

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the action you should take, you are recommended to seek your own personal financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent professional adviser duly authorised under the Financial Services and Markets Act 2000 if you are resident in the UK or, if not, from another appropriately authorised independent financial adviser.**

If you have sold or otherwise transferred all of your Manchester United Shares, please forward this document, together with the Form of Acceptance, at once to the purchaser or transferee or to the stockbroker, bank or other agent through whom the sale or transfer was effected, for onward transmission to the purchaser or transferee. **However, neither this document nor the Form of Acceptance should be forwarded or transmitted in, into or from Australia, Canada, Japan or the United States.** If you have sold or otherwise transferred only part of your holding of Manchester United Shares, you should retain this document and the Form of Acceptance.

Rothschild, which is regulated in the United Kingdom by the Financial Services Authority, is acting for Red and no one else in connection with the Offer and will not be responsible to anyone other than Red for providing the protections afforded to clients of Rothschild or for providing advice in relation to the Offer.

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## **Unconditional Mandatory Cash Offer**

by

**NM Rothschild & Sons Limited**

on behalf of

**Red Football Limited**

for

**Manchester United PLC**

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**To accept the Offer, the Form of Acceptance should be completed, signed, witnessed and returned, whether or not your Manchester United Shares are in CREST, in accordance with the instructions printed on it as soon as possible and, in any event, so as to be received by Capita Registrars no later than 3.00 p.m. on 13 June 2005. The procedure for acceptance of the Offer is set out in the letter from Rothschild on pages 8 to 11 of this document and in the Form of Acceptance.**

This document should be read in conjunction with the Form of Acceptance. If you are a CREST sponsored member, you must refer to your CREST sponsor before completing the Form of Acceptance.

The Offer will not be made, directly or indirectly, in, into or from Australia, Canada, Japan or the United States and the Offer will not be capable of acceptance from or within Australia, Canada, Japan or the United States. Accordingly, copies of this document are not being, and must not be, directly or indirectly, mailed or otherwise forwarded, distributed or sent in, into or from Australia, Canada, Japan or the United States and persons receiving this document (including custodians, nominees and trustees) must not mail or otherwise distribute or send it in, into or from such jurisdictions as doing so may invalidate any purported acceptance of the Offer.

The availability of the Offer to persons not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of those jurisdictions.

### **Dealing disclosure requirements**

Under the provisions of Rule 8.3 of the City Code, any person who, alone or acting together with any other person(s) pursuant to an agreement or understanding (whether formal or informal) to acquire or control relevant securities of Manchester United, owns or controls, or becomes the owner or controller, directly or indirectly, of one per cent. or more of any class of securities of Manchester United is required to disclose, by no later than 12.00 noon on the business day following the date of the relevant transaction, dealings in such securities (or in any option in respect of, or derivative referenced to, any such securities) in the period up to the first closing date of the Offer (i.e. 13 June 2005).

Under the provisions of Rule 8.1 of the City Code, all dealings in relevant securities of Manchester United by Red or by any of its "associates" (within the meaning of the City Code) must also be disclosed.

If you are in any doubt as to the application of Rule 8 of the City Code to you, please contact an independent financial adviser authorised under the Financial Services and Markets Act 2000, consult the Panel's website at [www.thetakeoverpanel.org.uk](http://www.thetakeoverpanel.org.uk) or contact the Panel on telephone number +44 20 7638 0129; fax +44 20 7236 7013.

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## CONTENTS

<b>Letter from Rothschild</b> .....	3
1. Introduction .....	3
2. The Offer .....	3
3. Existing holding of Manchester United Shares .....	4
4. Background to the Offer .....	4
5. Information on Manchester United.....	4
6. Information on the Glazer family .....	5
7. Information on Red.....	6
8. Financing of the Offer.....	6
9. Manchester United Share Option Schemes .....	6
10. Employees .....	6
11. Compulsory acquisition, de-listing and cancellation of trading .....	7
12. United Kingdom taxation .....	7
13. Overseas shareholders.....	8
14. Procedure for acceptance of the Offer.....	8
15. Settlement .....	11
16. Further information.....	12
17. Action to be taken.....	12
<b>Appendix I Further terms of the Offer</b> .....	13
Part A - Further terms of the Offer.....	13
Part B - Form of Acceptance.....	21
<b>Appendix II Financial information on Manchester United</b> .....	26
<b>Appendix III Further information on the Red Football Group</b> .....	62
<b>Appendix IV Additional information</b> .....	64
<b>Definitions</b> .....	71



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The Offer represents a premium of:

- 13.2 per cent. to the Closing Price of 265 pence for each Manchester United Share on 11 May 2005 (being the last business day prior to the announcement on 12 May 2005 that an unconditional mandatory cash offer was to be made);
- 12.8 per cent. to the Closing Price of 266 pence for each Manchester United Share on 17 December 2004 (being the last business day prior to the commencement of the Current Offer Period); and
- 7.3 per cent. to the Closing Price of 279.5 pence for each Manchester United Share on 13 February 2004 (being the last business day prior to the commencement of the Original Offer Period).

The Manchester United Shares will be acquired by Red pursuant to the Offer fully paid with full title guarantee and free from all liens, equitable interests, charges, encumbrances, pre-emption rights and other interests and rights of whatsoever nature and together with all rights now or hereafter attaching thereto, including the right to receive in full all dividends and other distributions declared, made or paid after the date of this document.

### **3. Existing holding of Manchester United Shares**

Prior to the acquisition by Red of 75,736,960 Manchester United Shares from Cubic, Red Football Partnership owned 74,149,233 Manchester United Shares, representing approximately 28.1 per cent. of the issued share capital of Manchester United.

Following the acquisition of 75,736,960 Manchester United Shares from Cubic, the 74,149,233 Manchester United Shares already owned by Red Football Partnership were transferred to Red Junior, a wholly-owned subsidiary of Red.

Red has made subsequent market purchases of 50,737,018 Manchester United Shares, representing approximately 19.3 per cent. of the issued share capital of Manchester United.

As a result of the purchase from Cