes sold pursuant to Regulation S and Rule 144A in this offering have been accepted for clearance through the facilities of DTC. The Dollar Notes sold pursuant to Regulation S and Rule 144A have been assigned CUSIP numbers _____ and _____, respectively. The ISIN for the Dollar Notes sold pursuant to Regulation S is _____ and the ISIN for the Dollar Notes sold pursuant to Rule 144A is _____.

Legal information

The issued share capital of the Issuer is £50,000 divided into 50,000 ordinary shares with a nominal value of £1.00. Prior to the issue of the Notes, an additional 14,950,000 ordinary shares will be issued by the Issuer. It is expected that all ordinary shares of the Issuer will be fully paid on or prior to the issue of the Notes. Immediately prior to the issue of the Notes, Manchester United Limited will own 15,000,000 ordinary shares of the Issuer.

The creation and issuance of the Notes have been authorised by a resolution of the Issuer's board of directors dated 2010.

Except as disclosed in this offering memorandum:

- there has been no material adverse change in the Issuer's financial position since its date of incorporation or the Group's financial position since 30 June 2009; and
- neither the Issuer nor the Group has been involved in any litigation, administrative proceeding or arbitration relating to claims or amounts which are material in the context of the issue of the Notes, and, so far as either the Issuer or the Group is aware, no such litigation, administrative proceeding or arbitration is pending or threatened.

The Issuer was incorporated on 26 November 2009 in the United Kingdom.

We expect that the members of the board of directors of the Issuer will be: Joel Glazer, Avram Glazer, Bryan Glazer, Edward Glazer, Darcie Glazer-Kassewitz and Kevin Glazer. The business address of each of the directors is MU Finance plc, Old Trafford, Manchester M16 0RA.

Group companies

The following is a description of the material entities in our Group. Red Football Limited, Red Football Junior Limited, Manchester United Limited and Manchester United Football Club Limited are each Guarantors under the Notes.

Red Football Limited

Red Football Limited is a company incorporated in England and Wales, its registered address is Old Trafford, Manchester, M16 0RA, it was incorporated on 18 February 2005 and its registered number is 05370076. Red Football Limited has an issued share capital of £99, divided into 994,397 ordinary shares of £0.0001 each, all of which are fully paid up. Red Football Limited is a holding company and is a wholly owned subsidiary of Red Football Joint Venture Limited.

Red Football Junior Limited

Red Football Junior Limited is a company incorporated in England and Wales, its registered address is Old Trafford, Manchester, M16 0RA, it was incorporated on 18 February 2005 and its registered number is 05370078. Red Football Junior Limited has an issued share capital of £100, divided into 1,000,000 ordinary shares of £0.0001 each, all of which are fully paid up. Red Football Junior Limited is a wholly owned subsidiary of Red Football Limited.

Manchester United Limited

Manchester United Limited is a company incorporated in England and Wales, its registered address is Old Trafford Manchester, M16 0RA, it was incorporated on 21 December 1990 and its registered number is 02570509. Manchester United Limited has an issued share capital of £26,519,248.3, divided into 265,192,483 ordinary shares of £0.1 each, all of which are fully paid up. Red Football Limited and Red Football Junior Limited respectively hold 191,043,250 and 74,149,233 ordinary shares in Manchester United Limited, respectively representing 72% and 28% of the issued share capital of Manchester United Limited.

Manchester United Football Club Limited

Manchester United Football Club Limited is a company incorporated in England and Wales, its registered address is Old Trafford, Manchester M16 0RA, it was incorporated on 4 November 1907 and its registered number is 00095489. Manchester United Football Club Limited has an issued share capital of £1,008,546 divided into ordinary shares of £1 each, all of which are fully paid up. Manchester United Football Club Limited is a wholly owned subsidiary of Manchester United Limited. The principal activity of Manchester United Football Club Limited is the operation of the Manchester United football club together with related and ancillary activities.

MUTV Limited

MUTV Limited is a company incorporated in England and Wales, its registered address is 274 Deansgate, Manchester, M3 4JB, it was incorporated on 13 August 1997 and its registered number is 03418853. MUTV Limited has an issued share capital of £2,400, divided into 800 A ordinary shares, 800 B ordinary shares and 800 C ordinary shares, each of £1 and all of which are fully paid up. Manchester United Limited holds 800 A ordinary shares and 800 C ordinary shares, representing 66.7% of the issued share capital of MUTV Limited, and Sky Ventures Limited, a wholly-owned subsidiary of Sky, holds 800 B ordinary shares, representing 33.3% of the issued share capital of MUTV Limited. The principal activity of MUTV is television production and broadcasting. The key revenue streams for MUTV are sales to United Kingdom and Irish domestic cable and satellite subscribers (through cable and satellite retailers) and international distribution of its programming.

MU Interactive Limited

MU Interactive Limited is a company incorporated in England and Wales, its registered address is Sir Matt Busby Way, Old Trafford, Manchester, M16 0RA, it was incorporated on 1 February 2002 and its registered number is 4365059. MU Interactive Limited has an issued share capital of £10,000, divided into 1,000,000 ordinary shares of £0.01 each. MU Interactive Limited is a wholly owned subsidiary of Manchester United Limited and is a media company.

Alderley Urban Investments Limited

Alderley Urban Investments Limited is a company incorporated in England and Wales. Its registered address is C/O Manchester United Limited, Sir Matt Busby Way, Old Trafford, Manchester, M16 0RA, it was incorporated on 29 November 1995 and its registered number is 03132053. Alderley Urban Investments Limited has an issued share capital of £2, divided into 2 ordinary shares of £1 each, both of which are fully paid up. Alderley Urban Investments Limited is a wholly owned subsidiary of Manchester United Limited. The main asset of Alderley Urban Investments is a commercial lease in respect of the land and buildings known as Manchester International Freight Terminal at Trafford Park adjacent to Old Trafford.

Glossary of Certain Football Terms

Each of the following words contained in the offering memorandum will have the meaning set out next to it below:

Basic award fund means 50% of the income from the United Kingdom broadcasting rights for each season after deductions for sums paid to the PFA and any other sum approved by a resolution of the PLL.

Board of Directors means the board of directors for Red Football Limited.

Carrington Training Ground means the training ground situated at Carrington.

Championship means the Football League Championship.

Champions League means the group stage of the UEFA Champions League.

County Football Associations means the local governing bodies of association football affiliated to the FA.

Current club means a club that is to be in the Premier League for the season to which the broadcasting rights income relates.

ESPN means Entertainment Sports Programming Network.

Europa League means the UEFA Europa League.

FA means the Football Association.

FA Cup means the Football Association Challenge Cup.

FA Insolvency Event means, in respect of a football club or its parent undertaking:

- the entry into by it of a company voluntary arrangement pursuant to the Insolvency Act;
- the entry into by it of a scheme of arrangement;
- an application for or making of an administration order in relation to, or the appointment of an administrator to, it;
- the appointment of a receiver or an administrative receiver to it;
- the passing of a resolution pursuant to section 84(1)(c) of the Insolvency Act to the effect that it cannot by reason of its liabilities continue its business and that it is advisable to wind up;
- the convening of a meeting of its creditors pursuant to sections 95 or 98 of the Insolvency Act;
- the making of a winding up order in respect of it;
- its ceasing or forming an intention to cease, wholly or substantially, to carry on its business, save for the purpose of reconstruction or amalgamation or otherwise in accordance with a scheme of proposals which has previously been submitted to and approved in writing by the board of the PLL; and
- it being entered into, or being placed into, any insolvency regime in any jurisdiction outside England and Wales which is analogous with the insolvency regimes detailed above.

Facility fees fund means 25% of the income from the United Kingdom broadcasting rights for each season after deductions for sums to the PFA and any other sum approved by a resolution of the PLL.

FIFA means the Fédération Internationale de Football Association.

FIFA regulations means the FIFA Regulations for the Status and Transfer of Players.

FLPLAS means the Football League Pension and Life Assurance Scheme, the multi-employer pension scheme for football clubs who are members of the Football League or the Premier League.

Football League means the football league sponsored by Coca-Cola.

League Cup means the Football League Cup.

Merit payments fund means 25% of the income from the United Kingdom broadcasting rights for each season after deductions for sums paid to the PFA and any other sum approved by a resolution of the PLL.

PFA means the Professional Footballers' Association.

PLL means Premier League Limited.

Premier League means the FA Premier League sponsored by Barclays.

Relegated club means a club that was relegated from the Premier League in either of the two previous seasons.

RFJV means Red Football Joint Venture Limited.

Setanta means Setanta Sports.

Transfer window means the period commencing at midnight on the last day of the last Premier League match of a season and ending at midnight on the following 31 August and the period commencing at midnight on 31 December and ending at midnight on the following 31 January.

UEFA means the Union of European Football Associations.

UEFA Respect Fair Play Ranking means a fair play ranking used by UEFA.

Youth Academy means the Manchester United academy for young players.

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RED FOOTBALL LIMITED
Condensed consolidated interim financial information
(unaudited)
Three month period ended 30 September 2009

Red Football Limited

Consolidated profit and loss account

		Unaudited three months to 30 September 2009 £'000	Unaudited three months to 30 September 2008 £'000	Audited year ended 30 June 2009 £'000
	Note			
Group turnover	2	57,678	47,266	278,476
Operating expenses—other		(63,222)	(57,793)	(268,289)
Operating expenses—exceptional items . .	3	—	(837)	(837)
Total operating expenses		(63,222)	(58,630)	(269,126)
Group operating (loss)/profit		(5,544)	(11,364)	9,350
Total operating (loss)/profit		(5,544)	(11,364)	9,350
Profit on disposal of players		6,312	1,262	80,724
Profit/(loss) before interest and taxation .		768	(10,102)	90,074
Net interest payable		(9,572)	(11,079)	(41,889)
(Loss)/profit on ordinary activities before taxation		(8,804)	(21,181)	48,185
Tax on (loss)/profit on ordinary activities .	4	1,135	351	(22,681)
(Loss)/profit on ordinary activities after taxation		(7,669)	(20,830)	25,504
Equity minority interest		(41)	76	83
(Loss)/profit for the financial period		(7,710)	(20,754)	25,587

There is no material difference between the (loss)/profit on ordinary activities before taxation and the (loss)/profit for the period stated above and their historical costs equivalents.

The accompanying notes on pages F-8 to F-17 form an integral part of this condensed interim financial information.

Red Football Limited

Consolidated statement of total recognised gains and losses

	Unaudited three months to 30 September 2009 £'000	Unaudited three months to 30 September 2008 £'000	Audited year ended 30 June 2009 £'000
(Loss)/profit for the financial period	(7,710)	(20,754)	25,587
Exchange gains/(losses) on overseas subsidiary . .	8	5	(116)
Investment property revaluation deficit	—	—	(2,022)
Total recognised (losses)/gains in the period	(7,702)	(20,749)	23,449

The accompanying notes on pages F-8 to F-17 form an integral part of this condensed interim financial information.

Red Football Limited

Consolidated balance sheet

		Unaudited 30 September 2009 £'000	Unaudited 30 September 2008 £'000	Audited 30 June 2009 £'000
	Note			
Fixed assets				
Intangible assets—goodwill	6	377,218	412,606	386,065
Intangible assets—players' registrations	7	110,858	120,279	113,406
Tangible assets	8	253,052	258,890	253,206
		741,128	791,775	752,677
Current assets				
Stock		220	468	279
Debtors—amounts falling due within one year	9	281,988	281,782	278,149
Debtors—amounts falling due after more than one year	9	15,124	3,562	12,650
Cash at bank and in hand		146,583	13,570	150,530
		443,915	299,382	441,608
Creditors—amounts falling due within one year	10	(82,829)	(58,554)	(98,248)
Net current assets		361,086	240,828	343,360
Total assets less current liabilities		1,102,214	1,032,603	1,096,037
Creditors—amounts falling due after more than one year	11	(509,883)	(534,607)	(509,734)
Provision for liabilities and charges				
Deferred taxation	13a	(15,747)	—	(17,568)
Other provisions	13b	(941)	(1,527)	(1,091)
Accruals and deferred income				
Deferred grant income		(365)	(431)	(380)
Other deferred income		(127,432)	(84,722)	(111,757)
Net assets		447,846	411,316	455,507
Capital and reserves				
Called up share capital	14	—	—	—
Share premium reserve	15	547,139	547,139	547,139
Other reserves	15	1,007	3,029	1,007
Profit and loss reserve	15	(97,397)	(135,915)	(89,695)
Total shareholders' funds	16	450,749	414,253	458,451
Minority interests		(2,903)	(2,937)	(2,944)
Capital employed		447,846	411,316	455,507

The accompanying notes on pages F-8 to F-17 form an integral part of this condensed interim financial information.

Red Football Limited

Consolidated cash flow statement

	Unaudited three months to 30 September 2009		Unaudited three months to 30 September 2008		Audited year ended 30 June 2009	
	£'000	£'000	£'000	£'000	£'000	£'000
Net cash inflow/(outflow) from operating activities		13,906		(3,271)		111,186
Returns on investments and servicing of finance						
Interest received	304		335		1,260	
Interest paid	(3,999)		(5,412)		(41,772)	
Net cash outflow from returns on investments and servicing of finance		(3,695)		(5,077)		(40,512)
Taxation received		—		—		236
Capital expenditure and financial investment						
Proceeds from sale of players' registrations	8,120		15,057		99,180	
Purchase of players' registrations . . .	(21,219)		(42,521)		(55,220)	
Proceeds from sale of tangible fixed assets	—		12		28	
Purchase of tangible fixed assets . . .	(987)		(325)		(3,810)	
Net cash (outflow)/inflow from capital expenditure and financial investment		(14,086)		(27,777)		40,178
Cash (outflow)/inflow before management of liquid resources and financing		(3,875)		(36,125)		111,088
Financing						
Increase in borrowings	—		—		25,000	
Repayment of borrowings	(72)		(50)		(35,303)	
Net cash outflow from financing . . .		(72)		(50)		(10,303)
(Decrease)/increase in net cash in the period		(3,947)		(36,175)		100,785

The accompanying notes on pages F-8 to F-17 form an integral part of this condensed interim financial information.

Red Football Limited

Consolidated cash flow from operating activities

Reconciliation of operating (loss)/profit to net cash inflow/(outflow) from operating activities:

	Unaudited three months to 30 September 2009 £'000	Unaudited three months to 30 September 2008 £'000	Audited year ended 30 June 2009 £'000
Net cash generated/(expended) from operating activities			
Group operating (loss)/profit before exceptional items	(5,544)	(10,527)	10,187
Exceptional items—cash expended	(34)	(190)	(190)
Depreciation charges	2,144	2,221	8,875
Amortisation of players' registrations	9,945	8,197	37,641
Amortisation of goodwill	8,847	8,847	35,388
Profit on disposal of tangible fixed assets	—	(12)	(23)
Grants released	(15)	(17)	(68)
Decrease/(increase) in stocks	59	(185)	4
Increase in debtors	(7,787)	(25,620)	(13,606)
Increase in creditors and deferred income	6,441	13,823	33,222
(Decrease)/increase in provisions	(150)	192	(244)
Net cash inflow/(outflow) from operating activities	13,906	(3,271)	111,186

The accompanying notes on pages F-8 to F-17 form an integral part of this condensed interim financial information.

Red Football Limited

Notes to the interim financial information for the period ended 30 September 2009

1 Accounting Policies

Basis of preparation

The condensed consolidated interim financial information, which is unaudited, has been prepared in accordance with UK Generally Accepted Accounting Practice ("UK GAAP") and the accounting policies as listed in the financial statements for the year ended 30 June 2009, and therefore should be read in conjunction with these annual financial statements. The condensed consolidated interim financial statements do not include all the information or disclosures required in the annual financial statements as they have been prepared for the provision of interim information.

The accounting policies applied are consistent with those of the annual financial statements for the year ended 30 June 2009, as described in those annual financial statements, which can be obtained from the Company Secretary, Red Football Limited, Old Trafford, Sir Matt Busby Way, Manchester, M16 0RA.

General information

The Company is a private limited company incorporated and registered in England and Wales.

The condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. Statutory accounts for the year ended 30 June 2009 were approved by the Board of directors on 30 September 2009 and are due to be filed with the Registrar of Companies imminently. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

Turnover

Turnover represents income receivable from the Group's principal activities excluding transfer fees and value added tax. Turnover is analysed between matchday, media and commercial.

Matchday

Matchday turnover comprises income receivable from all matchday activities from Manchester United games at Old Trafford, together with the Club's share of gate receipts from cup matches not played at Old Trafford and fees receivable for the team undertaking pre-season tours and for arranging other events at the Old Trafford stadium. The share of gate receipts payable to the other participating club and competition organiser for domestic cup matches played at Old Trafford is treated as an operating expense. Revenue in respect of season tickets and seasonal hospitality is recognised on a match by match basis.

Media

Media turnover represents income receivable from all UK and overseas media contracts, including contracts negotiated centrally by the Premier League and UEFA. In addition, media turnover includes income received by the exploitation of Manchester United media rights through multiple media channels.

Premier League equal share distributions and facilities fees are recognised to income on a match by match basis over the total number of home games and Premier League merit awards are only recognised when they are known at the end of the football season. UEFA pool distributions relating to participation in the Champions League are spread over the matches

played in the competition whilst distributions relating to team performance are recognised to the extent they are certain.

Commercial

Commercial turnover comprises income receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements, including minimum guaranteed income, together with amounts receivable for the use of the conference and catering facilities at the Old Trafford stadium on non-matchdays. Any additional amounts receivable over and above the minimum guaranteed income contained in the sponsorship and licensing agreements is taken to turnover when it is probable that the excess will not be recouped by the sponsor in the future years. Commercial revenue is recognised on a contractual basis, when it is considered that the contractual basis fairly reflects the level of activity and benefits of the contract.

Taxation

Taxes on results in the interim periods are accrued using that tax rate that would be applicable to expected total annual results.

2 Turnover

Turnover, all of which arises from the Group's principal activity, can be analysed into its main components as follows:

	Unaudited three months to 30 September 2009 £'000	Unaudited three months to 30 September 2008 £'000	Audited year ended 30 June 2009 £'000
Matchday	19,575	16,463	108,799
Media	18,665	14,015	99,735
Commercial	19,438	16,788	69,942
	57,678	47,266	278,476

3 Operating expenses

The following items of unusual nature, size or incidence have been charged to operating profit during the period:

	Unaudited three months to 30 September 2009 £'000	Unaudited three months to 30 September 2008 £'000	Audited year ended 30 June 2009 £'000
Football League pension scheme deficit	—	837	837

4 Taxation

Taxation is recognised based on management's best estimate of the average annual effective tax rate expected for the full financial year. The estimated average annual tax rate used for the year to 30 June 2010 is 33.9% (estimated rate for the three months ended 30 September 2008: 33.6%). No capital allowances have been claimed in the period given the Group has sufficient

losses which can be group relieved, thus giving rise to an increase in the effective tax rate on the comparative period.

	Unaudited three months to 30 September 2009 £'000	Unaudited three months to 30 September 2008 £'000	Audited year ended 30 June 2009 £'000
Current tax			
Corporation tax	686	—	7,452
Foreign tax suffered	—	—	44
Adjustment in respect of previous years	—	—	(2,032)
Total current tax	686	—	5,464
Deferred tax			
Origination and reversal of timing differences (note 13a)	(1,821)	(351)	17,217
Tax on (loss)/profit on ordinary activities	(1,135)	(351)	22,681

5 Segmental analysis

The Group's activities are managed as one business and, as such, operating expenses are not separately identifiable to any particular segment. As a result, no segmental analysis of operating performance or net assets is provided

6 Intangible assets—goodwill

	Total £'000
Cost	
At 1 July 2009	530,822
Additions	—
Disposals	—
At 30 September 2009	530,822
Accumulated amortisation	
At 1 July 2009	144,757
Charge for the period	8,847
At 30 September 2009	153,604
Net book amount	
At 30 September 2009	377,218
At 30 June 2009	386,065

	Total £'000
Cost	
At 1 July 2008	530,822
Additions	—
Disposals	—
At 30 September 2008	530,822
Accumulated amortisation	
At 1 July 2008	109,369
Charge for the period	8,847
At 30 September 2008	118,216
Net book amount	
At 30 September 2008	412,606
At 30 June 2008	421,453

7 Intangible assets—players' registrations

	Total £'000
Cost	
At 1 July 2009	222,306
Additions	7,548
Disposals	(614)
At 30 September 2009	229,240
Accumulated amortisation	
At 1 July 2009	108,900
Charge for the period	9,945
Disposals	(463)
At 30 September 2009	118,382
Net book amount	
At 30 September 2009	110,858
At 30 June 2009	113,406

	Total £'000
Cost	
At 1 July 2008	201,412
Additions	35,737
Disposals	(17,055)
At 30 September 2008	220,094
Accumulated amortisation	
At 1 July 2008	108,673
Charge for the period	8,197
Disposals	(17,055)
At 30 September 2008	99,815
Net book amount	
At 30 September 2008	120,279
At 30 June 2008	92,739

8 Tangible assets

	Investment property £'000	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 July 2009	9,740	252,235	31,744	18,441	312,160
Additions	—	65	621	1,304	1,990
Disposals	—	(625)	(8)	(130)	(763)
At 30 September 2009	9,740	251,675	32,357	19,615	313,387
Accumulated depreciation					
At 1 July 2009	—	21,033	25,939	11,982	58,954
Charge for the period	—	804	949	391	2,144
Disposals	—	(625)	(8)	(130)	(763)
At 30 September 2009	—	21,212	26,880	12,243	60,335
Net book amount					
At 30 September 2009	9,740	230,463	5,477	7,372	253,052
At 30 June 2009	9,740	231,202	5,805	6,459	253,206

	Investment property £'000	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 July 2008	11,762	252,559	30,453	16,309	311,083
Additions	—	—	261	66	327
Disposals	—	—	(54)	—	(54)
At 30 September 2008	11,762	252,559	30,660	16,375	311,356
Accumulated depreciation					
At 1 July 2008	—	17,751	21,807	10,741	50,299
Charge for the period	—	839	1,102	280	2,221
Disposals	—	—	(54)	—	(54)
At 30 September 2008	—	18,590	22,855	11,021	52,466
Net book amount					
At 30 September 2008	11,762	233,969	7,805	5,354	258,890
At 30 June 2008	11,762	234,808	8,646	5,568	260,784

9 Debtors

	Unaudited 30 September 2009 £'000	Unaudited 30 September 2008 £'000	Audited 30 June 2009 £'000
Amounts falling due within one year			
Trade debtors	16,880	18,764	26,230
Other debtors	261	4,255	1,689
Prepayments and accrued income	31,438	25,354	13,581
Amounts due from parent and fellow subsidiary undertakings	233,409	233,409	236,649
	281,988	281,782	278,149
Amounts falling due after more than one year			
Trade debtors	2,624	3,562	150
Other debtors	12,500	—	12,500
	15,124	3,562	12,650
Total debtors	297,112	285,344	290,799

Group trade debtors include transfer fees receivable from other football clubs of £8,890,000 (June 2009: £10,293,000), excluding value added tax, of which £2,624,000 (30 June 2009: £150,000) is receivable after more than one year.

10 Creditors—amounts falling due within one year

	Unaudited 30 September 2009 £'000	Unaudited 30 September 2008 £'000	Audited 30 June 2009 £'000
Borrowings and associated costs (note 12)	10,155	7,087	10,151
Trade creditors	18,992	10,485	38,626
Corporation tax	2,500	1,753	2,500
Social security and other taxes	5,809	4,669	6,510
Other creditors	256	134	167
Accruals	24,142	21,589	16,766
Amounts due to parent and fellow subsidiary undertakings	20,975	12,837	23,528
	82,829	58,554	98,248

Group trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £14,763,000 (30 June 2009: £28,942,000).

11 Creditors—amounts falling due after more than one year

	Unaudited 30 September 2009 £'000	Unaudited 30 September 2008 £'000	Audited 30 June 2009 £'000
Borrowings and associated costs (note 12)	499,540	511,833	499,341
Other borrowings (note 12)	5,000	5,000	5,000
Trade creditors	4,200	15,757	4,209
Other creditors	1,143	1,312	1,184
Accruals	—	705	—
	509,883	534,607	509,734

Group trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £4,200,000 (30 June 2009: £4,209,000).

12 Borrowings

	Unaudited 30 September 2009 £'000	Unaudited 30 September 2008 £'000	Audited 30 June 2009 £'000
Secured bank loans	509,695	518,920	509,942
Other borrowings	5,000	5,000	5,000
	514,695	523,920	514,492
Maturity of financial liabilities:			
Less than one year	10,155	7,087	10,151
In more than one year but not more than two years . . .	13,173	10,155	13,169
In more than two years but not more than five years . .	111,977	50,880	111,686
In more than five years	379,390	455,798	379,486
	514,695	523,920	514,492
Analysis of changes in borrowings:			
At 1 July	514,492	523,695	523,695
Amortisation of debt issue costs	275	275	1,100
Increase in borrowings	—	—	25,000
Repayment of borrowings	(72)	(50)	(35,303)
At 30 September/30 June	514,695	523,920	514,492

13 Provisions for liabilities and charges

(a) Deferred taxation

The provision for deferred taxation comprises:

	Unaudited 30 September 2009 £'000	Unaudited 30 September 2008 £'000	Audited 30 June 2009 £'000
Accelerated capital allowances	(2,379)	534	(559)
Short term timing differences	(748)	(534)	(747)
Rolled over gain on player disposal	18,874	—	18,874
	15,747	—	17,568

The movements in deferred tax balances during the period were as follows:

	£'000
At 1 July 2009	17,568
Amount credited to the profit and loss account	(1,821)
At 30 September 2009	15,747

(b) Other provisions

The other provisions relate to an onerous lease and the movement during the period was as follows:

	Unaudited 30 September 2009 £'000	Unaudited 30 September 2008 £'000	Audited 30 June 2009 £'000
At 1 July	1,091	1,335	1,335
Utilised	(129)	(107)	(691)
Charged	—	299	325
Movements on foreign exchange	(21)	—	122
At 30 September/30 June	941	1,527	1,091

14 Share capital

	Unaudited 30 September 2009 £	Unaudited 30 September 2008 £	Audited 30 June 2009 £
Authorised:			
1,000,000 ordinary shares of £0.0001 each	100	100	100
Allotted, called up and fully paid:			
990,002 ordinary shares of £0.0001 each	99	99	99

15 Reserves

	Share premium reserve £'000	Revaluation reserve £'000	Joint venture acquisition reserve £'000	Other reserve £'000	Profit and loss reserve £'000
At 1 July 2009	547,139	(2,022)	2,463	566	(89,695)
Loss for the 3 month financial period	—	—	—	—	(7,710)
Exchange gains on overseas subsidiary	—	—	—	—	8
At 30 September 2009	547,139	(2,022)	2,463	566	(97,397)

	Share premium reserve £'000	Revaluation reserve £'000	Joint venture acquisition reserve £'000	Other reserve £'000	Profit and loss reserve £'000
At 1 July 2008	547,139	—	2,463	566	(115,166)
Loss for the 3 month financial period	—	—	—	—	(20,754)
Exchange gains on overseas subsidiary	—	—	—	—	5
At 30 September 2008	547,139	—	2,463	566	(135,915)

16 Reconciliation of movements in equity shareholders' funds

	Unaudited three months to 30 September 2009 £'000	Unaudited three months to 30 September 2008 £'000	Audited year ended 30 June 2009 £'000
(Loss)/profit for the financial period	(7,710)	(20,754)	25,587
Exchange gains/(losses) on overseas subsidiary . .	8	5	(116)
Investment revaluation deficit	—	—	(2,022)
Net (reduction)/increase to shareholders' funds . .	(7,702)	(20,749)	23,449
Opening shareholders' funds	458,451	435,002	435,002
Closing shareholders' funds	450,749	414,253	458,451

17 Commitments

	<1 year £'000	1-5 years £'000	>5 years £'000
Senior Secured Facilities	10,155	125,150	379,390
Player Transfer commitments	14,763	4,201	—
Total	24,918	129,351	379,390

Note — player transfer commitments reflect only contractual payments. The figure does not include contingent payments, as the maturity of these cannot be determined as it relies on uncertain future events.

(a) Operating lease commitments

Under the terms of operating leases to which the Group is party to, annual amounts of £970,000 are committed. Of the total commitment £430,000 relates to a commitment expiring within one to five years from 30 September 2009 and £540,000 relates to a commitment expiring within more than five years from 30 September 2009.

(b) Contingent transfer fees payable

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by the Group if certain conditions are met. Where a part of the consideration payable on acquiring a player's registration is contingent on a future event, this amount is recognised once it is probable, rather than possible, that the event will occur and is amortised from the date at which the contingent payment becomes probable. The maximum amount that could be payable under contracted contingent transfer fees is £13.7 million as at 30 September 2009.

At 30 September 2009 the potential amount payable by type of condition and category of player was:

Type of condition	First team squad £'000	Other £'000	Total £'000
MUFC appearances/new contract	9,043	3,622	12,665
International appearances	800	235	1,035
	9,843	3,857	13,700

(c) Derivative contracts

The Group had entered into derivative contracts for both foreign currency and interest rate swaps. The amounts committed to as at 30 September 2009 are as follows:

Foreign currency derivative contracts as at 30 September 2009:

Currency	Principal Value (£'000)
Euro	18,798

Interest rate swaps:

Principal Value (£'000)	Rate received	Rate paid	Expiry date
450,000	6 month Libor	Fixed 5.0775%	31 December 2013
225,000	1 month libor + 0.52%	6 month libor	31 December 2009
150,000	1 month libor + 0.53%	6 month libor	31 December 2009
75,000	1 month libor + 0.50%	6 month libor	31 December 2009
*7,713–7,166	3 month libor	Fixed 5.25%	7 April 2011
*7,166–4,199	3 month libor	Fixed 6.1%	9 July 2018

* The principal value of the swaps reduces in accordance with the loan repayment terms.

18 Post balance sheet events

Subsequent to the balance sheet date, the playing registrations of certain players were acquired for a total consideration, including associated costs, of £159,137.

RED FOOTBALL LIMITED
Annual Report and financial statements
for the year ended 30 June 2009

Red Football Limited

Directors' report for the financial year ended 30 June 2009

The directors present their report of the audited Group and Company financial statements for the year ended 30 June 2009.

Principal activity

The principal activity of the Group continues to be the operation of a professional football club together with related and ancillary activities.

The subsidiary undertakings principally affecting the profits or net assets of the Group in the year are listed in note 12 to the financial statements.

Business review

Group turnover for the year was £278.5 million (2008: £256.2 million). Operating profit before depreciation and amortisation of intangible fixed assets for the year was £91.3 million (2008: £80.4 million). Profit before tax for the year was £48.2 million (2008: Loss of £21.4 million).

The Manchester United team maintained a very high level of performance on the pitch, winning the Premier League for the third consecutive season, winning the Carling Cup, and finishing runners up in the Champions League. In addition to this, the team were crowned World Club Champions.

During the year Old Trafford staged 34 Manchester United home games (including 6 Champions League, 5 domestic cup, 2 rugby matches, 1 friendly and the Ole Gunnar Solskjaer testimonial).

Manchester United secured a new shirt sponsorship deal during the year with Aon who will become the new principal shirt sponsor and will succeed AIG from the commencement of the 2010/11 season. Manchester United also welcomes a number of significant new commercial partners, including PT Hutchison CP Telecommunications, Bharti Airtel Limited and Hublot SA as our official time keeping partner. In addition, we welcome back Audi as our car partner.

At 30 June 2009 the Group had net debt of £364.0 million (2008: £473.9 million) and had net cash inflows from operating activities in the year of £111.2 million (2008: £88.2 million).

Strategy

The four key elements to the Group's strategy for growth are:

- Maintaining playing success
- Treating fans as customers
- Leveraging the global brand
- Developing club media rights

Summary of key performance indicators for 2008/09

Description	Target	Achieved	Detail
Team performance . . .	Minimum third place finish in the Premier League	Y	FAPL winners
	Last 16 of the Champions League	Y	Champions league runners up
	Last 8 of domestic cup competitions	Y	FA Cup semi-finalists Carling Cup winners
EBITDA margin	≥30 percent	Y	33%
Wages/turnover	≤50 percent	Y	44%
Matchday income	Maximum achievable attendance at home Premier League and Champions League matches	Y	Premier League and UEFA Champions league home games sold out
Media income	Club owned media rights growth	Y	37% increase
Commercial income . .	Sponsorship income growth	Y	48% sponsorship growth (excl. kit and shirt sponsorship income)
CRM fan records	Customer base growth	Y	11% increase

Future developments and outlook for 2009/10

- Over 62,000 season tickets were sold before the start of the 2009/10 season.
- The team qualified for the UEFA Champions League for the 14th consecutive season by finishing 1st in the Premier League in 2008/09.
- The Company continues to explore new commercial opportunities within the United Kingdom and overseas to further leverage the Manchester United brand.

Risks and uncertainties

Management has responsibility for the identification and evaluation of significant risks applicable to their area of business. The Board continually assesses risks to the Group through regular management meetings and the monthly review of financial statements. The key business risks and uncertainties affecting the Group are considered to relate to maintaining playing success, compliance with the financial covenants, recruitment and retention of key employees (including playing and coaching staff) and the safety and security of supporters at the Old Trafford stadium.

Financial risk management

The Group's operations are exposed to a variety of financial risks that include credit risk, currency risk, liquidity risk and interest rate cash flow risk. The Board reviews and agrees policies for managing these risks which are then implemented by the finance department. The policies have remained unchanged throughout the year and are summarised below:

- Credit risk
Where considered appropriate, the Group performs credit checks using an external credit rating agency to evaluate the credit risk of potential customers. In relation to significant one-off transactions such as transfer agreements or sponsorship contracts, the Group reviews the credit risk based on information available and obtains bank guarantees where necessary.

- **Currency risk**
The Group enters into forward contracts to purchase and sell foreign currency on sales and purchase transactions (including player transfers) where considered appropriate in order to minimise the impact of currency movements on the Group's financial performance.
- **Liquidity risk**
The Group maintains a mixture of long-term and short-term debt finance in order to ensure that it has sufficient funds available for short-term working capital requirements and for investment in the playing squad and other capital projects. In addition, the Group's borrowings have a spread of maturity periods in order to minimise the risk of uncertain funding in its operations.
- **Interest rate cash flow risk**
The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, which earn interest at a variable rate. Interest bearing liabilities include bank term loans and a revolving credit facility. The Group has a policy of maintaining a large proportion of its debt at a fixed rate, by entering into interest rate swaps, in order to ensure certainty of future interest cash outflows. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Post balance sheet events

Details of significant events since the balance sheet date are contained in note 30 to the financial statements.

Dividends

An interim dividend was not paid during the year (2008: £nil). The directors do not recommend the payment of a final dividend (2008: £nil).

The profit after taxation and minority interests of £25.6 million (2008: Loss of £26.3 million) has been transferred to reserves.

Directors

The directors who held office throughout the year (unless otherwise indicated) and at 30 June 2009 were as follows:

J Glazer (Chairman)

A Glazer

B Glazer

D Glazer

E Glazer

K Glazer

M Nusbaum

Company Secretary

W Sondericker

Qualifying third party indemnity provisions

At the time the report was approved a qualifying third party indemnity provision made by the Group was in place for the directors of Red Football Shareholder Limited and its subsidiary companies.

Differences between market and balance sheet value of land and buildings

The directors consider that the market value of interests in freehold property is at least that shown as the net book value of the assets. A valuation on a depreciated replacement cost basis, as reported on by Dunlop Haywards Limited, Consultant Surveyors, as at 30 June 2006, showed a valuation surplus, not incorporated in these financial statements, in the order of £107 million.

Charitable and political donations

Charitable donations during the year amounted to £380,161 (2008: £388,000). In line with Group policy, no donations were made for political purposes (2008: £nil).

The beneficiary of £355,161 (2008: £363,000) of donations made during the year was the Manchester United Foundation ("the Foundation") which was launched in 2006/07 and has received charitable status. The Foundation is supported by Manchester United Limited, in that it has a license to use Manchester United Football Club's brand, and also certain rights to use the Club's ground at Old Trafford. Manchester United Limited is also a significant donor to the Foundation. The purpose of the Foundation, through its trading subsidiary, is to operate commercial activities using the Manchester United name, the profits from which will be used to support local and national official charity partners.

During the year, a £25,000 (2008: £25,000) donation was made to the Hospice of Hope Romania Limited (2008: British Olympic Association). The 2009 donation was made specifically to their hospice in Belgrade, following on from a Charity game held there to commemorate 50 years of European football at the Club.

Employment policies

The Group is committed to its 'people philosophy' and, as a result, to promoting policies to ensure that employees and applicants for employment are treated fairly and consistently. The Group has an equal opportunities policy, the aim of which is not to discriminate against employees or applicants for employment on the grounds of age, disability, ethnic origin, nationality or national origin, religion, race, gender, sexual orientation, marital status or family circumstances. Entry into and progression within the Group is determined solely by the job criteria and personal ability/competence.

The Group also seeks to apply best practice in the employment, training, development and promotion of disabled persons. The Group takes seriously its statutory obligations relating to disabled persons and seeks not to discriminate against current or prospective employees because of a reason relating to their disability. If an existing employee becomes disabled, such steps that are practical and reasonable are taken, in respect of adjustments to premises or employment arrangements, to retain him/her in employment. Where appropriate, rehabilitation and suitable training are given.

Employees are regularly updated on the performance of the Group. This is achieved through a broad base of communications including staff briefings, announcements and the staff newsletter 'RedLines'. Employees' views are sought through staff surveys and action plans are then developed to target priority for improvement areas. The Group is continuing with its focus on reward and recognition of performance as one of these priorities for improvement and its focus on a total reward strategy which has three principal components: compensation (pay package), benefits and the work experience. Schemes are continually introduced focusing on rewarding individual performance.

The Group has established its Vision and Values and these are communicated to all employees. Our Vision and Values are directly linked to performance and development review procedures, training and organisational change programmes and reward and recognition initiatives, which apply to all our employees.

Environmental policies

Manchester United recognises its responsibility to ensure a safe and healthy environment and will endeavour to maintain sound environmental performance through the continued maintenance of our proactive environmental management system, which is integrated into our overall business activities.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and Group and of the profit or loss of the Company and Group 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that the above requirements have been complied with in the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Company and the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

Each director in office at the date of approval confirms:

- a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- b) each director has taken all the steps necessary as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to be reappointed for another term and appropriate arrangements have been put in place for them to be deemed reappointed as auditors in the absence of an Annual General Meeting.

Approved by the Board and signed on its behalf by:

J Glazer**Director**

Registered office:
Sir Matt Busby Way
Old Trafford
Manchester
M16 0RA

Company registered in England and Wales No. 05370076
30 September 2009

Independent auditors' report to the members of Red Football Limited

We have audited the Group and parent company financial statements (the "financial statements") of Red Football Limited for the year ended 30 June 2009 which comprise the Consolidated profit and loss account, the Consolidated statement of total recognised gains and losses, the Consolidated and Company balance sheets, the Consolidated cash flow statement, the Consolidated cash flow from operating activities 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).

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page F-22, 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 Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Sections 495 and 496 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by directors; and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 30 June 2009 and of the Group's profit and cash flows for the year 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or

- the parent company 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.

S M Walton (Senior Statutory Auditor)

For and on behalf of PricewaterhouseCoopers LLP

Chartered Accountants and Auditors

Manchester

30 September 2009

Red Football Limited

Consolidated profit and loss account

		Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
	Note		
Turnover: Group and share of joint venture		278,476	257,116
Less: share of joint venture		—	(877)
Group turnover	2	278,476	256,239
Operating expenses—other	3	(268,289)	(254,823)
Operating expenses—exceptional items	4	(837)	(490)
Total operating expenses		(269,126)	(255,313)
Group operating profit		9,350	926
		9,350	926
Share of operating profit in:			
—Joint Venture		—	2
—Associate		—	91
Total operating profit: Group and share of joint venture and associate		9,350	1,019
Profit on disposal of associate		—	1,209
Profit on disposal of players		80,724	21,831
Profit before interest and taxation		90,074	24,059
Net interest payable	5	(41,889)	(45,496)
Profit/(loss) on ordinary activities before taxation		48,185	(21,437)
Taxation	7	(22,681)	(5,072)
Profit/(loss) on ordinary activities after taxation		25,504	(26,509)
Equity minority interests		83	254
Profit/(loss) for the financial year	23	25,587	(26,255)

The results for both the current year and prior year derive from continuing activities with the exception of the associate that was sold in April 2008. The results for the associate have been separately disclosed in the consolidated statement of total recognised gains and losses.

There is no material difference between the profit/(loss) on ordinary activities before taxation and the profit/(loss) for the year stated above and their historical cost equivalents.

The accompanying notes on pages F-33 to F-52 are an integral part of these financial statements.

Red Football Limited

Consolidated statement of total recognised gains and losses

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Profit/(loss) for the financial year		
—Group	25,587	(26,232)
—Joint venture	—	(114)
—Associate	—	91
	25,587	(26,255)
—Exchange loss on revaluation of overseas subsidiary	(116)	(169)
—Transfer on acquisition of previously held joint venture	—	(334)
—Investment property revaluation deficit	(2,022)	—
Total recognised gains/(losses) in the year	23,449	(26,758)

The accompanying notes on pages F-33 to F-52 are an integral part of these financial statements.

Red Football Limited

Consolidated balance sheet

	Note	At 30 June 2009 £'000	At 30 June 2008 £'000
Fixed assets			
Intangible assets—goodwill	9	386,065	421,453
Intangible assets—players' registrations	10	113,406	92,739
Tangible assets	11	253,206	260,784
		<u>752,677</u>	<u>774,976</u>
Current assets			
Stock	13	279	283
Debtors—amounts falling due within one year	14	278,149	263,060
Debtors—amounts falling due after more than one year	14	12,650	10,460
Cash at bank and in hand		150,530	49,745
		<u>441,608</u>	<u>323,548</u>
Creditors—amounts falling due within one year	15	(98,248)	(72,494)
Net current assets		<u>343,360</u>	<u>251,054</u>
Total assets less current liabilities		<u>1,096,037</u>	<u>1,026,030</u>
Creditors—amounts falling due after more than one year	16	(509,734)	(519,779)
Provision for liabilities and charges			
Deferred taxation	18a	(17,568)	(351)
Other provisions	18b	(1,091)	(1,335)
Accruals and deferred income			
Deferred grant income	19	(380)	(448)
Other deferred income	20	(111,757)	(71,976)
Net assets		<u>455,507</u>	<u>432,141</u>
Capital and reserves			
Called up share capital	21	—	—
Share premium reserve	22	547,139	547,139
Other reserves	22	1,007	3,029
Profit and loss reserve	22	(89,695)	(115,166)
Total shareholders' funds	23	458,451	435,002
Minority interests		<u>(2,944)</u>	<u>(2,861)</u>
Capital employed		<u>455,507</u>	<u>432,141</u>

The financial statements on pages F-27 to F-52 were approved by the Board of directors on 30 September 2009 and signed on its behalf by:

J Glazer
Director

The accompanying notes on pages F-33 to F-52 are an integral part of these financial statements.

Red Football Limited

Company balance sheet

	Note	At 30 June 2009 £'000	At 30 June 2008 £'000
Fixed assets			
Investments	12	809,143	809,143
Current assets			
Debtors	14	237,367	233,409
Creditors—amounts falling due within one year	15	(143,143)	(96,098)
Net current assets		94,224	137,311
Total assets less current liabilities		903,367	946,454
Creditors—amounts falling due after more than one year	16	(491,857)	(503,845)
Net assets		411,510	442,609
Capital and reserves			
Called up share capital	21	—	—
Share premium reserve	22	547,139	547,139
Profit and loss reserve	22	(135,629)	(104,530)
Total shareholders' funds	23	411,510	442,609

The financial statements on pages F-27 to F-52 were approved by the board of directors on 30 September 2009 and signed on its behalf by:

J Glazer
Director

The accompanying notes on pages F-33 to F-52 are an integral part of these financial statements.

Red Football Limited

Consolidated cash flow statement

	Note	Year ended 30 June 2009		Year ended 30 June 2008	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities			111,186		88,195
Returns on investments and servicing of finance					
Interest received		1,260		1,011	
Interest paid		(41,772)		(59,693)	
Net cash outflow from returns on investments and servicing of finance			(40,512)		(58,682)
Taxation received/(paid)			236		(205)
Capital expenditure and financial investment					
Proceeds from sale of players' registrations		99,180		19,301	
Purchase of players' registrations		(55,220)		(45,751)	
Proceeds from sale of tangible fixed assets		28		183	
Purchase of tangible fixed assets		(3,810)		(16,754)	
Net cash inflow/(outflow) from capital expenditure and financial investment			40,178		(43,021)
Acquisitions and disposals					
Purchase of shares in subsidiary undertaking		—		(2,615)	
Net cash acquired with subsidiary undertaking		—		113	
Proceeds from sale of investments		—		1,581	
Net cash outflow from acquisitions and disposals			—		(921)
Net cash inflow/(outflow) before use of liquid resources and financing			111,088		(14,634)
Financing					
Increase in borrowings		25,000		23,000	
Repayment in borrowings		(35,303)		(19,950)	
Increase in loan to parent company		—		(50)	
Purchase of loan stock		—		(750)	
Net cash (outflow)/inflow from financing			(10,303)		2,250
Increase/(decrease) in net cash in the year	24		100,785		(12,384)

The accompanying notes on pages F-33 to F-52 are an integral part of these financial statements.

Red Football Limited

Consolidated cash flow from operating activities

Reconciliation of operating profit to net cash inflow from operating activities:

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Net cash generated from operating activities		
Group operating profit before exceptional items	10,187	1,416
Exceptional items (cash expended)	(190)	(300)
Depreciation charges	8,875	8,720
Amortisation of players' registrations	37,641	35,481
Amortisation of goodwill	35,388	35,258
Profit on disposal of tangible fixed assets	(23)	(81)
Grants released	(68)	(80)
Decrease/(increase) in stocks	4	(99)
Increase in debtors	(13,606)	(11,541)
Increase in creditors and deferred income	33,222	19,497
Decrease in provisions	(244)	(76)
Net cash inflow from operating activities	111,186	88,195

The operating cash flows include an outflow of £190,000 (2008: £300,000) which relates to the exceptional termination costs accounted for within the 2008 financial statements.

The accompanying notes on pages F-33 to F-52 are an integral part of these financial statements.

Red Football Limited

Notes to the financial statements for the year ended 30 June 2009

1. Accounting policies

The financial statements have been prepared using the accounting policies described below which have been applied consistently across the Group throughout the year.

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and have been drawn up to comply with applicable accounting standards in the United Kingdom and the Companies Act 2006.

Basis of consolidation

The accounts combine the results of Red Football Limited and all its subsidiary undertakings using acquisition accounting. Subsidiary undertakings are those undertakings that Red Football Limited exerts control over. Undertakings, other than subsidiary undertakings, in which the Group has an investment of at least 20% of the shares, and over which it exerts significant influence, are treated as associates. Entities in which the Group holds an interest on a long-term basis, and which are jointly controlled by the Group and other parties, are treated as joint ventures. The results for the joint venture and associate are based upon management accounts up to the date of disposal/acquisition. Inter-company transactions, balances and unrealised gains/losses on transactions between Group companies are eliminated.

Joint venture

The comparative Group profit and loss account includes the Group's share of turnover, operating loss and interest charges of the joint venture.

True and fair override

In the year ended 30 June 2008, the Group adopted a true and fair override of Companies Act requirements, as permitted by FRS 2, in relation to the acquisition of 33.3% of MUTV Limited by recognising each step of the 'acquisition' separately for acquisition accounting purposes. This gave rise to an adjustment to the initial investment to fair value through the creation of a revaluation reserve of £2.463 million. Had this been accounted for under Companies Act requirements a further £2.607 million of goodwill would have been recognised on acquisition.

Associates

The comparative Group profit and loss account includes the Group's share of the operating result and interest charges of the associate.

Goodwill

On the acquisition of a subsidiary undertaking, fair values are attributed to the net assets acquired. Goodwill, which represents the difference between the purchase consideration and the fair value of net assets acquired is capitalised and amortised through the profit and loss account on a straight-line basis over its estimated useful economic life of 15 years.

Estimated useful economic life is determined after taking into account such factors as the nature and age of the business, the strength of the underlying brands and the stability of the industry in which the acquired business operates, as well as the typical life span of the acquired products to which the goodwill attaches.

Goodwill acquired is subject to an impairment review at the end of the first year following an acquisition, and at any other time if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover represents income receivable from the Group's principal activities excluding transfer fees and value added tax. Turnover is analysed between matchday, Media and Commercial.

Matchday

Matchday turnover comprises income receivable from all matchday activities from Manchester United games at Old Trafford, together with the Club's share of gate receipts from cup matches not played at Old Trafford and fees receivable for the team undertaking pre-season tours and for arranging other events at the Old Trafford stadium. The share of gate receipts payable to the other participating club and competition organiser for domestic cup matches played at Old Trafford is treated as an operating expense.

Media

Media turnover represents income receivable from all UK and overseas media contracts, including contracts negotiated centrally by the Premier League and UEFA. In addition, media turnover includes income received by the exploitation of Manchester United media rights through the internet or wireless applications.

Premier League Merit awards are only recognised when they are known at the end of the football season. UEFA pool distributions relating to participation in the Champions League are spread over the matches played in the competition whilst distributions relating to team performance are recognised to the extent they are certain.

Commercial

Commercial turnover comprises income receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements, including minimum guaranteed income, together with amounts receivable for the use of the conference and catering facilities at the Old Trafford stadium on non-matchdays. Any additional income receivable over and above the minimum guaranteed income contained in the sponsorship and licensing agreements is taken to turnover when it is probable that the amounts will not be recouped by the sponsor in the future years. Commercial revenue is recognised on a contractual basis, when it is considered that the contractual basis fairly reflects the level of activity and benefits of the contract.

Deferred income

Income from matchday activities, media and commercial contracts, which has been received prior to the period end in respect of future football seasons, is treated as deferred income.

Tangible Fixed Assets and Investment Properties

Tangible fixed assets are stated at cost less depreciation. Cost includes only those costs directly attributable to bring the asset into working condition for its intended use.

Depreciation is provided on tangible fixed assets at annual rates appropriate to the estimated useful economic lives of the assets, as follows:

	Reducing balance	Straight line
Freehold land	Nil	Nil
Freehold buildings	1.33%	75 years
Assets in the course of construction	Nil	Nil
Computer equipment and software	33%	3 years
Plant and machinery	20%-25%	4-5 years
General fixtures and fittings	15%	7 years

Tangible fixed assets acquired prior to and including 31 July 1999 are depreciated on a reducing balance basis at the rates stated above. Tangible fixed assets acquired on or after 1 August 1999 are depreciated on a straight line basis at the rates stated above.

Investment properties are included in the balance sheet at their open market value at the balance sheet date, on the basis of a professional revaluation undertaken every five years.

The directors consider that the carrying value of the investment properties fairly reflects the market value at the balance sheet date, based on an internal annual assessment undertaken by an employee of the Manchester United Limited group holding a recognised professional qualification.

An external valuation is performed at least every five years. For investment properties purchased prior to May 2005 this will take place in the year to 30 June 2010, five years on from the previous valuation performed in 2005. The next external valuation for investment properties purchased in June 2008 will take place no later than June 2013.

Depreciation is not provided for on investment properties. This treatment, as regards certain of the Company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation and amortisation is only one of the many factors reflected in the valuation and the amount which might otherwise have been cannot be separately identified or quantified.

Stocks

Stocks comprising raw materials, consumables and goods held for resale are valued at the lower of cost and net realisable value.

Intangible fixed assets—players' registrations

The costs associated with the acquisition of players' registrations are capitalised at cost as intangible fixed assets. Costs include transfer fees, FAPL levy fees, agents fees and other directly attributable costs. These costs are fully amortised over the period covered by the player's initial contract.

Where a playing contract is extended, any costs associated with securing the extension are added to the unamortised balance (at the date of the amendment) and that book value is amortised over the remaining revised contract life.

Where a part of the consideration payable on acquiring a player's registration is contingent on a future event, this amount is recognised once it is probable, rather than possible, that the event will occur and is amortised from the date at which the contingent payment becomes probable. The total amount which is currently considered possible but not probable is disclosed in note 27b.

Where a sale transaction for a players' registration is in progress at the balance sheet date but completed by the date the accounts are approved and the amount of net proceeds is less than the carrying value of that registration, a provision for the loss on disposal is included in the financial statements, within the disposal of players category in the profit and loss account. An assessment is also made of directly attributable disposal costs and related onerous contract costs, such amounts are provided and included within the disposal of players category in the profit and loss account.

Proceeds from the temporary transfer of players' registrations to other clubs are offset against their respective staff costs.

Signing-on fees

Staff costs include signing-on fees payable to players representing part of their remuneration which are charged to the profit and loss account evenly over the period covered by the player's contract.

Grants

Grants receivable from the Football Trust and the former Football Grounds Improvement Trust in respect of capital expenditure are treated as deferred income and released to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant. Deferred grant income in the balance sheet represents total grants received less amounts credited to the profit and loss account.

Taxation

Corporation tax payable is provided on taxable profit at the current tax rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements.

A net deferred tax asset is regarded as recoverable and therefore recognised only to the extent that, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of underlying timing differences can be deducted.

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

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities held at the year end are translated at year-end exchange rates, or the exchange rate of a related forward exchange contract where appropriate. The resulting exchange gain or loss is taken to the profit and loss account.

Provisions

Provision is made for the anticipated net costs of onerous leases on non-trading properties. The provision will be represented by the payment of costs, shortfalls on sub-tenanted property and expenses of early termination.

Investments

Investments in subsidiary undertakings in the Company balance sheet are included at cost less any provision for impairment in value.

Financial instruments

The Group uses derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange rates and interest rates. Derivative instruments utilised by the Group include forward currency contracts and interest rate swaps. The impact on profit is deferred until the underlying transaction is recognised in the profit and loss account.

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Any premiums received at the inception of the lease are recognised on a straight-line basis over the life of the lease.

Rentals receivable under operating leases are credited to the profit and loss account on a straight line basis over the lease term. Any lease incentives given are recognised on a straight-line basis over the life of the lease.

Pension costs

Contributions to money purchase pension schemes are charged to the profit and loss account as they fall due.

Bank loans

Bank loans are stated at the amount repayable at the balance sheet date, net of directly attributable issue costs which are amortised over the estimated useful life of the relevant loans.

2. Group turnover

Turnover, all of which arises from the Group's principal activity, can be analysed into its main components as follows:

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Matchday	108,799	101,468
Media	99,735	90,723
Commercial	69,942	64,048
	278,476	256,239

Turnover, all of which originates in the United Kingdom, can be analysed by destination as follows:

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
United Kingdom	272,021	252,887
Rest of world	6,455	3,352
	278,476	256,239

Media income from European competitions is distributed by the FA and is therefore classified as being of United Kingdom origin and destination.

The Group's activities are managed as one business and, as such, the operating expenses are not separately identifiable to any particular segment. As a result, no segmental analysis of operating performance or net assets is provided.

3. Operating expenses—other

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Operations excluding player amortisation and trading:		
Staff costs (note 6)	123,120	121,080
Depreciation—owned assets (note 11)	8,875	8,720
Amortisation of goodwill (note 9)	35,388	35,258
Operating lease costs—land and buildings	741	424
Operating lease costs—other	173	173
Other operating charges	61,841	53,970
Auditors' remuneration: audit services	136	128
Auditors' remuneration: non-audit services	528	681
Exchange gains on retranslation	(63)	(931)
Grants released (note 19)	(68)	(80)
Profit on disposal of tangible fixed assets	(23)	(81)
	230,648	219,342
Player amortisation:		
Amortisation of players' registrations (note 10)	37,641	35,481
	268,289	254,823
Auditors' remuneration for non-audit services comprised:		
Taxation advice	528	444
Corporate finance advice	—	237
	528	681

Company

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Auditors' remuneration: audit services	23	22
Auditors' remuneration for non audit services comprised:		
Taxation advice	253	237
Corporate finance advice	—	159
	276	418

4. Operating expenses—exceptional items

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Football League pension scheme deficit	837	—
Termination payments to former directors	—	490
	837	490

Included within the above are compensation payments amounting to £nil (2008: £200,000).

5. Net interest payable

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Interest payable on bank loans and overdrafts	(42,106)	(45,361)
Amortisation of debt issue costs	(1,100)	(1,100)
Group interest and similar charges payable	(43,206)	(46,461)
Share of joint venture interest payable	—	(116)
Total interest and similar charges payable	(43,206)	(46,577)
Total interest receivable	1,317	1,081
Net interest payable and similar items	(41,889)	(45,496)

6. Staff costs

The average monthly number of employees during the year, including directors, was as follows:

Group	Year ended 30 June 2009 Number	Year ended 30 June 2008 Number
By activity:		
Players	62	68
Ground staff	110	107
Ticket office and membership	106	82
Catering	70	71
Administration and other	243	216
Average monthly number of employees	591	544

The Group also employs approximately 2,012 temporary staff (2008: 1,704).

Particulars of employee costs, including directors, are as shown below:

	Group		Company	
	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Wages and salaries	109,567	107,871	—	425
Social security costs	12,325	12,116	—	33
Other pension costs	1,228	1,093	—	15
	123,120	121,080	—	473

No directors received any emoluments in respect of services for the Company during the year (2008: none).

7. Taxation

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Current tax		
Corporation tax at 28% (2008: 29.5%) on the profit/(loss) for the year	7,452	6,886
Foreign tax suffered	44	15
Adjustment in respect of prior years	(2,032)	—
Total current tax	5,464	6,901
Deferred tax		
Origination and reversal of timing differences (note 18a)	17,217	(1,793)
Adjustment in respect of prior years	—	(36)
Total deferred tax	17,217	(1,829)
Tax on profit/(loss) on ordinary activities	22,681	5,072

The tax rate for the period is lower (2008: higher) than that resulting from applying the standard rate of corporation tax in the UK of 28% (2008: 29.5%). A reconciliation of current tax is shown below:

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Profit/(loss) on ordinary activities before tax	48,185	(21,437)
Profit/(loss) on ordinary activities multiplied by the standard rate of 28% (2008: 29.5%)	13,492	(6,324)
Effects of:		
—Change in tax rate of deferred tax	—	116
—Adjustment to tax in respect of previous years	(2,032)	—
—Expenses not deductible for tax purposes	1,069	603
—Goodwill amortisation	9,909	10,401
—Foreign tax suffered	44	15
—Capital allowances, rolled over gain on player disposal and other timing differences	(17,217)	1,793
—Deferred tax asset not recognised	199	297
Total Current Tax	5,464	6,901

8. Profits of holding company

The directors have taken advantage of the exemption available under Section 408 of the Companies Act 2006 and have not presented a profit and loss account for the company alone. The Company's loss for the period was £31,099,000 (2008: £36,733,000).

9. Intangible assets—goodwill

Group	Total £'000
Cost	
At 1 July 2008 and 30 June 2009	530,822
Accumulated amortisation	
At 1 July 2008	109,369
Charge for the year	35,388
At 30 June 2009	144,757
Net book amount	
At 30 June 2009	386,065
At 30 June 2008	421,453

The Company had no intangible fixed assets relating to goodwill (2008: £nil).

10. Intangible assets—players' registrations

Group	Total £'000
Cost	
At 1 July 2008	201,412
Additions	61,802
Disposals	(40,908)
At 30 June 2009	222,306
Accumulated amortisation	
At 1 July 2008	108,673
Charge for the year	37,641
Disposals	(37,414)
At 30 June 2009	108,900
Net book amount	
At 30 June 2009	113,406
At 30 June 2008	92,739

The Company had no intangible fixed assets relating to players' registrations (2008: £nil).

11. Tangible assets

Group	Investment Property £'000	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost or valuation					
At 1 July 2008	11,762	252,559	30,453	16,309	311,083
Additions	—	101	1,054	2,169	3,324
Revaluation	(2,022)	—	—	—	(2,022)
Disposals	—	—	(188)	(37)	(225)
Transfers	—	(425)	425	—	—
At 30 June 2009	9,740	252,235	31,744	18,441	312,160
Accumulated depreciation					
At 1 July 2008	—	17,751	21,807	10,741	50,299
Charge for the year	—	3,282	4,315	1,278	8,875
Disposals	—	—	(183)	(37)	(220)
At 30 June 2009	—	21,033	25,939	11,982	58,954
Net book amount					
At 30 June 2009	9,740	231,202	5,805	6,459	253,206
At 30 June 2008	11,762	234,808	8,646	5,568	260,784

The Company had no tangible fixed assets (2008: £nil).

Investment properties were valued on an open market existing use basis at 30 June 2009. The assessment was undertaken by an employee of Manchester United Limited group holding a recognised professional qualification. The change in market value of the investment property is expected to be temporary and has therefore been taken to the Consolidated statement of total recognised gains and losses.

12. Investments

Company

	Subsidiary Undertakings £'000	Total £'000
Cost and net book amount		
At 1 July 2008 and 30 June 2009	809,143	809,143

The following companies are the principal subsidiary undertakings of the Group at 30 June 2009:

Subsidiaries	Country of incorporation and operation	Principal activity	Description of share classes owned
*Red Football Junior Limited	England and Wales	Holding company	100% Ordinary
*Manchester United Limited	England and Wales	Holding company	100% Ordinary
Manchester United Football Club Limited	England and Wales	Professional football club	100% Ordinary
Manchester United Interactive Limited	England and Wales	Media company	100% Ordinary
Manchester United Commercial Enterprises (Ireland) Limited	Ireland	Property investment	100% Ordinary
Alderley Urban Investments Limited	England and Wales	Property investment	100% Ordinary
MUTV Limited	England and Wales	Subscription TV channel	66.7% Ordinary

* Direct investment of Red Football Limited, others are held by subsidiary undertakings.

The directors believe that the net book value of investments is supported by their underlying net assets.

13. Stock

	30 June 2009 £'000	30 June 2008 £'000
Group		
Raw materials and consumables	37	40
Goods held for resale	242	243
	279	283

The Company had no stock (2008: £nil).

14. Debtors

	Group		Company	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Trade debtors	26,230	28,431	—	—
Amounts due from parent and fellow subsidiary undertakings	236,649	220,573	237,367	233,409
Other debtors	1,689	1,145	—	—
Prepayments and accrued income	13,581	12,911	—	—
	278,149	263,060	237,367	233,409
Amounts falling due after more than one year				
Trade debtors	150	10,460	—	—
Other debtors	12,500	—	—	—
	12,650	10,460	—	—
Total debtors	290,799	273,520	237,367	233,409

Group trade debtors include transfer fees receivable from other football clubs of £10,293,000 (2008: £25,816,000), excluding value added tax, of which £150,000 (2008: £10,460,000) is receivable after more than one year.

Group other debtors include amounts due from the directors of £10,000,000 (2008: £nil), all of which is receivable after more than one year. Full details of these loans can be found in note 29a to the financial statements.

Amounts due from parent and subsidiary undertakings are unsecured, interest free, repayable on demand and have no fixed dates of repayment.

15. Creditors—amounts falling due within one year

	Group		Company	
	30 June	30 June	30 June	30 June
	2009	2008	2009	2008
	£'000	£'000	£'000	£'000
Borrowings and associated costs (note 17)	10,151	7,065	9,850	6,850
Trade creditors	38,626	31,520	556	—
Corporation tax	2,500	1,749	—	2
Amounts due to parent and fellow subsidiary undertakings	23,528	—	132,594	89,097
Social security and other taxes	6,510	12,946	—	—
Other creditors—pensions	167	108	—	—
Accruals	16,766	19,106	143	149
	98,248	72,494	143,143	96,098

Group trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £28,942,000 (2008: £21,752,000).

Amounts due to parent and subsidiary undertakings are unsecured, interest free, repayable on demand, and have no fixed dates of repayment.

16. Creditors—amounts falling due after more than one year

	Group		Company	
	30 June 2009 £'000	30 June 2008 £'000	30 June 2009 £'000	30 June 2008 £'000
Bank loans and associated costs (note 17)	499,341	511,630	491,857	503,845
Other borrowings	5,000	5,000	—	—
Trade creditors	4,209	2,634	—	—
Other creditors—pensions	1,184	515	—	—
	509,734	519,779	491,857	503,845

Group trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £4,209,000 (2008: £2,634,000).

17. Borrowings

	Group		Company	
	30 June 2009 £'000	30 June 2008 £'000	30 June 2009 £'000	30 June 2008 £'000
Secured bank loans	509,492	518,695	501,707	510,695
Other borrowings	5,000	5,000	—	—
	514,492	523,695	501,707	510,695
Maturity of financial liabilities:				
Less than one year	10,151	7,065	9,850	6,850
In more than one year but not more than two years . .	13,169	10,151	12,850	9,850
In more than two years but not more than five years . .	111,686	50,866	105,609	44,851
In more than five years	379,486	455,613	373,398	449,144
	514,492	523,695	501,707	510,695
Analysis of changes in borrowings:				
At 1 July 2008	523,695	514,545	510,695	514,545
On acquisition of subsidiary undertaking	—	5,000	—	—
New borrowings/amortisation of debt issue costs	26,100	24,100	1,100	16,100
Repayment of borrowings	(35,303)	(19,950)	(10,088)	(19,950)
At 30 June 2009	514,492	523,695	501,707	510,695

Included within Group and company borrowings is £5,254,000 (2008: £6,355,000) of unamortised financing costs of the borrowings, of which £1,100,000 (2008: £1,100,000) is due within one year. The costs are being amortised over the term of the loans.

Secured bank loans of £509,492,000 (2008: £518,695,000) comprise of:

(a) £501,707,000 of senior facilities drawn down by Red Football Limited, by way of four term loans that attract interest based on LIBOR plus a margin which ranges between 2.125% and 5.00%. In addition to the term loans is an un-drawn revolving credit facility of £50 million which has a 7 year term from the 16 August 2006. Two subsidiary undertakings of Red Football Limited, Manchester United Limited and Manchester United Football Club Limited, were also parties to the Senior Facilities Agreement dated 16 August 2006 as borrowers under the Revolving Credit Facility and guarantors for the facilities borrowed by Red Football Limited.

Manchester United Limited and Manchester United Football Club Limited have provided security for £557 million of the senior facilities by way of first fixed and floating charges over their assets and undertakings.

The senior facilities have terms between 7 and 10 years from the 16 August 2006, and the term loans have an average life of 5.6 years at the balance sheet date. Term loan A accrues interest at LIBOR + 2.125% and amortises over its term with a final re-payment in June 2013. Term loan B accrues interest at LIBOR + 2.5% and is repayable in two equal instalments in February 2014 and August 2014. Term loan C accrues interest at LIBOR + 2.75% and is repayable in two equal instalments in February 2015 and August 2015. Term loan D accrues interest at LIBOR + 5.0% and is repayable in one instalment in August 2016. The above loans are redeemable at par.

(b) £7,785,000 bank loan within Alderley Urban Investments Limited, a subsidiary of Manchester United Limited that attracts interest of LIBOR + 1%. £3,586,000 is repayable in quarterly instalments through to July 2018, with the remaining balance of £4,199,000 being re-payable at par on 9 July 2018. The loan is secured by way of a first legal charge over a Group investment property, Manchester International Freight Terminal.

The loan stock of £5,000,000 is unsecured and is issued to the minority shareholder of MUTV (a subsidiary of Manchester United Limited). The loan stock accrues interest at LIBOR + 1% to 1.5% and was repayable at par in 2007, subject to the availability of free cash flows. It is currently estimated that the loan will be repaid within 2 to 5 years, based on current projections.

18. Provision for liabilities and charges

(a) Deferred taxation

The provision for deferred taxation comprises:

	30 June 2009 £'000	30 June 2008 £'000
Group		
Accelerated capital allowances	(559)	888
Short term timing differences	(747)	(537)
Rolled over gain on player disposal	18,874	—
	<u>17,568</u>	<u>351</u>

The movements in deferred tax balances during the year were as follows:

	30 June 2009 £'000	30 June 2008 £'000
Group		
At 1 July 2008	351	2,180
Amount charged/(credited) to profit and loss account (note 7)	17,217	(1,829)
At 30 June 2009	<u>17,568</u>	<u>351</u>

The Group has an unrecognised deferred tax asset of £2.9 million (2008: £2.7 million) arising from losses which has not been recognised as it is not considered likely that the asset could be realised in the foreseeable future.

Factors that may affect future tax charges

Based on current capital investment plans, the Group expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

There was no deferred tax balance in the Company (2008: £nil).

(b) Other provisions

The movements in other provisions for the onerous lease were as follows:

	30 June 2009 £'000	30 June 2008 £'000
Group		
At 1 July 2008	1,335	1,411
Utilised	(691)	(317)
Charged	325	—
Movements on foreign exchange	122	241
At 30 June 2009	1,091	1,335

The provision relates to a lease of land and buildings that may be terminated in 2015.

(c) Investment in joint venture

The movements in the share of gross assets less the share of gross liabilities in the joint venture were as follows:

	30 June 2009 £'000	30 June 2008 £'000
Group		
At 1 July 2008	—	4,622
Loss for the financial year transferred from fixed asset investments	—	114
Acquisition of joint venture	—	(4,736)
At 30 June 2009	—	—

19. Deferred grant income

The movement in deferred grant income during the year was as follows:

	30 June 2009 £'000	30 June 2008 £'000
Group		
At 1 July 2008	448	528
Grants released to the profit and loss account	(68)	(80)
At 30 June 2009	380	448

There was no deferred grant income in the Company (2008: £nil).

20. Other deferred income

Other deferred income comprises the following amounts received in respect of future football seasons:

	30 June 2009 £'000	30 June 2008 £'000
Group		
Matchday activities	54,178	58,520
Commercial contracts	57,579	13,456
	111,757	71,976

There was no deferred income balance in the Company (2008: £nil).

21. Share capital

	30 June 2009 £	30 June 2008 £
Group and Company		
Authorised:		
1,000,000 ordinary shares of £0.0001 each	100	100
Allotted, called up and fully paid:		
994,397 ordinary shares of £0.0001 each	99	99

22. Reserves

	Share premium reserve £'000	Revaluation reserve £'000	Joint Venture acquisition reserve £'000	Other reserves £'000	Profit and loss reserve £'000
Group					
At 1 July 2008	547,139	—	2,463	566	(115,166)
Profit for the financial year	—	—	—	—	25,587
Exchange losses on overseas subsidiary Investment property revaluation deficit	—	—	—	—	(116)
	—	(2,022)	—	—	—
At 30 June 2009	547,139	(2,022)	2,463	566	(89,695)

	Share premium reserve £'000	Profit and loss reserve £'000
Company		
At 1 July 2008	547,139	(104,530)
Loss for the financial year	—	(31,099)
At 30 June 2009	547,139	(135,629)

23. Reconciliation of movements in equity shareholders' funds

	Group		Company	
	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Profit/(loss) for the financial year	25,587	(26,255)	(31,099)	(36,733)
Transfer on acquisition of previously held joint venture	—	(334)	—	—
Revaluation reserve on acquisition of subsidiary undertaking	—	2,463	—	—
Exchange losses on overseas subsidiary	(116)	(169)	—	—
Investment revaluation deficit	(2,022)	—	—	—
Net reduction to equity shareholders' funds	23,449	(24,295)	(31,099)	(36,733)
Opening shareholders' funds	435,002	459,297	442,609	479,342
Closing shareholders' funds	458,451	435,002	411,510	442,609

24. Reconciliation of net cash inflow/(outflow) to movement in net debt

	Year ended 30 June 2009 £'000	Year ended 30 June 2008 £'000
Group		
Increase/(decrease) in cash in the year	100,785	(12,384)
On acquisition of subsidiary undertaking	—	(5,000)
Cash inflow from increase in borrowings	(26,100)	(24,100)
Cash outflow from repayment of debt	35,303	19,950
Movement in net debt	109,988	(21,534)
Opening net debt	(473,950)	(452,416)
Closing net debt	(363,962)	(473,950)

25. Analysis of changes in net debt

	At 1 July 2008 £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2009 £'000
Cash at bank and in hand	49,745	100,785	—	150,530
Debt due within one year	(7,065)	10,303	(13,389)	(10,151)
Debt due after more than one year	(516,630)	—	12,289	(504,341)
	(473,950)	111,088	(1,100)	(363,962)

Non-cash changes comprise amortisation of issue costs relating to the senior facilities.

26. Lease commitments

Annual commitments under non-cancellable operating leases are as follows:

	30 June 2009		30 June 2008	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Group				
Expiry date:				
—within one year	—	14	—	14
—between two and five years	258	159	258	159
—after five years	540	—	483	—
	798	173	741	173

27. Commitments and contingent liabilities

(a) Capital commitments

At 30 June 2009 Red Football Limited (Group and Company) did not have any capital commitments (2008: £nil).

(b) Transfer fees payable

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by the Group if certain conditions are met. The maximum that could be payable is £11,141,000 (2008: £14,800,000).

At 30 June 2009, the potential amount payable by type of condition and category of player was:

	First team squad £'000	Other £'000	Total £'000
Type of condition			
MUFC appearances/new contract	7,516	2,590	10,106
International appearances	800	235	1,035
	8,316	2,825	11,141

(c) Derivative contracts

At 30 June 2009, the Group companies had entered into derivative contracts for both foreign currency and interest rate swaps. The amounts committed to as at 30 June 2009 are as follows:

Foreign currency derivative contracts:

Currency	Principal Value (£'000)	Average Rate
Euro	7,588	1.275
US Dollar	5,182	1.447

Interest rate swaps:

Principal Value (£'000)	Rate received	Rate paid	Expiry date
450,000	6 month Libor	Fixed 5.0775%	31 December 2013
225,000	1 month LIBOR + 0.52%	6 month LIBOR	31 December 2009
150,000	1 month LIBOR + 0.53%	6 month LIBOR	31 December 2009
75,000	1 month LIBOR + 0.50%	6 month LIBOR	31 December 2009
*7,785–7,166	3 month LIBOR	Fixed 5.25%	7 April 2011
*7,166–4,199	3 month LIBOR	Fixed 6.1%	9 July 2018

* The principal value of the swaps reduces in accordance with the loan repayment terms (note 17).

28. Pensions

(a) Defined benefit scheme

Certain employees of the Group are members of The Football League Limited Pension and Life Assurance Scheme (the Scheme). Accrual of benefits under a final salary basis was suspended with effect from 31 August 1999 following an actuarial review which revealed a substantial deficit.

As one of a number of participating employers, the Group is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme. The Group is advised only of its share of the deficit in the Scheme and the contributions required to make good the deficit. A cumulative amount of £2,424,000 has been charged to the profit and loss account in full in prior periods as it is principally attributable to employees who have left the Group or retired.

The current deficit, based on the last actuarial valuation at 31 August 2008, is being paid off over a period of ten years from September 2009. The creditor as at 30 June 2009 amounts to £167,000 (2008: £108,000) due within one year and £1,184,000 (2008: £515,000) due after more than one year.

(b) Defined contribution schemes

Contributions made to defined contribution pension arrangements are charged to the profit and loss account in the period in which they become payable and amounted to £1,228,000 (2008: £1,093,000).

The assets of all pension schemes to which the Group contributes are held separately from the Group in independently administered funds.

As at 30 June 2009, amounts accrued in relation to the defined contribution scheme amounted to £184,586 (2008: £152,681).

29. Related party transactions

(a) Directors' transactions

Included within other debtors due after more than one year are loan transactions made by the Group to the following directors:

Director	At 1 July 2008 £'000	New loans £'000	At 30 June 2009 £'000
A Glazer	—	1,667	1,667
B Glazer	—	1,667	1,667
D Glazer	—	1,667	1,667
E Glazer	—	1,667	1,667
J Glazer	—	1,666	1,666
K Glazer	—	1,666	1,666
	—	10,000	10,000

The above loans are not due for repayment for a period of at least five years from the date of issue. Interest was charged on the loans from the date of issue at 5.5% per annum. Interest charged during the year amounted to £233,110 (2008: £nil). The amounts above represent the maximum balances during year.

(b) Other related party transactions

E M Watkins was a director of a subsidiary undertaking, Manchester United Football Club Limited throughout the period. Legal fees of £431,677 were incurred during the year (2008: £374,886), in the ordinary course of business, to Brabners Chaffe Street, a firm in which E M Watkins is the senior partner.

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Red Football Shareholder Limited, whose accounts are publicly available.

30. Post balance sheet events

The playing registrations of certain footballers have been disposed of, subsequent to the balance sheet date, for a total proceeds, net of associated costs of £6,525,774. The associated net book value was £152,000.

Subsequent to the balance sheet date, the playing registrations of certain players were acquired for a total consideration, including associated costs, of £6,408,187.

31. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Red Football Joint Venture Limited.

The ultimate parent undertaking and controlling party is Red Football Limited Partnership, a limited partnership formed in the state of Nevada, United States of America whose general partner is Red Football General Partner, Inc. a corporation formed in the State of Nevada, United States of America.

Red Football Shareholder Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 June 2009. The consolidated financial statements of Red Football Shareholder Limited can be obtained from the Company Secretary, Red Football Shareholder Limited, Old Trafford, Sir Matt Busby Way, Manchester, M16 0RA.

Red Football Joint Venture Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements at 30 June 2009. The consolidated financial statements of Red Football Joint Venture Limited can be obtained from the Company Secretary, Red Football Joint Venture Limited, Old Trafford, Sir Matt Busby Way, Manchester, M16 0RA.

RED FOOTBALL LIMITED
Report and Accounts
for the year ended 30 June 2008

Red Football Limited

Directors' report for the financial year ended 30 June 2008

The directors present their report of the audited Group and Company financial statements for the year ended 30 June 2008.

Principal activity

The principal activity of the Group continues to be the operation of a professional football club together with related and ancillary activities.

Business review

Group turnover for the year was £256.2 million (2007: £210.1 million). Operating profit before depreciation and amortisation of intangible fixed assets and goodwill for the year was £80.4 million (2007: £75.4 million). Loss before tax for the year was £21.4 million (2007: £24.3 million).

The Manchester United team maintained a high level of performance on the pitch, winning the Premiership for the 10th time since its formation 16 seasons ago, and winning the Champions League.

During the year Old Trafford staged 29 Manchester United home games (including 6 Champions League and 4 domestic cup matches) and a Super League Grand final.

During the year the company increased its stake in the club TV channel, MUTV to 66.7% in order to have greater influence over the future strategy of the channel (note 13).

During the year the company acquired an investment property, Manchester International Freight Terminal, for £11.6 million, comprising 28 acres of land, warehousing and office buildings which is adjacent to the Old Trafford stadium. The investment property currently has a rent roll of just under £1 million per annum.

Manchester United secured a number of significant new commercial partners during the year including Saudi Telecom and Diageo, and subsequent to the year end secured Seoul Metropolitan Government. The company also renewed a number of commercial partners including Budweiser, Travelcare and GSK.

At 30 June 2008 the Group had net debt of £473.9 million (2007: £452.4 million) and had net cash inflows from operating activities in the year of £88.2 million (2007: £87.6 million).

Strategy

The four key elements to the Group's strategy for growth are:

- Maintaining playing success
- Treating fans as customers
- Leveraging the global brand
- Developing club media rights

The Key Performance Indicators of the Group relate to the above four key elements and our performance in relation to these are evident from the comments in the business review and the attached financial statements.

Future developments and outlook for 2008/09

- 63,000 season tickets were sold before the start of the 2008/09 season.

- The team qualified for the Champions League for the 13th consecutive season by finishing 1st in the Premier League in 2007/08 and winning the Champions League.
- The company continues to explore new commercial opportunities within the United Kingdom and overseas to further leverage the Manchester United brand.

Risks and uncertainties

Management has responsibility for the identification and evaluation of significant risks applicable to their area of business. The board continually assesses risks to the Group through regular management meetings and the monthly review of financial statements. The key business risks and uncertainties affecting the Group are considered to relate to maintaining playing success, compliance with the financial covenants, recruitment and retention of key employees (including playing and coaching staff) and the safety and security of supporters at the Old Trafford stadium.

Financial risk management

The Group's operations are exposed to a variety of financial risks that include credit risk, currency risk, liquidity risk and interest rate cash flow risk. The Board reviews and agrees policies for managing these risks which are then implemented by the finance department. The policies have remained unchanged throughout the year and are summarised below:

- **Credit risk**
Where considered appropriate, the Group performs credit checks using an external credit rating agency to evaluate the credit risk of potential customers. In relation to significant one-off transactions such as transfer agreements or sponsorship contracts, the Group reviews the credit risk based on information available and obtains bank guarantees where necessary.
- **Currency risk**
The Group enters into forward contracts to purchase and sell foreign currency on sales and purchase transactions (including player transfers) where considered appropriate in order to minimise the impact of currency movements on the Group's financial performance.
- **Liquidity risk**
The Group maintains a mixture of long-term and short-term debt finance in order to ensure that it has sufficient funds available for short-term working capital requirements and for investment in the playing squad and other capital projects. In addition, the Group's borrowings have a spread of maturity periods in order to minimise the risk of uncertain funding in its operations.
- **Interest rate cash flow risk**
The Group has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances, which earn interest at a variable rate. Interest bearing liabilities include bank term loans and a revolving credit facility. The Group has a policy of maintaining a large proportion of its debt at a fixed rate, by entering into interest rate swaps, in order to ensure certainty of future interest cash outflows. The directors will revisit the appropriateness of this policy should the Group's operations change in size or nature.

Post balance sheet events

The playing registrations of certain footballers have been disposed of, subsequent to the balance sheet date, for a total cost, net of associated proceeds of £1,627,000. The associated net book value was £3,448,000.

Subsequent to the balance sheet date, the playing registrations of certain players was acquired for a total consideration, including associated costs of £34,442,000.

Dividends

An interim dividend was not paid during the year (2007: £nil). The directors do not recommend the payment of a final dividend (2007: £nil).

The loss after taxation and minority interests of £26.3 million (2007: £25.9 million) has been transferred to reserves.

Directors

The directors who held office throughout the year and at 30 June 2008 were as follows:

Avram Glazer
Bryan Glazer
Joel Glazer (Chairman)
Kevin Glazer
Darcie Glazer
Edward Glazer
Mitchell Nusbaum
William Sondericker (Company Secretary)

None of the directors had any beneficial interests in the ordinary shares of the Company.

Avram, Bryan, Joel, Kevin, Darcie and Edward Glazer have a financial interest in Red Football Limited Partnership, a limited liability partnership formed in the state of Nevada, United States of America. Red Football Limited Partnership indirectly wholly owns Red Football Shareholder Limited which is the largest parent undertaking for which group accounts will be prepared.

Qualifying third party indemnity provisions

At the time the report was approved a qualifying third party indemnity provision, made by the company was in place for one or more of the directors.

Differences between market and balance sheet value of land and buildings

The directors consider that the market value of interests in freehold property is at least that shown as the net book value of the assets. A valuation on a depreciated replacement cost basis, as reported on by Dunlop Haywards Limited, Consultant Surveyors, as at 30 June 2006, showed a valuation surplus, not incorporated in these financial statements, in the order of £107 million.

Charitable and political donations

Charitable donations during the year amounted to £388,000 (2007: £1,043,000). In line with Group policy, no donations were made for political purposes (2007: £nil).

The beneficiary of £363,000 (2007: £1,043,000) of donations made during the year was the Manchester United Foundation ("the Foundation") which was launched in 2006/07 and has received charitable status.

The Foundation is supported by Manchester United Limited, in that it has a license to use Manchester United Football Club's brand, and also certain rights to use the Club's ground at Old Trafford. Manchester United Limited is also a significant donor to the Foundation. The purpose of the Foundation, through its trading subsidiary, is to operate commercial activities using the Manchester United name, the profits from which will be used to support local and national official charity partners.

During the period, a £25,000 (2007: £nil) donation was made to the British Olympic Association.

Creditor payment policy

It is the Group's policy to:

- agree the terms of payment in advance with the supplier, and
- pay in accordance with the agreed terms and other legal obligations

The number of days' purchases outstanding as at 30 June 2008 was 49 (2007: 32). This figure excludes creditors in respect of player acquisitions which are paid on the date payment is contractually due.

Employment policies

The Group is committed to its 'people philosophy' and, as a result, to promoting policies to ensure that employees and applicants for employment are treated fairly and consistently. The Group has an equal opportunities policy, the aim of which is not to discriminate against employees or applicants for employment on the grounds of age, disability, ethnic origin, nationality or national origin, religion, race, gender, sexual orientation, marital status or family circumstances. Entry into and progression within the Group is determined solely by the job criteria and personal ability/competence.

The Group also seeks to apply best practice in the employment, training, development and promotion of disabled persons. The Group takes seriously its statutory obligations relating to disabled persons and seeks not to discriminate against current or prospective employees because of a reason relating to their disability. If an existing employee becomes disabled, such steps that are practical and reasonable are taken, in respect of adjustments to premises or employment arrangements, to retain him/her in employment. Where appropriate, rehabilitation and suitable training are given.

Employees are regularly updated on the performance of the Group. This is achieved through a broad base of communications including staff briefings, announcements and the staff newsletter 'RedLines'. Employees' views are sought through staff surveys and action plans are then developed to target priority for improvement areas. The Group is continuing with its focus on reward and recognition of performance as one of these priorities for improvement and its focus on a total reward strategy which has three principal components: compensation (pay package), benefits and the work experience. Schemes are continually introduced focusing on rewarding individual performance.

The Group has established its Vision and Values and these are communicated to all employees. Our Vision and Values are directly linked to performance and development review procedures, training and organisational change programmes and reward and recognition initiatives, which apply to all our employees.

Environmental policies

Manchester United recognises its responsibility to ensure a safe and healthy environment and will endeavour to maintain sound environmental performance through the continued maintenance of our proactive environmental management system, which is integrated into our overall business activities.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and

fair view of the state of affairs of the company and group and of the profit or loss of the company and group 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 accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that the above requirements have been complied with in the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Company and the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

Each director in office at the date of approval confirms:

- a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- b) each director has taken all the steps necessary as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board:

J Glazer
Director

Registered office:
Sir Matt Busby Way
Old Trafford
Manchester
M16 0RA

Company registered in England and Wales No. 5370076
28 October 2008

Independent auditors' report to the members of Red Football Limited

We have audited the Group and parent company financial statements (the "financial statements") of Red Football Limited for the year ended 30 June 2008 which comprise the Consolidated profit and loss account, the Consolidated statement of total recognised gains and losses, the Consolidated and Company balance sheets, the Consolidated cash flow statement, Consolidated cash flow from operating activities, and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statement in accordance with applicable law and UK Accounting Standards (UK 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 Directors' Report 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of audit 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 Group's and company's circumstances, consistently applied and adequately disclosed.

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 have 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 UK Generally Accepted Accounting Practice, of the state of the Group's and the parent company's affairs as at 30 June 2008 and of the Group's loss and cash flows 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 Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Manchester

28 October 2008

Red Football Limited

Consolidated profit and loss account

		Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
	Note		
Turnover: Group and share of joint venture		257,116	212,189
Less: share of joint venture		(877)	(2,108)
Group turnover	2	256,239	210,081
Operating expenses—other	3	(254,823)	(201,476)
Operating expenses—exceptional items	4	(490)	(1,436)
Total operating expenses		(255,313)	(202,912)
Group operating profit		926	7,169
Analysed as:			
Group operating profit before depreciation and amortisation of players' registrations and goodwill		80,385	75,440
Depreciation		(8,720)	(9,086)
Amortisation of players' registrations		(35,481)	(24,252)
Amortisation of goodwill		(35,258)	(34,933)
		926	7,169
Share of operating profit/(loss) in:			
—Joint Venture		2	(292)
—Associate		91	19
Total operating profit: Group and share of joint venture and associate		1,019	6,896
Profit on disposal of associate		1,209	—
Profit on disposal of players		21,831	11,760
Profit before interest and taxation		24,059	18,656
Net interest payable	5	(45,496)	(42,977)
Loss on ordinary activities before taxation		(21,437)	(24,321)
Taxation	7	(5,072)	(1,532)
Loss on ordinary activities after taxation		(26,509)	(25,853)
Equity minority interests		254	—
Loss for the financial year	23	(26,255)	(25,853)

The results for both the current year and prior year derive from continuing activities with the exception of the associate that was sold in April 2008. The results for the associate have been separately disclosed in the consolidated statement of total recognised gains and losses.

There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical costs equivalents.

The accompanying notes on pages F-67 to F-86 are an integral part of these financial statements.

Red Football Limited

Consolidated statement of total recognised gains and losses

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Loss for the financial year		
—Group	(26,232)	(25,853)
—Joint venture	(114)	—
—Associate	91	—
	(26,255)	(25,853)
—Exchange loss on revaluation of overseas subsidiary	(169)	—
—Share of reserves invested by joint venture partners	—	349
—Transfer on acquisition of previously held joint venture	(334)	—
Total recognised losses in the year	(26,758)	(25,504)

The accompanying notes on pages F-67 to F-86 are an integral part of these financial statements.

Red Football Limited

Consolidated balance sheet

	Note	At 30 June 2008 £'000	At 30 June 2007 £'000
Fixed assets			
Intangible assets—goodwill	9	421,453	451,489
Intangible assets—player registrations	10	92,739	123,091
Tangible assets	11	260,784	251,958
Investments	12	—	281
		<u>774,976</u>	<u>826,819</u>
Current assets			
Stock	14	283	179
Debtors—amounts falling due within one year	15	263,060	250,826
Debtors—amounts falling due after more than one year	15	10,460	2,250
Cash at bank and in hand		49,745	62,129
		<u>323,548</u>	<u>315,384</u>
Creditors—amounts falling due within one year	16	(72,494)	(82,009)
Net current assets		<u>251,054</u>	<u>233,375</u>
Total assets less current liabilities		<u>1,026,030</u>	<u>1,060,194</u>
Creditors—amounts falling due after more than one year	17	(519,779)	(530,365)
Provision for liabilities and charges			
Deferred taxation	19a	(351)	(2,180)
Other provisions	19b	(1,335)	(1,411)
Investment in joint venture:	19c	—	—
—Share of gross assets		—	860
—Share of gross liabilities		—	(5,482)
		<u>—</u>	<u>(4,622)</u>
Accruals and deferred income			
Deferred grant income	20	(448)	(528)
Other deferred income	21	(71,976)	(61,791)
Net assets		<u>432,141</u>	<u>459,297</u>
Capital and reserves			
Called up share capital	22	—	—
Share premium reserve	23	547,139	547,139
Revaluation reserve	23	2,463	—
Other reserves	23	566	566
Profit and loss reserve	23	(115,166)	(88,408)
Total shareholders' funds	24	<u>435,002</u>	<u>459,297</u>
Minority interests		<u>(2,861)</u>	<u>—</u>
Capital employed		<u>432,141</u>	<u>459,297</u>

The financial statements on pages F-61 to F-86 were approved by the board of directors on 28 October 2008 and signed on its behalf by:

J Glazer
Director

The accompanying notes on pages F-67 to F-86 are an integral part of these financial statements.

Red Football Limited

Company balance sheet

	Note	At 30 June 2008 £'000	At 30 June 2007 £'000
Fixed assets			
Investments	12	809,143	809,143
Current assets			
Debtors	15	233,409	227,215
Creditors—amounts falling due within one year	16	(96,098)	(46,316)
Net current assets		137,311	180,899
Total assets less current liabilities		946,454	990,042
Creditors—amounts falling due after one year	17	(503,845)	(510,700)
Net assets		442,609	479,342
Capital and reserves			
Called up share capital	22	—	—
Share premium reserve	23	547,139	547,139
Profit and loss reserve	23	(104,530)	(67,797)
Total shareholders' funds	24	442,609	479,342

The financial statements on pages F-61 to F-86 were approved by the board of directors on 28 October 2008 and signed on its behalf by:

J Glazer
Director

The accompanying notes on pages F-67 to F-86 are an integral part of these financial statements.

Red Football Limited

Consolidated cash flow statement

	Note	Year ended 30 June 2008		Year ended 30 June 2007	
		£'000	£'000	£'000	£'000
Net cash inflow from operating activities			88,195		87,643
Returns on investments and servicing of finance					
—Interest received		1,011		668	
—Interest paid		(59,693)		(28,299)	
Net cash outflow from returns on investments and servicing of finance			(58,682)		(27,631)
Taxation (paid)/received			(205)		2,329
Capital expenditure and financial investment					
Proceeds from sale of players' registrations		19,301		18,755	
Purchase of players' registrations		(45,751)		(29,342)	
Proceeds from sale of tangible fixed assets		183		801	
Purchase of tangible fixed assets		(16,754)		(11,209)	
Net cash outflow from capital expenditure and financial investment			(43,021)		(20,995)
Acquisitions and disposals					
Purchase of shares in subsidiary undertaking	13	(2,615)		(4,717)	
Net cash acquired with subsidiary undertaking	13	113		—	
Proceeds from sale of investments	12	1,581		—	
Net cash outflow from acquisitions and disposals			(921)		(4,717)
Net cash (outflow)/inflow before use of liquid resources and financing			(14,634)		36,629
Financing					
Increase in borrowings		23,000		521,584	
Repayment in borrowings		(19,950)		(279,000)	
Increase in loan from parent company		(50)		(223,113)	
Purchase of loan stock		(750)		—	
Net cash inflow from financing			2,250		19,471
(Decrease)/increase in net cash in the year	25		(12,384)		56,100

The accompanying notes on pages F-67 to F-86 are an integral part of these financial statements.

Red Football Limited

Consolidated cash flow from operating activities

Reconciliation of operating profit/(loss) to net cash inflow from operating activities:

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Net cash generated from operating activities		
Group operating profit before exceptional items	1,416	8,605
Exceptional items (cash expended)	(300)	(1,436)
Depreciation charges	8,720	9,086
Amortisation of players' registrations	35,481	24,252
Amortisation of goodwill	35,258	34,933
(Loss)/profit on disposal of tangible fixed assets	(81)	152
Grants released	(80)	(95)
Increase in stocks	(99)	(5)
(Increase)/decrease in debtors	(11,541)	1,347
Increase in creditors, provisions and deferred income	19,421	10,804
Net cash inflow from operating activities	88,195	87,643

The accompanying notes on pages F-67 to F-86 are an integral part of these financial statements.

Red Football Limited

Notes to the financial statements for the year ended 30 June 2008

1. Accounting policies

The financial statements have been prepared using the accounting policies described below which have been applied consistently across the Group throughout the year.

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and have been drawn up to comply with applicable accounting standards in the United Kingdom and the Companies Act 1985.

Basis of consolidation

The accounts combine the results of Red Football Limited and all its subsidiary undertakings using acquisition accounting. Subsidiary undertakings are those undertakings that Red Football Limited exerts control over. Undertakings, other than subsidiary undertakings in which the Group has an investment of at least 20% of the shares, and over which it exerts significant influence, are treated as associates. Entities in which the Group holds an interest on a long-term basis, and which are jointly controlled by the Group and other parties, are treated as joint ventures. The results for the joint venture and associate are based upon management accounts up to the date of disposal/acquisition. Inter-company transactions, balances and unrealised gains/losses on transactions between Group companies are eliminated.

Joint venture

The Group profit and loss account includes the Group's share of turnover, operating loss and interest charges of the joint venture. The investment in the joint venture is shown in the Group balance sheet using the gross equity method. The gross equity method records the Group's share of the gross assets and gross liabilities in its joint venture.

True and fair override

The Group has adopted a true and fair override of Companies Act requirements, as permitted by FRS 2, in relation to the acquisition of 33.3% of MUTV Limited by recognising each step of the 'acquisition' separately for acquisition accounting purposes. This gives rise to an adjustment to the initial investment to fair value through the creation of a revaluation reserve of £2.463 million. Had this been accounted for under Companies Act requirements a further £2.607 million of goodwill would have been recognised on acquisition.

Associates

The Group profit and loss account includes the Group's share of the operating result and interest charges of the associate. The investments in the associate are shown in the Group balance sheet using the equity method. The equity method records the Group's share of the underlying net assets of the associate.

Goodwill

On the acquisition of a subsidiary undertaking, fair values are attributed to the net assets acquired. Goodwill, which represents the difference between the purchase consideration and the fair value of net assets acquired is capitalised and amortised through the profit and loss account on a straight-line basis over its estimated useful economic of 15 years.

Estimated useful economic life is determined after taking into account such factors as the nature and age of the business, the strength of the underlying brands and the stability of the

industry in which the acquired business operates, as well as the typical life span of the acquired products to which the goodwill attaches.

Goodwill acquired is subject to an impairment review at the end of the first year following an acquisition, and at any other time if events or changes in circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover represents income receivable from the Group's principal activities excluding transfer fees and value added tax. Turnover is analysed between matchday, media and commercial.

Matchday

Matchday turnover comprises income receivable from all matchday activities from Manchester United games at Old Trafford, together with our share of gate receipts from cup matches not played at Old Trafford and fees receivable for the team undertaking pre-season tours and for arranging other events at the Old Trafford stadium. The share of gate receipts payable to the other participating club and competition organiser for domestic cup matches played at Old Trafford is treated as an operating expense.

Media

Media turnover represents income receivable from all UK and overseas media contracts, including contracts negotiated centrally by the Premier League and UEFA. In addition, media turnover includes income received by the exploitation of Manchester United media rights through the internet or wireless applications.

Premier League Merit awards are only recognised when they are known at the end of the football season. UEFA pool distributions relating to participation in the Champions League are spread over the matches played in the competition whilst distributions relating to team performance are recognised to the extent they are certain.

Commercial

Commercial turnover comprises income receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements, including minimum guaranteed income, together with amounts receivable for the use of the conference and catering facilities at the Old Trafford stadium on non-matchdays. Any additional income receivable over and above the minimum guaranteed income contained in the sponsorship and licensing agreements is taken to turnover when it is probable that the amounts will not be recouped by the sponsor in the future years. Commercial revenue is recognised on a contractual basis, when it is considered that the contractual basis fairly reflects the level of activity and benefits of the contract.

Deferred income

Income from matchday activities, media and commercial contracts, which has been received prior to the period end in respect of future football seasons, is treated as deferred income.

Tangible Fixed Assets and Investment Properties

Tangible fixed assets are stated at cost less depreciation. Cost includes only those costs directly attributable to bring the asset into working condition for its intended use.

Depreciation is provided on tangible fixed assets at annual rates appropriate to the estimated useful economic lives of the assets, as follows:

	Reducing balance	Straight line
Freehold land	Nil	Nil
Freehold buildings	1.33%	75 years
Assets in the course of construction	Nil	Nil
Computer equipment and software	33%	3 years
Plant and machinery	20%-25%	4-5 years
General fixtures and fittings	15%	7 years

Tangible fixed assets acquired prior to and including 31 July 1999 are depreciated on a reducing balance basis at the rates stated above. Tangible fixed assets acquired on or after 1 August 1999 are depreciated on a straight line basis at the rates stated above.

Investment properties are included in the balance sheet at their open market value at the balance sheet date, on the basis of a professional revaluation undertaken every five years.

For those investment properties purchased in May 2005 and June 2008 however, the purchase price has been used to approximate their open market value as at 30 June 2008, as the next external revaluation of all investment properties will take place on 30 June 2010, five years on from the original valuation performed on the first property purchased in 1999.

The directors consider that the carrying value of the investment properties fairly reflects the market value at the balance sheet date, based on internal annual assessments undertaken by an employee of the Manchester United Limited group holding a recognised professional qualification.

Depreciation is not provided for on investment properties. This treatment, as regards certain of the Company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the directors consider that annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the accounts to give a true and fair view. Depreciation and amortisation is only one of the many factors reflected in the valuation and the amount which might otherwise have been cannot be separately identified or quantified.

Stocks

Stocks comprising raw materials, consumables and goods held for resale are valued at the lower of cost and net realisable value.

Intangible fixed assets—players' registrations

The costs associated with the acquisition of players' registrations are capitalised at cost as intangible fixed assets. Costs include transfer fees, FAPL levy fees, agents fees and other directly attributable costs. These costs are fully amortised over the period covered by the player's initial contract.

Where a playing contract is extended, any costs associated with securing the extension are added to the unamortised balance (at the date of the amendment) and that book value is amortised over the remaining revised contract life.

Where a part of the consideration payable on acquiring a player's registration is contingent on a future event, this amount is recognised once it is probable, rather than possible, that the event will occur and is amortised from the start of the year in which the contingent payment becomes probable. The total amount which is currently considered possible but not probable is disclosed in note 28.

Where a sale transaction for a players' registration is in progress at the balance sheet date but completed by the date the accounts are approved and the amount of net proceeds is less than the carrying value of that registration, a provision for the loss on disposal is included in the financial statements, within the disposal of players category in the profit and loss account. An assessment is also made of directly attributable disposal costs and related onerous contract costs, such amounts are provided and included within the disposal of players category in the profit and loss account.

Proceeds from the temporary transfer of players' registrations to other clubs are offset against their respective staff costs.

Signing-on fees

Staff costs include signing-on fees payable to players representing part of their remuneration which are charged to the profit and loss account evenly over the period covered by the player's contract.

Grants

Grants receivable from the Football Trust and the former Football Grounds Improvement Trust in respect of capital expenditure are treated as deferred income and released to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant. Deferred grant income in the balance sheet represents total grants received less amounts credited to the profit and loss account.

Taxation

Corporation tax payable is provided on taxable profit at the current tax rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements.

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

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities held at the year end are translated at year-end exchange rates, or the exchange rate of a related forward exchange contract where appropriate. The resulting exchange gain or loss is taken to the profit and loss account.

Provisions

Provision is made for the anticipated net costs of onerous leases on non-trading properties. The provision will be represented by the payment of costs, shortfalls on sub-tenanted property and expenses of early termination.

Investments

Investments in subsidiary undertakings in the Company balance sheet are included at cost less any provision for impairment in value.

Financial instruments

The Group uses derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange rates and interest rates. Derivative instruments utilised by the Group

include forward currency contracts and interest rate swaps. The impact on profit is deferred until the underlying transaction is recognised in the profit and loss account.

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term. Any premiums received at the inception of the lease are recognised on a straight-line basis over the life of the lease.

Rentals receivable under operating leases are credited to the profit and loss account on a straight line basis over the lease term. Any lease incentives given are recognised on a straight-line basis over the life of the lease.

Pension costs

Contributions to money purchase pension schemes are charged to the profit and loss account as they fall due.

Bank loans

Bank loans are stated at the amount repayable at the balance sheet date, net of directly attributable issue costs which are amortised over the estimated useful life of the relevant loans.

2. Group turnover

Turnover, all of which arises from the Group's principal activity, can be analysed into its main components as follows:

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Matchday	101,468	92,562
Media	90,723	61,484
Commercial	64,048	56,035
	<u>256,239</u>	<u>210,081</u>

Turnover, all of which originates in the United Kingdom, can be analysed by destination as follows:

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
United Kingdom	252,887	208,285
Rest of world	<u>3,352</u>	<u>1,796</u>
	<u>256,239</u>	<u>210,081</u>

Broadcasting rights income from European competitions is distributed by the FA and is therefore classified as being of United Kingdom origin and destination.

The Group's activities are managed as one business and, as such, the operating expenses above are not separately identifiable to any particular segment. As a result, no segmental analysis of operating performance or net assets is provided.

3. Operating expenses

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Operations excluding player amortisation and trading:		
Staff costs (note 6)	121,080	92,310
Depreciation—owned assets	8,720	9,086
Amortisation of goodwill (note 9)	35,258	34,933
Operating lease costs—land and buildings	424	360
Other operating charges	54,143	40,008
Auditors' remuneration: audit services	128	69
Auditors' remuneration: non-audit services	681	666
Exchange gains on retranslation	(931)	(265)
Grants released (note 20)	(80)	(95)
(Profit)/loss on disposal of tangible fixed assets	(81)	152
	219,342	177,224
Player amortisation:		
Amortisation of players' registrations	35,481	24,252
	254,823	201,476
Auditors' remuneration for non-audit services comprised:		
Taxation advice	444	666
Corporate finance advice	237	—
	681	666

Company

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Auditors' remuneration: audit services	22	21
Auditors' remuneration for non audit services comprised:		
Taxation advice	237	501
Corporate finance advice	159	—
	418	522

4. Operating expenses—exceptional items

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Termination payments to former directors	490	1,436

Included within the above are compensation payments amounting to £200,000 (2007: £962,000).

5. Net interest payable

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Interest payable on bank loans and overdrafts	(45,361)	(42,463)
Amortisation of debt issue costs	(1,100)	(961)
Group interest and similar charges payable	(46,461)	(43,424)
Share of joint venture interest payable	(116)	(268)
Total interest and similar charges payable	(46,577)	(43,692)
Total interest receivable	1,081	715
Net interest payable and similar items	(45,496)	(42,977)

6. Staff costs

The average monthly number of employees during the period was as follows:

	Group		Company	
	Year ended 30 June 2008 Number	Year ended 30 June 2007 Number	Year ended 30 June 2008 Number	Year ended 30 June 2007 Number
By activity:				
Players	68	63	—	—
Ground staff	107	94	—	—
Ticket office and membership	82	48	—	—
Catering	71	74	—	—
Administration and other	216	169	—	—
Average monthly number of employees	544	448	—	—

The Group also employs approximately 1,704 temporary staff (2007: 1,534).

Particulars of employee costs, including directors, are as shown below:

	Group		Company	
	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Wages and salaries	94,502	73,641	276	288
Bonuses	13,369	8,633	149	369
Social security costs	12,116	9,101	33	62
Other pension costs (note 29)	1,093	935	15	3
	121,080	92,310	473	722

No directors received any emoluments in respect of services for the Company during the year (2007: none).

7. Taxation

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Corporation tax at 29.5% of the loss for the period	6,886	5,951
Foreign tax suffered	15	—
Adjustment in respect of prior periods	—	(526)
Total current tax	6,901	5,425
Origination and reversal of timing differences (note 19a)	(1,793)	(2,287)
Adjustment in respect of prior periods	(36)	(1,606)
Total deferred tax	(1,829)	(3,893)
Tax on loss on ordinary activities	5,072	1,532

The tax rate for the period is higher (2007: higher) than that resulting from applying the standard rate of corporation tax in the UK of 29.5% (2007: 30%). A reconciliation of current tax is shown below:

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Loss on ordinary activities before tax	(21,437)	(24,321)
Loss on ordinary activities multiplied by the standard rate of 29.5% (2007: 30%)	(6,324)	(7,296)
Effects of:		
—Change in tax rate on deferred tax	116	—
—Adjustment to tax in respect of previous years	—	(526)
—Expenses not deductible for tax purposes	603	480
—Goodwill amortisation	10,401	10,480
—Foreign tax suffered	15	—
—Capital allowances and other timing differences	1,793	2,287
—Deferred tax asset not recognised	297	—
Total Current Tax	6,901	5,425

8. Profits of holding company

The directors have taken advantage of the exemption available under Section 230 of the Companies Act 1985 and have not presented a profit and loss account for the company alone. The Company's loss for the period was £36,733,000 (2007: £31,349,000).

9. Intangible assets—goodwill

Group	Total £'000
Cost	
At 1 July 2007	525,600
Additions (note 13)	5,222
At 30 June 2008	530,822
Accumulated amortisation	
At 1 July 2007	74,111
Charge for the year	35,258
At 30 June 2008	109,369
Net book amount at 30 June 2008	421,453
Net book amount at 30 June 2007	451,489

The Company had no intangible fixed assets relating to goodwill (2007: £nil).

10. Intangible assets—players' registrations

Group	Total £'000
Cost	
At 1 July 2007	207,896
Additions	14,338
Disposals	(20,822)
At 30 June 2008	201,412
Accumulated amortisation	
At 1 July 2007	84,805
Charge for the year	35,481
Provision for loss on disposal	3,448
Disposals	(15,061)
At 30 June 2008	108,673
Net book amount	
At 30 June 2008	92,739
At 30 June 2007	123,091

The Company has no intangible fixed assets relating to players' registrations (2007: £nil).

11. Tangible assets

Group	Investment Property £'000	Freehold property £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 July 2007	—	251,208	27,874	15,499	294,581
On acquisition of subsidiary	—	—	598	—	598
Additions	11,588	1,557	2,596	1,309	17,050
Disposals	—	(32)	(615)	(499)	(1,146)
Transfers	174	(174)	—	—	—
At 30 June 2008	11,762	252,559	30,453	16,309	311,083
Accumulated depreciation					
At 1 July 2007	—	14,447	18,088	10,088	42,623
Charge for the year	—	3,304	4,264	1,152	8,720
Disposals	—	—	(545)	(499)	(1,044)
At 30 June 2008	—	17,751	21,807	10,741	50,299
Net book amount					
At 30 June 2008	11,762	234,808	8,646	5,568	260,784
At 30 June 2007	—	236,761	9,786	5,411	251,958

The Company has no tangible fixed assets (2007: £nil).

12. Investments

Group	Associated Undertakings £'000	Joint Venture £'000	Total £'000
Cost			
At 1 July 2007	281	—	281
Share of profit/(loss) retained	91	(114) ⁽¹⁾	(23)
Disposals	(372) ⁽²⁾	—	(372)
Transfer to provision for liabilities and charges (note 19c)	—	114	114
At 30 June 2008	—	—	—
Net book amount at 30 June 2008	—	—	—
Net book amount at 30 June 2007	281	—	281

Company	Subsidiary Undertakings £'000	Total £'000
Cost and net book amount		
At 1 July 2007 and 30 June 2008	809,143	809,143

(1) In accordance with FRS 9, 'Joint Ventures and Associates', the Group's share of losses from its investment in the joint venture (MUTV) of £114,000 has been calculated by reference to the proportion of ordinary shares it owns. The Group's cash investment is limited to £1 million and is provided by way of a loan to the joint venture company, made by 31 July 2000 which has been fully provided for. A further 33% investment was acquired during the year (note 13).

(2) On 24 April 2008 the company disposed of its investment in its associated undertaking, Timecreate Limited, for a cash consideration of £1,581,000 resulting in a profit on disposal of £1,209,000.

The following companies are the principal subsidiary undertakings, joint venture and associated undertaking of the Group at 30 June 2008:

	Country of incorporation and operation	Principal activity	Description of share classes owned
Subsidiaries			
*Red Football Junior Limited	England and Wales	Holding company	100% Ordinary
*Manchester United Limited Manchester United Football Club Limited	England and Wales	Holding company	100% Ordinary
Manchester United Interactive Limited	England and Wales	Professional football club	100% Ordinary
Manchester United Commercial Enterprises (Ireland) Limited	England and Wales	Media company	100% Ordinary
Alderley Urban Investments Limited	Ireland	Property investment	100% Ordinary
MUTV Limited	England and Wales	Property investment	100% Ordinary
	England and Wales	Subscription TV channel	66.7% Ordinary

* Direct investment of Red Football Limited, others are held by subsidiary undertakings.

The directors believe that the net book value of investments is supported by their underlying net assets.

13. Acquisition of subsidiary undertaking

On 16 November 2007, Manchester United Limited increased its stake in its joint venture undertaking, MUTV Limited, to 66.7% by acquiring a further 33.3% of the ordinary share capital for a total consideration, including associated costs of £2,615,000. On the same date, Manchester United Limited also paid £0.75m for loan stock with a nominal value of £5m.

	£'000
Book value	
Tangible fixed assets	598
Stocks	5
Debtors	1,617
Cash	113
Creditors—amounts falling due within one year	(6,542)
Borrowings	(11,000)
Total net liabilities at book value	(15,209)
Fair value adjustment to reflect the fair value of borrowings and associated interest acquired	7,388
Fair value of net liabilities	(7,821)
33% net liabilities acquired at fair value	(2,607)
Fair value of consideration	
Total consideration—cash paid during the period including directly attributable professional fees	2,615
Goodwill arising (note 9)	5,222

MUTV Limited contributed £220,000 to the Group's net operating cash flows, paid £nil in respect of interest, £nil in respect of taxation and incurred £65,000 for capital expenditure. In its last financial period, 9 months to 30 June 2007, MUTV Limited made a loss after tax of

£1,432,000. For the period to 16 November 2007, MUTV Limited made a loss for the period of £342,000, of which Manchester United Limited's share of this was £114,000. For the period since acquisition MUTV's financial statements show:

	£'000
Turnover	4,159
Operating loss	(197)
Interest payable	(564)
Loss before tax	(761)
Taxation	—
Loss for the period	(761)

14. Stock

	30 June 2008 £'000	30 June 2007 £'000
Group		
Raw materials and consumables	40	34
Goods held for resale	243	145
	283	179

The company had no stock (2007: £nil).

15. Debtors

	Group		Company	
	30 June 2008 £'000	30 June 2007 £'000	30 June 2008 £'000	30 June 2007 £'000
Amounts falling due within one year				
Trade debtors	28,431	13,344	—	—
Amounts due from parent undertakings	220,573	227,408	233,409	227,215
Other debtors	1,145	869	—	—
Prepayments and accrued income	12,911	9,205	—	—
	263,060	250,826	233,409	227,215
Amounts falling due after more than one year				
Trade debtors	10,460	2,100	—	—
Other debtors	—	150	—	—
	10,460	2,250	—	—
	273,520	253,076	233,409	227,215

Group trade debtors include transfer fees receivable from other football clubs of £25,816,000 (2007: £11,515,000), excluding value added tax, of which £10,460,000 (2007: £2,100,000) is receivable after more than one year.

The amount due from parent undertakings is unsecured, interest free, repayable on demand and have no fixed dates of repayment.

16. Creditors—amounts falling due within one year

	Group		Company	
	30 June 2008 £'000	30 June 2007 £'000	30 June 2008 £'000	30 June 2007 £'000
Borrowings and associated costs (note 18)	7,065	3,845	6,850	3,845
Trade creditors	31,520	41,811	—	—
Corporation tax	1,749	1,939	2	—
Amounts due to subsidiary undertakings	—	—	89,097	27,142
Social security and other taxes	12,946	8,551	—	—
Other creditors—pensions	108	182	—	—
Accruals	19,106	25,681	149	15,329
	72,494	82,009	96,098	46,316

Group trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £21,752,000 (2007: £37,133,000).

Amounts due to subsidiary undertakings are unsecured, interest free, repayable on demand, and have no fixed dates of repayment (if applicable)

17. Creditors—amounts falling due after more than one year

	Group		Company	
	30 June 2008 £'000	30 June 2007 £'000	30 June 2008 £'000	30 June 2007 £'000
Bank loans and associated costs (note 18)	511,630	510,700	503,845	510,700
Loan stock	5,000	—	—	—
Trade creditors	2,634	19,047	—	—
Other creditors—pensions	515	618	—	—
	519,779	530,365	503,845	510,700

Group trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £2,634,000 (2007: £19,047,000).

18. Borrowings

	Group		Company	
	30 June 2008 £'000	30 June 2007 £'000	30 June 2008 £'000	30 June 2007 £'000
Secured bank loans	518,695	514,545	518,695	514,545
Loan stock	5,000	—	5,000	—
	523,695	514,545	523,695	514,545
Maturity of financial liabilities:				
Less than one year	7,065	3,845	7,065	3,845
In more than one year but not more than two years	10,151	6,863	10,151	6,863
In more than two years but not more than five years	50,866	37,688	50,866	37,688
In more than five years	455,613	466,149	455,613	466,149
	523,695	514,545	523,695	514,545
Analysis of changes in borrowings:				
At 1 July 2007	514,545	271,000	514,545	271,000
On acquisition of subsidiary undertaking	5,000	—	5,000	—
New borrowings	24,100	522,545	24,100	522,545
Repayment of borrowings	(19,950)	(279,000)	(19,950)	(279,000)
At 30 June 2008	523,695	514,545	523,695	514,545

Included within group and company borrowings is £6,355,000 (2007: £7,455,000) of unamortised financing costs of the borrowings, of which £1,100,000 (2007: £1,100,000) is due within one year. The costs are being amortised over the term of the loans.

Secured bank loans of £518,695,000 (2007: £514,545,000) comprise of:

(a) £510,695,000 of senior facilities drawn down by Red Football Limited, by way of four term loans that attract interest based on LIBOR plus a margin which ranges between 2.125% and 5.00%. In addition to the term loans is an un-drawn revolving credit facility of £50 million which has a 7 year term from the 16 August 2006. Two subsidiary undertakings of Red Football Limited, Manchester United Limited and Manchester United Football Club Limited, were also parties to the Senior Facilities Agreement dated 16 August 2006 as borrowers under the Revolving Credit Facility and Guarantors for the facilities borrowed by Red Football Limited.

Manchester United Limited and Manchester United Football Club Limited have provided security for £567 million of the senior facilities by way of first fixed and floating charges over their assets and undertakings.

The senior facilities have terms between 7 and 10 years from the date of the 16 August 2006, and the term loans have an average life of 8.1 years at the balance sheet date. Term loan A accrued interest at LIBOR + 2.125% and amortises over its term with a final re-payment in June 2013. Term loan B accrues interest at LIBOR + 2.5% and is repayable in two equal instalments in February 2014 and August 2014. Term loan C accrues interest at LIBOR + 2.75% and is repayable in two equal instalments in February 2015 and August 2015. Term loan D accrues interest at LIBOR + 5.0% and is repayable in one instalment in August 2016. The above loans are redeemable at par.

(b) £8,000,000 bank loan within Alderley Urban Investments Limited, a subsidiary of Manchester United Limited, that attracts interest of LIBOR + 1%. £3,801,000 is repayable in quarterly instalments from October 2008 to July 2018, with the remaining balance of £4,199,000 being re-payable at par on 9 July 2018. The loan is secured by way of a first legal charge over the Group investment property, Manchester International Freight Terminal.

The loan stock of £5,000,000 is unsecured and is issued to the minority shareholder of MUTV (a subsidiary of Manchester United Limited). The loan stock accrues interest at LIBOR + 1% to 1.5% and was repayable at par in 2007, subject to the availability of free cash flows. It is currently estimated that the loan will be repaid within 2 to 5 years, based on current projections.

19. Provision for liabilities and charges

(a) Deferred taxation

The provision for deferred taxation comprises:

	30 June 2008 £'000	30 June 2007 £'000
Group		
Accelerated capital allowances	888	2,932
Short term timing differences	(537)	(752)
	<u>351</u>	<u>2,180</u>

The movements in deferred tax balances during the year were as follows:

	30 June 2008 £'000	30 June 2007 £'000
Group		
At 1 July 2007	2,180	6,073
Amount credited to profit and loss account (note 7)	(1,829)	(3,893)
At 30 June 2008	<u>351</u>	<u>2,180</u>

The Group has an unrecognised deferred tax asset of £2.7 million (2007: £2.4 million) arising from trading losses which has not been recognised as it is not considered likely that the asset could be realised in the foreseeable future.

Factors that may affect future tax charges

Based on current capital investment plans, the Group expects to continue to be able to claim capital allowances in excess of depreciation in future years at a similar level to the current year.

During the year, as a result of the change in UK Corporation Tax rates which were effective from 1 April 2008, deferred tax balances have been re measured.

There is no deferred tax balance in the company (2007: £nil).

(b) Other provisions

The movements in other provisions for the onerous lease were as follows:

	2008 £'000	2007 £'000
Group		
At 1 July	1,411	1,795
Utilised	(317)	(384)
Movements on foreign exchange	241	—
At 30 June	<u>1,335</u>	<u>1,411</u>

The provision relates to a lease of land and buildings that may be terminated in 2015.

(c) Investment in joint venture

The movements in the share of gross assets less the share of gross liabilities in the joint venture were as follows:

	2008 £'000	2007 £'000
Group		
At 1 July	4,622	4,411
Loss for the financial year transferred from fixed asset investments	114	560
Share of reserves invested by joint venture partners	—	(349)
Acquisition of joint venture (note 13)	(4,736)	—
At 30 June	—	4,622

20. Deferred grant income

The movement in deferred grant income during the period was as follows:

	2008 £'000	2007 £'000
Group		
At 1 July	528	623
Grants released to the profit and loss account	(80)	(95)
At 30 June	448	528

There is no deferred grant income in the company (2007: nil).

21. Other deferred income

Other deferred income comprises the following amounts received in respect of future football seasons:

	30 June 2008 £'000	30 June 2007 £'000
Group		
Matchday activities	58,520	50,027
Commercial contracts	13,456	11,764
	71,976	61,791

There are no deferred income balances in the Company (2007: £nil).

22. Share capital

	30 June 2008 £	30 June 2007 £
Group and Company		
Authorised:		
1,000,000 ordinary shares of £0.0001 each	100	100
Allotted, called up and fully paid:		
994,397 ordinary shares of £0.0001 each	99	99

23. Reserves

Group	Share premium reserve £'000	Revaluation reserve £'000	Other reserve £'000	Profit and loss reserve £'000
At 1 July 2007	547,139	—	566	(88,408)
Loss for the financial year	—	—	—	(26,255)
Exchange losses on overseas subsidiary	—	—	—	(169)
Transfer on acquisition of previously held joint venture	—	—	—	(334)
Revaluation reserve on acquisition of subsidiary undertaking	—	2,463	—	—
At 30 June 2008	547,139	2,463	566	(115,166)

Company	Share premium reserve £'000	Profit and loss reserve £'000
At 1 July 2007	547,139	(67,797)
Loss for the financial year	—	(36,733)
At 30 June 2008	547,139	(104,530)

Under the terms of certain lotteries, past donations of £nil (2007: £946,704) received by a Group company, and included within the profit and loss account balance, are not available for distribution (and bank balances are restricted accordingly) until such monies have been expended within the terms of those lotteries on capital programmes relating to the provision of facilities for youth development or spectators at the Old Trafford football stadium. All past donations, including £946,704 (2007: £nil) expended during the year, having been so applied, are distributable.

24. Reconciliation of movements in equity shareholders' funds

	Group		Company	
	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Loss for the financial year	(26,255)	(25,853)	(36,733)	(31,349)
Transfer on acquisition of previously held joint venture	(334)	—	—	—
Revaluation reserve on acquisition of subsidiary undertaking	2,463	—	—	—
Exchange losses on overseas subsidiary	(169)	—	—	—
Share of reserves invested by joint venture partners	—	349	—	—
Net reduction to equity shareholders' funds	(24,295)	(25,504)	(36,733)	(31,349)
Opening shareholders' funds	459,297	484,801	479,342	510,691
Closing shareholders' funds	435,002	459,297	442,609	479,342

25. Reconciliation of net cash (outflow)/inflow to movement in net debt

	Year ended 30 June 2008 £'000	Year ended 30 June 2007 £'000
Group		
(Decrease)/increase in cash in the period	(12,384)	56,100
On acquisition of subsidiary undertaking	(5,000)	—
Cash inflow from increase in borrowings	(24,100)	(242,584)
Cash outflow/(inflow) from repayment of debt	19,950	(961)
Movement in net debt	(21,534)	(187,445)
Opening net debt	(452,416)	(264,971)
Closing net debt	(473,950)	(452,416)

26. Analysis of changes in net debt

	At 30 June 2007 £'000	Cash flows £'000	Acquisition £'000	Non-cash movements £'000	At 30 June 2008 £'000
Cash at bank and in hand	62,129	(12,384)	—	—	49,745
Debt due within one year	(3,845)	4,735	—	(7,955)	(7,065)
Debt due after more than one year	(510,700)	(7,785)	(5,000)	6,855	(516,630)
	(452,416)	(15,434)	(5,000)	(1,100)	(473,950)

Non-cash changes comprise amortisation of issue costs relating to the senior facilities.

27. Lease commitments

At 30 June 2008 the Group had annual commitments under non-cancellable operating leases expiring as follows:

	30 June 2008 Land and buildings £'000	30 June 2007 Land and buildings £'000
Leases expiring:		
—after five years	741	356

28. Commitments and contingent liabilities

(a) Capital commitments

At 30 June 2008, capital commitments were:

	Group		Company	
	30 June 2008 £'000	30 June 2007 £'000	30 June 2008 £'000	30 June 2007 £'000
Contracted but not provided for	—	—	—	—

(b) Transfer fees payable

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by the Group if certain conditions are met. The maximum that could be payable is £14,800,000 (2007: £20,697,000).

At 30 June 2008 the potential amount payable by type of condition and category of player was:

	First team squad £'000	Other £'000	Total £'000
Type of condition			
MUFC appearances/new contract	4,650	7,785	12,435
International appearances	1,000	1,365	2,365
	5,650	9,150	14,800

(c) Derivative contracts

At 30 June 2008, the Group companies had entered in to derivative contracts for both foreign currency and interest rate swaps. The amounts committed to as at 30 June 2008 are as follows:

Foreign currency derivative contracts:

Currency	Value (£'000)	Average Rate
Euro	37,009	1.2658

Interest rate swaps:

Value (£'000)	Rate received	Rate paid	Expiry date
450,000	1 month LIBOR	6 month LIBOR + 0.2%	31 December 2008
450,000	6 month LIBOR	Fixed 5.0075%	31 December 2013
8,000	3 month LIBOR	Fixed 5.25%	7 April 2011
8,000	3 month LIBOR	Fixed 6.1%	9 July 2018

29. Pensions

(a) Defined benefit scheme

Certain employees of the Group are members of The Football League Limited Pension and Life Assurance Scheme (the Scheme). Accrual of benefits under a final salary basis was suspended with effect from 31 August 1999 following an actuarial review which revealed a substantial deficit.

As one of a number of participating employers, the Group is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme. The Group is advised only of its share of the deficit in the Scheme and the contributions required to make good the deficit. A cumulative amount of £2,424,000 has been charged to the profit and loss account in full in prior periods as it is principally attributable to employees who have left the Group or retired.

The current deficit, based on the last actuarial valuation at 31 August 2005, is being paid off over a period of ten years from April 2006. The creditor as at 30 June 2008 amounts to £108,000 (2007: £113,000) due within one year and £515,000 (2007: £618,000) due after more than one year. The next actuarial valuation is due to be carried out as at 31 August 2008.

(b) Defined contribution schemes

Contributions made to defined contribution pension arrangements are charged to the profit and loss account in the period in which they become payable and amounted to £1,093,000 (2007: £935,000).

The assets of all pension schemes to which the Group contributes are held separately from the Group in independently administered funds.

As at 30 June 2008, amounts accrued in relation to the defined contribution scheme amounted to £152,681 (2007: £46,346).

30. Related party transactions

E M Watkins was a director of a subsidiary undertaking, Manchester United Football Club Limited throughout the period. Legal fees of £374,886 were paid in the period (2007: £279,255), in the ordinary course of business, to Brabners Chaffe Street, a firm in which E M Watkins is the senior partner.

The company has taken advantage of the exemption under paragraph 3(c) from the provisions of FRS 8, 'Related Party Disclosures', on the grounds that it is a wholly owned subsidiary of a group headed by Red Football Shareholder Limited, whose accounts are publicly available.

31. Post balance sheet events

The playing registrations of certain footballers have been disposed of, subsequent to the balance sheet date, for a total cost, net of associated proceeds of £1,627,000. The associated net book value was £3,448,000.

Subsequent to the balance sheet date, the playing registration of certain players was acquired for a total consideration, including associated costs, of £34,442,000.

32. Ultimate parent undertaking and controlling party

The immediate parent undertaking is Red Football Joint Venture Limited.

The ultimate parent undertaking and controlling party is Red Football Limited Partnership, a limited partnership formed in the state of Nevada, United States of America whose general partner is Red Football General Partner, Inc. a corporation formed in the State of Nevada, United States of America.

Red Football Shareholder Limited is the parent undertaking of the largest group of undertakings to consolidate these financial statements at 30 June 2008. The consolidated financial statements of Red Football Shareholder Limited can be obtained from the Company Secretary, Red Football Shareholder Limited, Old Trafford, Sir Matt Busby Way, Manchester, M16 0RA.

Red Football Joint Venture Limited is the parent undertaking of the smallest group of undertakings to consolidate these financial statements. The consolidated financial statements of Red Football Joint Venture Limited can be obtained from the Company Secretary, Red Football Joint Venture Limited, Old Trafford, Sir Matt Busby Way, Manchester, M16 0RA.

RED FOOTBALL LIMITED
Report and Accounts
Year ended 30 June 2007

Red Football Limited

Directors' report for the financial year ended 30 June 2007

The directors present their report of the audited Group and Company financial statements for the year ended 30 June 2007.

Principal activity

The principal activity of the Group continues to be the operation of a professional football club together with related and ancillary activities.

Business review

Group turnover for the year was £210.1 million (14 months to 30 June 2006—£173.2 million). Operating profit before depreciation and amortisation of intangible fixed assets and goodwill for the year was £75.4 million (14 months to 30 June 2006—£36.2 million). Loss before tax for the year was £24.3 million (14 months to 30 June 2006—loss of £65.0 million).

The Manchester United team maintained a high level of performance on the pitch, winning the Premiership for the 9th time since its formation 15 seasons ago, reaching the semi-finals of the UEFA Champions League and runners up in the FA Cup.

During the year Old Trafford staged 29 Manchester United home games (including 6 UEFA Champions League and 4 domestic cup matches), an FA cup semi-final, 4 England internationals and a Super League Grand final.

The new quadrant seating at Old Trafford was opened fully for the first time in August 2006 taking the licensed capacity at Old Trafford to over 76,000.

Manchester United secured a number of significant new commercial partners during the year including a new financial services agreement with US insurance and financial services organisation AIG which commenced in January 2007, plus Kumho Tires, Betfred and Royal Resorts (trading as Hestiu) joined as official partners.

In August 2006, the Company entered into a new Senior Facilities Agreement arranged by JP Morgan PLC and used the proceeds to repay its existing borrowing facilities and make a loan to its immediate parent company, Red Football Joint Venture Limited, in order to facilitate the redemption of its discount preferred securities.

At 30 June 2007 the Group had net debt of £452.4 million (30 June 2006 £265.0 million) and had net cash inflow from operating activities in the year of £87.6 million (14 months to 30 June 2006 £89.6 million).

Strategy

The four key elements to the Group's strategy for growth are:

- Maintaining playing success
- Treating fans as customers
- Leveraging the global brand
- Developing club media rights

The Key Performance Indicators of the Group relate to the above four key elements and our performance in relation to these are evident from the attached financial statements.

Future developments and outlook for 2007/08

- A record 64,500 season tickets comprising both general admission seats and executive facilities were sold before the start of the 2007/08 season.

- The team qualified for the UEFA Champions League for the 12th consecutive season by finishing 1st in the Premier League in 2006/07 and will benefit from an increased share of the UEFA English TV pool in 2007/08.
- The 2007/08 season represents the first year of the Premier League's new three year television deal which will result in domestic media revenues increasing by over 50%.

Risks and uncertainties

Management has responsibility for the identification and evaluation of significant risks applicable to their area of business. The board continually assesses risks to the Group through regular management meetings and the monthly review of financial statements. The key business risks and uncertainties affecting the Group are considered to relate to maintaining playing success, recruitment and retention of key employees (including playing and coaching staff) and the safety and security of supporters at the Old Trafford stadium.

Post balance sheet events

Details of post balance sheet events are disclosed in note 31 to the financial statements.

Dividends

An interim dividend was not paid during the year (2006 £nil). The directors do not recommend the payment of a final dividend (2006 £nil).

The loss after taxation of £25.9 million has been transferred to reserves.

Directors

The directors who held office throughout the year (unless otherwise indicated) and at 30 June 2007 were as follows:

Avram Glazer
Bryan Glazer
Joel Glazer
Kevin Glazer
Darcie Glazer
Edward Glazer
Mitchell Nusbaum

None of the directors had any beneficial interests in the ordinary shares of the Company.

Avram, Bryan, Joel, Kevin, Darcie and Edward Glazer have a financial interest in Red Football Limited Partnership, a limited liability partnership formed in the state of Nevada, United States of America. Red Football Limited Partnership indirectly wholly owns Red Football Shareholder Limited which is the largest parent undertaking for which group accounts will be prepared.

Charitable and political donations

Charitable donations during the year amounted to £1,043,000 (14 months to 30 June 2006—£53,209). In line with Group policy, no donations were made for political purposes (2006—£nil).

The beneficiary of the £1,043,000 donations made during the year was the Manchester United Foundation ("the Foundation") which was launched in 2006/07 and has received charitable status. The Foundation is supported by Manchester United Limited, in that it has a license to use Manchester United Football Club's brand, and also certain rights to use the Club's ground at Old Trafford. Manchester United Limited is also a significant donor to the Foundation. The purpose of the Foundation, through its trading subsidiary, is to operate commercial activities using the Manchester United name, the profits from which will be used to support local and national official charity partners.

Creditor payment policy

It is the Group's policy to:

- agree the terms of payment in advance with the supplier, and
- pay in accordance with the agreed terms and other legal obligations

The number of days' purchases outstanding as at 30 June 2007 was 32 (14 months to 30 June 2006—61). This figure excludes creditors in respect of player acquisitions which are paid on the date payment is contractually due.

Employment policies

The Group is committed to its 'people philosophy' and, as a result, to promoting policies to ensure that employees and applicants for employment are treated fairly and consistently. The Group has an equal opportunities policy, the aim of which is not to discriminate against employees or applicants for employment on the grounds of age, disability, ethnic origin, nationality or national origin, religion, race, gender, sexual orientation, marital status or family circumstances. Entry into and progression within the Group is determined solely by the job criteria and personal ability/competence.

The Group also seeks to apply best practice in the employment, training, development and promotion of disabled persons. The Group takes seriously its statutory obligations relating to disabled persons and seeks not to discriminate against current or prospective employees because of a reason relating to their disability. If an existing employee becomes disabled, such steps that are practical and reasonable are taken, in respect of adjustments to premises or employment arrangements, to retain him/her in employment. Where appropriate, rehabilitation and suitable training are given.

Employees are regularly updated on the performance of the Group. This is achieved through a broad base of communications including staff briefings, announcements and the staff newsletter 'RedLines'. Employees' views are sought through staff surveys and action plans are then developed to target priority for improvement areas. The Group is continuing with its focus on reward and recognition of performance as one of these priorities for improvement and its focus on a total reward strategy which has three principal components: compensation (pay package), benefits and the work experience. Schemes are continually introduced focusing on rewarding individual performance.

The Group has established its Vision and Values and these are communicated to all employees. Our Vision and Values are directly linked to performance and development review procedures, training and organisational change programmes and reward and recognition initiatives, which apply to all our employees.

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report 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 Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and group and of the profit or loss of the company and group for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business, in which case there should be supporting assumptions or qualifications as necessary.

The directors confirm that the above requirements have been complied with in the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time, the financial position of the Company and the Group and to 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 the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Statement of disclosure of information to auditors

Each directors in office at 26 October 2007 confirms:

- a) so far as each director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- b) each director has taken all the steps necessary as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

Auditors

A resolution to re-appoint PricewaterhouseCoopers LLP as the Company's auditors and to authorise the directors to determine their remuneration will be proposed at the Annual General Meeting.

The directors' report has been approved by the board and signed on its behalf by:

Joel Glazer

Director

Registered office:
Sir Matt Busby Way
Old Trafford
Manchester
M16 0RA

Company registered in England and Wales No. 5370076
26 October 2007

Independent auditors' report to the members of Red Football Limited

We have audited the group and parent financial statements (the "financial statements") of Red Football Limited for the year ended 30 June 2007 which comprise the Group Profit and Loss Account, the Group Statement of Total Recognised Gains and Losses, the Group and Company Balance Sheets, the Group Cash Flow Statement and the related notes. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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). This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 report to you whether in our opinion the information given in the Directors' Report 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's and company's circumstances, consistently applied and adequately disclosed.

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 group's and the parent company's affairs as at 30 June 2007 and of the group's loss and cash flows 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 Directors' Report is consistent with the financial statements.

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Manchester

26 October 2007

Red Football Limited

Consolidated profit and loss account

		12 months ended 30 June 2007 £'000	14 months ended 30 June 2006 £'000
	Note		
Turnover: Group and share of joint venture		212,189	175,836
Less: Share of joint venture		(2,108)	(2,665)
Group turnover	2	210,081	173,171
Operating expenses—other	3	(201,476)	(206,907)
Operating expenses—exceptional items	4	(1,436)	(3,443)
Total operating expenses		(202,912)	(210,350)
Group operating profit/(loss)		7,169	(37,179)
Analysed as:			
Group operating profit before depreciation and amortisation of intangible fixed assets and goodwill		75,440	36,233
Depreciation		(9,086)	(7,387)
Amortisation of intangible fixed assets		(24,252)	(26,847)
Amortisation of goodwill		(34,933)	(39,178)
		7,169	(37,179)
Share of operating (loss)/profit in:			
—Joint venture		(292)	(82)
—Associate		19	43
Total operating profit/(loss): Group and share of joint venture and associate		6,896	(37,218)
Profit on disposal of players		11,760	12,462
Profit/(loss) before interest and taxation		18,656	(24,756)
Net interest payable	5	(42,977)	(40,259)
Loss on ordinary activities before taxation		(24,321)	(65,015)
Taxation	7	(1,532)	2,460
Loss for the financial period	23	(25,853)	(62,555)

The accompanying notes on pages F-100 to F-117 are an integral part of these financial statements.

Red Football Limited

Consolidated statement of total recognised gains and losses

		12 months ended 30 June 2007 £'000	14 months ended 30 June 2006 £'000
	Note		
Loss for the financial period		(25,853)	(62,555)
Share of reserves invested by joint venture partners	19c	349	217
Total recognised gains and losses in the period		(25,504)	(62,338)

The results for both the current year and prior period derive from continuing activities.

There is no material difference between the loss on ordinary activities before taxation and the loss for the year stated above and their historical cost equivalents.

The accompanying notes on pages F-100 to F-117 are an integral part of these financial statements.

Red Football Limited

Consolidated balance sheet

		At 30 June 2007 £'000	At 30 June 2006 £'000
	Note		
Fixed assets			
Intangible assets—goodwill	9	451,489	483,205
Intangible assets—player registrations	10	123,091	73,865
Tangible assets	11	251,958	252,249
Investments	12	281	262
		826,819	809,581
Current assets			
Stock	14	179	174
Debtors—amounts falling due within one year	15	250,826	39,272
Debtors—amounts falling due after more than one year	15	2,250	1,135
Cash at bank and in hand		62,129	6,029
		315,384	46,610
Creditors—amounts falling due within one year	16	(82,009)	(37,171)
Net current assets		233,375	9,439
Total assets less current liabilities		1,060,194	819,020
Creditors—amounts falling due after more than one year	17	(530,365)	(267,487)
Provision for liabilities and charges			
Deferred taxation	19a	(2,180)	(6,073)
Other provisions	19b	(1,411)	(1,795)
Investment in joint venture:	19c		
—Share of gross assets		860	486
—Share of gross liabilities		(5,482)	(4,897)
		(4,622)	(4,411)
Accruals and deferred income			
Deferred grant income	20	(528)	(623)
Other deferred income	21	(61,791)	(53,830)
Net assets		459,297	484,801
Capital and reserves			
Share capital	22	—	—
Share premium account	23	547,139	547,139
Other reserves	23	566	217
Profit and loss account	23	(88,408)	(62,555)
Total shareholders' funds	24	459,297	484,801

The financial statements on pages F-94 to F-117 were approved by the board of directors on 26 October 2007 and signed on its behalf by:

J Glazer
Director

The accompanying notes on pages F-100 to F-117 are an integral part of these financial statements.

Red Football Limited

Company balance sheet

		At 30 June 2007 £'000	At 30 June 2006 £'000
	Note		
Fixed assets			
Investments	12	809,143	809,143
Current assets			
Debtors	15	227,215	10,246
Creditors—amounts falling due within one year	16	(46,316)	(46,888)
Net current assets/(liabilities)		180,899	(36,642)
Total assets less current liabilities		990,042	772,501
Creditors—amounts falling due after more than one year	17	(510,700)	(261,810)
Net assets		479,342	510,691
Capital and reserves			
Share capital	22	—	—
Share premium account	23	547,139	547,139
Profit and loss account	23	(67,797)	(36,448)
Total shareholders' funds	24	479,342	510,691

The financial statements on pages F-94 to F-117 were approved by the board of directors on 26 October 2007 and signed on its behalf by:

J Glazer
Director

The accompanying notes on pages F-100 to F-117 are an integral part of these financial statements.

Red Football Limited

Consolidated cash flow statement

		12 months ended 30 June 2007		14 months ended 30 June 2006	
	Note	£'000	£'000	£'000	£'000
Net cash inflow from operating activities			87,643		89,627
Returns on investments and servicing of finance					
Interest received		668		1,917	
Interest paid		(28,299)		(41,885)	
Net cash outflow from returns on investments and servicing of finance			(27,631)		(39,968)
Taxation			2,329		(3,180)
Capital expenditure and financial investment					
Proceeds from sale of players' registrations		18,755		5,172	
Purchase of players' registrations		(29,342)		(37,554)	
Proceeds from sale of tangible fixed assets		801		1,436	
Purchase of tangible fixed assets		(11,209)		(37,395)	
Net cash outflow from capital expenditure and financial investment			(20,995)		(68,341)
Acquisitions					
Purchase of shares in subsidiary undertaking		(4,717)		(586,695)	
Net cash outflow from acquisitions and disposals			(4,717)		(586,695)
Equity dividends paid to shareholders			—		(3,475)
Net cash inflow/(outflow) before management of liquid resources and financing			36,629		(612,032)
Financing					
Increase in borrowings		521,584		289,900	
Repayment of borrowings		(279,000)		(18,900)	
Increase in loan to parent company		(223,113)		(10,246)	
Issue of ordinary share capital		—		324,691	
Net cash inflow from financing			19,471		585,445
Increase/(decrease) in net cash in the period . .	25		56,100		(26,587)

The accompanying notes on pages F-100 to F-117 are an integral part of these financial statements.

Red Football Limited

Note to consolidated cash flow statement

Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	12 months ended 30 June 2007 £'000	14 months ended 30 June 2006 £'000
Net cash generated from operating activities		
Group operating profit/(loss)	7,169	(37,179)
Depreciation charges	9,086	7,387
Amortisation of players' registrations	24,252	26,847
Amortisation of goodwill	34,933	39,178
(Loss)/profit on disposal of tangible fixed assets	152	(560)
Grants released	(95)	(129)
Increase in stocks	(5)	(52)
Decrease in debtors	1,347	14,892
Increase in creditors and deferred income	10,804	39,243
Net cash inflow from operating activities	87,643	89,627

The accompanying notes on pages F-100 to F-117 are an integral part of these financial statements.

Red Football Limited

Notes to the financial statements for the year ended 30 June 2007

1 Accounting Policies

The financial statements have been prepared using the accounting policies described below which have been applied consistently throughout the year.

Basis of accounting

The financial statements have been prepared on a going concern basis under the historical cost convention and have been drawn up to comply with applicable accounting standards in the United Kingdom and the Companies Act 1985.

Basis of consolidation

The accounts combine the results of Red Football Limited and all its subsidiary undertakings using acquisition accounting. Undertakings, other than subsidiary undertakings in which the Group has an investment of at least 20% of the shares, and over which it exerts significant influence, are treated as associates. Entities in which the Group holds an interest on a long-term basis, and which are jointly controlled by the Group and other parties, are treated as joint ventures. The results for the joint venture and associates are based upon management accounts for the year ended 30 June 2007.

Joint Venture

The Group profit and loss account includes the Group's share of turnover, operating loss and interest charges of the joint venture. The investment in the joint venture is shown in the Group balance sheet using the gross equity method. The gross equity method records the Group's share of the gross assets and gross liabilities in its joint venture.

Associates

The Group profit and loss account includes the Group's share of the operating result and interest charges of the associate. The investments in the associate are shown in the Group balance sheet using the equity method. The equity method records the Group's share of the underlying net assets of the associate.

Goodwill

On the acquisition of a subsidiary undertaking, fair values are attributed to the net assets acquired. Goodwill, which represents the difference between the purchase consideration and the fair value of net assets acquired is capitalised and amortised through the profit and loss account on a straight-line basis over its estimated useful economic of 15 years.

Estimated useful economic life is determined after taking into account such factors as the nature and age of the business, the strength of the underlying brands and the stability of the industry in which the acquired business operates, as well as the typical life span of the acquired products to which the goodwill attaches.

Goodwill acquired is subject to an impairment review at the end of the first year following an acquisition, and at any other time if events or changes circumstances indicate that the carrying value may not be recoverable.

Turnover

Turnover represents income receivable from the Group's principal activities excluding transfer fees and value added tax. Turnover is analysed between Match Day, Media and Commercial revenue streams.

Match Day

Match Day turnover comprises income receivable from all match day activities from Manchester United games at Old Trafford, together with our share of gate receipts from cup matches not played at Old Trafford and fees receivable for the team undertaking pre-season tours and for arranging other events at the Old Trafford stadium. The share of gate receipts payable to the other participating club and competition organiser for domestic cup matches played at Old Trafford is treated as an operating expense.

Media

Media turnover represents income receivable from all UK and overseas media contracts, including contracts negotiated centrally by the FA Premier League and UEFA. In addition, media turnover includes income received by the exploitation of Manchester United media rights through the internet or wireless applications.

Commercial

Commercial turnover comprises income receivable from the exploitation of the Manchester United brand through sponsorship and other commercial agreements, including minimum guarantees from Nike, together with amounts receivable for the use of the conference and catering facilities at the Old Trafford stadium on non-match days. Any additional income receivable from Nike in accordance with the profit sharing arrangements contained in the sponsorship and licensing contract which commenced on 1 August 2002, in excess of cumulative minimum guaranteed amounts, is taken to profit when it is probable that it will not be recouped in the future.

Deferred income

Income from match day activities, media and commercial contracts, which has been received prior to the period end in respect of future football seasons is treated as deferred income.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on tangible fixed assets at annual rates appropriate to the estimated useful economic lives of the assets, as follows:

	Reducing balance	Straight line
Freehold land	nil	nil
Freehold buildings	1.33%	75 years
Assets in the course of construction	nil	nil
Computer equipment and software	33%	3 years
Plant and machinery	20%–25%	4–5 years
General fixtures and fittings	15%	7 years

Tangible fixed assets acquired prior to and including 31 July 1999 are depreciated on a reducing balance basis at the rates stated above. Tangible fixed assets acquired on or after 1 August 1999 are depreciated on a straight line basis at the rates stated above.

Stocks

Stocks comprising raw materials, consumables and goods held for resale are valued at the lower of cost and net realisable value.

Intangible fixed assets

The costs associated with the acquisition of players' registrations are capitalised at cost as intangible fixed assets. These costs are fully amortised over the period covered by the player's initial contract.

Where a playing contract is extended, any costs associated with securing the extension are added to the unamortised balance at the date of the amendment and that book value is amortised over the remaining revised contract life.

Where a part of the consideration payable on acquiring a players registration is contingent on a future event, this amount is recognised once it is probable, rather than possible, that the event will occur and is amortised commencing from the start of the year in which the contingent payment becomes probable. The total amount which is currently considered possible but not probable is disclosed in note 28b.

Where a player's registration is secured on a temporary basis, all associated costs are expensed through the profit and loss account during the period in which they are incurred.

Signing-on fees

Staff costs include signing-on fees payable to players representing part of their remuneration which are charged to the profit and loss account evenly over the period covered by the player's contract.

Grants

Grants receivable from the Football Trust and the former Football Grounds Improvement Trust in respect of capital expenditure are treated as deferred income and released to the profit and loss account so as to match the depreciation charged on the fixed assets purchased with the grant. Deferred grant income in the balance sheet represents total grants received less amounts credited to the profit and loss account.

Taxation

Corporation tax payable is provided on taxable profit at the current tax rate.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future have occurred at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements.

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

Foreign currencies

Transactions denominated in foreign currencies are translated at the exchange rate at the date of the transaction. Monetary assets and liabilities held at the year end are translated at year-end exchange rates, or the exchange rate of a related forward exchange contract where appropriate. The resulting exchange gain or loss is dealt with through the profit and loss account.

Provisions

Provision is made for the anticipated net costs of onerous leases on non-trading properties. The provision will be represented by the payment of costs, shortfalls on sub-tenanted property and expenses of early termination.

Investments

Investments in subsidiary undertakings in the Company balance sheet are included at cost less any provision for impairment in value.

Financial instruments

The Group uses derivative financial instruments to manage its exposure to fluctuations in foreign currency exchange rates and interest rates. Derivative instruments utilised by the Group include forward currency contracts and interest rate swaps. Such contracts are accounted for as hedges, with the instrument's impact on profit deferred until the underlying transaction is recognised in the profit and loss account.

Leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Pension costs

Contributions to money purchase pension schemes are charged to the profit and loss account as they fall due.

Bank Loans

Bank loans are stated at the amount repayable at the balance sheet date net of directly attributable issue costs which are amortised over the estimated useful life of the relevant loans.

2 Group turnover

Turnover, all of which arises from the Group's principal activity, can be analysed into its main components as follows:

	12 months ended 30 June 2007 £'000	14 months ended 30 June 2006 £'000
Match day	92,562	72,098
Media	61,484	46,112
Commercial	56,035	54,961
	210,081	173,171

Turnover, all of which originates in the United Kingdom, can be analysed by destination as follows:

	12 months ended 30 June 2007 £'000	14 months ended 30 June 2006 £'000
United Kingdom	208,285	170,580
Rest of world	1,796	2,591
	210,081	173,171

Media income from European cup competitions is distributed by the Football Association and is therefore classified as being of United Kingdom origin and destination.

The Group's activities are managed as one business and as such, the operating expenses above are not separately identifiable to any particular segment. As a result, no segmental analysis of operating performance or net assets is provided.

3 Operating expenses—other

	12 months ended 30 June 2007 £'000	14 months ended 30 June 2006 £'000
Operations excluding player amortisation and trading:		
Staff costs (note 6)	92,310	96,096
Depreciation—owned assets	9,086	7,387
Amortisation of goodwill	34,933	39,178
Operating lease costs—land and buildings	360	355
Other operating charges	39,743	36,880
Auditors' remuneration: audit services	69	111
Auditors' remuneration: non-audit services	666	742
Grants released (note 20)	(95)	(129)
(Loss)/profit on disposal of tangible fixed assets	152	(560)
	177,224	180,060
Player amortisation:		
Amortisation of players' registrations	24,252	26,847
	201,476	206,907

	Company	
	12 months ended 30 June 2007 £'000	14 months ended 30 June 2006 £'000
Auditors' remuneration: audit services	21	21
Auditors' remuneration: non-audit services	501	492
	522	513

4 Operating expenses—exceptional items

	12 months ended 30 June 2007 £'000	14 months ended 30 June 2006 £'000
Termination of employee contracts	1,436	3,043
Football League pension scheme deficit	—	400
	1,436	3,443

5 Net interest payable

	12 months ended 30 June 2007 £'000	14 months ended 30 June 2006 £'000
Interest payable on bank loans and overdrafts	(42,463)	(28,878)
Amortisation of debt issue costs	(961)	(13,010)
Share of joint venture interest payable	(268)	(209)
Interest receivable	715	1,838
	(42,977)	(40,259)

6 Staff costs

The average monthly number of employees during the period, including directors, was as follows:

	Group		Company	
	12 months ended 30 June 2007 Number	14 months ended 30 June 2006 Number	12 months ended 30 June 2007 Number	14 months ended 30 June 2006 Number
By activity:				
Players	63	68	—	—
Ground staff	94	86	—	—
Ticket office and membership	48	40	—	—
Catering	74	82	—	—
Administration and other	169	191	9	4
Average monthly number of employees	448	467	9	4

The Group also employs approximately 1,383 temporary staff on match days (2006: 1,299).

Particulars of employee costs, including directors, are as shown below:

	Group		Company	
	12 months ended 30 June 2007 £'000	14 months ended 30 June 2006 £'000	12 months ended 30 June 2007 £'000	14 months ended 30 June 2006 £'000
Wages and salaries	73,641	79,609	288	410
Bonuses	8,633	4,885	369	200
Social security costs	9,101	9,399	62	75
Other pension costs (note 29)	935	2,203	3	1
	92,310	96,096	722	686

No directors received any emoluments in respect of services for the Company during the year (2006: £nil).

7 Taxation

	12 months ended 30 June 2007 £'000	14 months ended 30 June 2006 £'000
Current tax		
UK Corporation tax at 30% of the loss for the period	5,951	(2,482)
Adjustment in respect of prior periods	(526)	(576)
Total current tax	5,425	(3,058)
Deferred tax		
Origination and reversal of timing differences (note 19a)	(2,287)	598
Adjustment in respect of prior periods	(1,606)	—
Total deferred tax	(3,893)	598
Tax on loss on ordinary activities	1,532	(2,460)

The tax rate for the period is higher (2006: lower) than that resulting from applying the standard rate of corporation tax in the UK of 30%.

A reconciliation of current tax is shown below:

	12 months ended 30 June 2007 £'000	14 months ended 30 June 2006 £'000
Loss on ordinary activities before tax	(24,321)	(65,015)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK 30% (2006: 30%)	(7,296)	(19,505)
Effects of:		
Adjustment to tax in respect of prior periods	(526)	(576)
Expenses not deductible for tax purposes	480	1,267
Goodwill amortisation	10,480	11,754
Capital allowances and other timing differences	2,287	(598)
Deferred tax asset not recognised	—	4,600
	5,425	(3,058)

The effect of the changes to be enacted in the Finance Act 2007 are to reduce the deferred tax liability provided at 30 June 2007 by £155,684.

This decrease in deferred tax liability results in an increase in profit for the year by £155,684 and is due to the reduction in the corporation rate from 30 per cent to 28 per cent with effect from 1 April 2008.

8 Profit for the period

The Company has taken advantage of Section 230 of the Companies Act 1985 and has not presented its own profit and loss account. The Company's loss for the period was £31,349,000 (2006—loss of £36,448,000).

9 Intangible assets—goodwill

Group	Total £'000
Cost	
At 1 July 2006	522,383
Additions (note 13)	3,217
At 30 June 2007	525,600
Accumulated amortisation	
At 1 July 2006	39,178
Charge for the year	34,933
At 30 June 2007	74,111
Net book amount	
At 30 June 2007	451,489
At 30 June 2006	483,205

10 Intangible assets—player registrations

Group	Total £'000
Cost	
At 1 July 2006	151,566
Additions	78,998
Disposals	(22,668)
At 30 June 2007	207,896
Accumulated amortisation	
At 1 July 2006	77,701
Charge for the year	24,252
Disposals	(17,148)
At 30 June 2007	84,805
Net book amount	
At 30 June 2007	123,091
At 30 June 2006	73,865

The Company had no intangible fixed assets relating to player registrations (2006: nil).

11 Tangible assets

Group	Freehold property £'000	Assets under construction £'000	Plant and machinery £'000	Fixtures and fittings £'000	Total £'000
Cost					
At 1 July 2006	214,112	40,876	19,695	11,173	285,856
Additions	6,844	—	2,293	611	9,748
Disposals	(990)	—	(33)	—	(1,023)
Transfers	31,242	(40,876)	5,919	3,715	—
At 30 June 2007	251,208	—	27,874	15,499	294,581
Accumulated depreciation					
At 1 July 2006	11,311	—	13,717	8,579	33,607
Charge for the year	3,190	—	4,387	1,509	9,086
Disposals	(54)	—	(16)	—	(70)
At 30 June 2007	14,447	—	18,088	10,088	42,623
Net book amount					
At 30 June 2007	236,761	—	9,786	5,411	251,958
At 30 June 2006	202,801	40,876	5,978	2,594	252,249

The Company had no tangible fixed assets (2006: nil).

12 Investments

Group	Associated Undertakings £'000	Joint Venture £'000	Total £'000
Cost			
At 1 July 2006	262	—	262
Share of profit/(loss) retained	19	(560) ⁽¹⁾	(541)
Transfer to provision for liabilities and charges (note 19c)	—	560	560
At 30 June 2007	281	—	281
Net book amount			
At 30 June 2007	281	—	281
At 30 June 2006	262	—	262

Company	Subsidiary Undertakings £'000	Total £'000
Cost and net book amount		
At 1 July 2006 and 30 June 2007	809,143	809,143

(1) In accordance with FRS 9, 'Joint Ventures and Associates', the Group's share of losses from its investment in the joint venture of £560,000 has been calculated by reference to the proportion of ordinary shares it owns. The Group's cash investment is limited to £1 million and is provided by way of a loan to the joint venture company, made by 31 July 2000, which has now been fully provided for.

The following companies are the principal subsidiary undertakings, joint venture and associated undertaking of the Group at 30 June 2007:

	Country of incorporation and operation	Principal activity	Description of share classes owned
Subsidiaries			
*Red Football Junior Limited	England and Wales	Holding company	100% Ordinary
*Manchester United Limited	England and Wales	Holding company	100% Ordinary
Manchester United Football Club Limited	England and Wales	Professional football club	100% Ordinary
Manchester United Interactive Limited	England and Wales	Media company	100% Ordinary
Manchester United Commercial Enterprises (Ireland) Ltd	Ireland	Property investment	100% Ordinary
Alderley Urban Investments Limited	England and Wales	Property investment	100% Ordinary
Joint venture			
MUTV Limited	England and Wales	Subscription TV channel	33.3% Ordinary
Associate			
Timecreate Limited	England and Wales	Hotel	31.4% Ordinary

* Direct investment of Red Football Limited, others are held by subsidiary undertakings.

The directors believe that the net book value of investments are supported by their underlying net assets.

13 Acquisition of subsidiary undertaking

On 5 January 2007, Manchester United Limited increased its stake in its subsidiary undertaking, Manchester United Interactive Limited, to 100% by acquiring the remaining 5% of the ordinary share capital which it did not already own. Details of the acquisition balance sheet are as follows:

	Book value at acquisition £'000	Fair value at acquisition £'000
Tangible fixed assets	427	427
Current assets	1,961	1,961
Creditors—amounts falling due within one year	(2,210)	(2,210)
Deferred income	(187)	(187)
Total net liabilities at fair value	(9)	(9)
5% net liabilities acquired at fair value		—
Fair value of consideration		
Total consideration—cash paid during the period including directly attributable professional fees		3,217
Goodwill arising		3,217

14 Stock

	Group	
	30 June 2007 £'000	30 June 2006 £'000
Raw materials and consumables	34	32
Goods held for resale	145	142
	179	174

The Company had no stock (2006: £nil).

15 Debtors

	Group		Company	
	30 June 2007 £'000	30 June 2006 £'000	30 June 2007 £'000	30 June 2006 £'000
Amounts falling due within one year				
Trade debtors	13,344	19,902	—	—
Amounts due from parent undertaking	227,408	10,246	227,215	10,246
Other debtors	868	643	—	—
Prepayments and accrued income	9,205	8,481	—	—
	250,826	39,272	227,215	10,246
Amounts falling due after more than one year				
Trade debtors	2,100	835	—	—
Other debtors	150	300	—	—
	2,250	1,135	—	—
	253,076	40,407	227,215	10,246

Group trade debtors include transfer fees receivable from other football clubs of £11,515,000 (2006—£15,281,000), excluding value added tax, of which £2,100,000 (2006—£835,000) is receivable after more than one year.

The amount due from the parent undertaking is repayable on demand and does not bear interest.

16 Creditors—amounts falling due within one year

	Group		Company	
	30 June 2007 £'000	30 June 2006 £'000	30 June 2007 £'000	30 June 2006 £'000
Bank loans (note 18)	3,845	9,190	3,845	9,190
Trade creditors	41,811	9,435	—	—
Corporation tax	1,939	136	—	—
Amounts due to subsidiary undertakings	—	—	27,142	35,401
Social security and other taxes	8,551	5,558	—	—
Other creditors—pensions	182	310	—	—
Accruals	25,681	12,542	15,329	2,297
	82,009	37,171	46,316	46,888

Group trade creditors include transfer fees and other associated costs in relation to the acquisition of player registrations of £37,133,000 (2006—£2,473,000).

The amounts due to subsidiary undertakings are repayable on demand and do not bear interest.

17 Creditors—amounts falling due after more than one year

	Group		Company	
	30 June 2007 £'000	30 June 2006 £'000	30 June 2007 £'000	30 June 2006 £'000
Bank loans (note 18)	510,700	261,810	510,700	261,810
Trade creditors	19,047	4,946	—	—
Other creditors—pensions	618	731	—	—
	530,365	267,487	510,700	261,810

Group trade creditors include transfer fees and other associated costs in relation to the acquisition of player registrations of £19,047,000 (2006—£4,946,000).

18 Bank loans

	Group		Company	
	30 June 2007 £'000	30 June 2006 £'000	30 June 2007 £'000	30 June 2006 £'000
Bank loans	514,545	271,000	514,545	271,000
Maturity of financial liabilities:				
Debt issue costs	(7,455)	—	(7,455)	—
Within one year	4,950	9,190	4,950	9,190
Between one and two years	7,950	5,775	7,950	5,775
Between two and five years	40,950	31,295	40,950	31,295
In more than five years	468,150	224,740	468,150	224,740
	514,545	271,000	514,545	271,000
	2007 £'000	2006 £'000	2007 £'000	2006 £'000
Analysis of changes in borrowings:				
At 1 July	271,000	—	271,000	—
New borrowings	522,545	289,900	522,545	289,900
Repayment of borrowings	(279,000)	(18,900)	(279,000)	(18,900)
At 30 June	514,545	271,000	514,545	271,000

Bank loans of £514,545,000 represent senior facilities available to the Company by way of four term loans plus a revolving credit facility that attract interest based on LIBOR plus a margin which ranges between 2.125% and 5.00%. Two of the Company's subsidiary undertakings, Manchester United Limited and Manchester United Football Club Limited, were also parties to the Senior Facilities Agreement dated 16 August 2006 as borrowers under the Revolving Credit Facility and guarantors for the facilities borrowed by the Company.

Manchester United Limited and Manchester United Football Club Limited have provided security for £425 million of the senior facilities by way of first fixed and floating charges over their assets and undertakings.

The senior facilities have terms between 7 and 10 years from the date of the agreement and the term loans have an average life of 8.1 years.

19 Provision for liabilities and charges

a. Deferred taxation

The provision for deferred taxation comprises:

	Group	
	30 June 2007 £'000	30 June 2006 £'000
Accelerated capital allowances	2,798	6,772
Short term timing differences	(618)	(699)
	<u>2,180</u>	<u>6,073</u>

The movements in deferred tax balances during the period were as follows:

	Group £'000
At 1 July 2006	6,073
Amount charged to profit and loss account (note 7)	(3,893)
At 30 June 2007	<u>2,180</u>

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

The Group has an unrecognised deferred tax asset of £2.4 million (2006: £4.6 million) arising from trading losses which has not been recognised as it is not considered likely that the asset could be realised in the foreseeable future.

There is no deferred tax balance in the Company (2006: £nil).

b. Other provisions

The movements in other provisions for the onerous lease were as follows:

	Group	
	2007 £'000	2006 £'000
At 1 July (1 May)	1,795	2,094
Utilised in the year	(384)	(299)
At 30 June	<u>1,411</u>	<u>1,795</u>

The provision relates to a lease that may be terminated in 2015.

c. Investment in joint venture

The movements in the share of gross assets less the share of gross liabilities in the joint venture were as follows:

	Group £'000
At 1 July (1 May)	4,411
Share of reserves invested by joint venture partners	(349)
Loss for the financial year transferred from fixed asset investments (note 12)	560
At 30 June 2007	4,622

20 Deferred grant income

The movement in deferred grant income during the period was as follows:

	Group	
	2007 £'000	2006 £'000
At 1 July (1 May)	623	752
Grants released to the profit and loss account	(95)	(129)
At 30 June	528	623

21 Other deferred income

Other deferred income comprises the following amounts received in respect of future football seasons:

	Group	
	30 June 2007 £'000	30 June 2006 £'000
Match day activities	50,027	46,057
Commercial contracts	11,764	7,773
	61,791	53,830

There are no deferred income balances in the Company (2006: nil).

22 Share capital

	Group and Company	
	30 June 2007 £	30 June 2006 £
Authorised:		
1,000,000 ordinary shares of £0.0001 each	100	100
Allotted, called up and fully paid:		
994,397 ordinary shares of £0.0001 each	99	99

23 Reserves

Group	Share premium account £'000	Other reserve £'000	Profit and loss account £'000
At 1 July (1 May)	547,139	217	(62,555)
Loss for the financial period	—	—	(25,853)
Share of reserves invested by joint venture partners	—	349	—
At 30 June 2007	547,139	566	(88,408)

Company	Share premium account £'000	Profit and loss account £'000
At 1 July 2006	547,139	(36,448)
Loss for the financial period	—	(31,349)
At 30 June 2007	547,139	(67,797)

Under the terms of certain lotteries, past donations of £946,704 (2006: £762,295) received by one of the Company's subsidiaries, and included within the profit and loss account balance, are not available for distribution (and bank balances are restricted accordingly) until such monies have been expended within the terms of those lotteries on capital programmes relating to the provision of facilities for youth development or spectators at the Old Trafford football stadium. All past donations having been so applied are distributable. It is intended that the balance will be applied to such programmes and will thereby become distributable.

24 Reconciliation of movements in equity shareholders' funds

	Group		Company	
	30 June 2007 £'000	30 June 2006 £'000	30 June 2007 £'000	30 June 2006 £'000
Loss for the financial year	(25,853)	(62,555)	(31,349)	(36,448)
Proceeds of issue of ordinary shares for cash	—	547,139	—	547,139
Share of reserves invested by joint venture partners	349	217	—	—
Net (reduction)/addition to equity shareholders' fund	(25,504)	484,801	(31,349)	510,691
Opening shareholders' funds	484,801	—	510,691	—
Closing shareholders' funds	459,297	484,801	479,342	510,691

25 Reconciliation of net cash inflow/(outflow) to movement in net debt

	Group	
	30 June 2007 £'000	30 June 2006 £'000
Increase/(decrease) in cash in the period	56,100	(26,587)
On acquisition of subsidiary undertaking	—	32,616
Cash inflow from increase in borrowings	(242,584)	(271,000)
Other non-cash items	(961)	—
Movement in net debt	(187,445)	(264,971)
Opening net debt	(264,971)	—
Closing net debt	(452,416)	(264,971)

26 Analysis of changes in net debt

Group	At 30 June 2006 £'000	Cash flows £'000	Non-cash movements £'000	At 30 June 2007 £'000
Cash at bank and in hand	6,029	56,100	—	62,129
Debt due within one year	(9,190)	9,190	(3,845)	(3,845)
Debt due after more than one year	(261,810)	(251,774)	2,884	(510,700)
Total	(264,971)	(186,484)	(961)	(452,416)

27 Lease commitments

At 30 June 2007 the Group had annual commitments under non-cancellable operating leases expiring as follows:

	30 June 2007 Land and buildings £'000	30 June 2006 Land and buildings £'000
Leases expiring after five years	356	340

28 Commitments and contingent liabilities

a. Capital commitments

At 30 June 2007, capital commitments were:

	Group		Company	
	30 June 2007 £'000	30 June 2006 £'000	30 June 2007 £'000	30 June 2006 £'000
Contracted but not provided for	—	4,486	—	—

b. Transfer fees payable

Under the terms of certain contracts with other football clubs in respect of player transfers, additional amounts would be payable by the Group if certain conditions are met. The maximum that could be payable is £20,697,000 (2006: £11,104,000).

At 30 June 2007 the potential amount payable by type of condition and category of player was:

Type of condition	First team squad £'000	Other £'000	Total £'000
MUFC appearances/new contract	9,200	8,377	17,577
International appearances	1,000	2,120	3,120
	10,200	10,497	20,697

29 Pensions

a. Defined benefit scheme

Certain employees of the Group are members of The Football League Limited Pension and Life Assurance Scheme ("the Scheme"). Accrual of benefits under a final salary basis was suspended with effect from 31 August 1999 following an actuarial review which revealed a substantial deficit.

As one of a number of participating employers, the Group is unable to identify its share of the assets and liabilities of the Scheme and therefore accounts for its contributions as if they were paid to a defined contribution scheme.

The Group is advised only of its share of the deficit in the Scheme and the contributions required to make good the deficit. A cumulative amount of £2,424,000 has been charged to the profit and loss account in full in prior periods as it is principally attributable to employees who have left the Group or retired.

The current deficit, based on the last actuarial valuation at 31 August 2005, is being paid off over a period of ten years from April 2006. The next actuarial valuation is due to be carried out as at 31 August 2008.

b. Defined contribution schemes

Contributions made to defined contribution pension arrangements are charged to the profit and loss account in the period in which they become payable and amounted to £935,000 (2006—£2,203,000).

The assets of all pension schemes to which the Group contributes are held separately from the Group in independently administered funds.

30 Related party transactions

E M Watkins was a director of a subsidiary undertaking, Manchester United Football Club Limited throughout the period. Legal fees of £279,255 were paid in the period (2006—£592,793), in the ordinary course of business, to Brabners Chaffe Street, a firm in which E M Watkins is the senior partner.

There were no other material transactions or balances with related parties as defined by FRS8 "Related party transactions". The Company has taken advantage of the exemption under paragraph 3c of the provisions of FRS8 "Related party disclosures", on the grounds that it is a wholly owned subsidiary of a group headed by Red Football Shareholder Limited, whose accounts are publicly available.

31 Post balance sheet events

The playing registrations of certain footballers have been disposed of, subsequent to the balance sheet date, for a total consideration, net of associated costs, of £23,600,000. The associated net book value was £5,177,000.

Subsequent to the balance sheet date, the playing registration of certain players was acquired for a total consideration, including associated costs, of £9,910,000.

32 Ultimate parent undertaking and controlling party

The immediate parent undertaking is Red Football Joint Venture Limited.

The company's ultimate parent undertaking is Red Football Limited Partnership, a limited partnership formed in the State of Nevada, United States of America, whose general partner is Red Football General Partner, Inc., a corporation formed in the State of Nevada, United States of America.

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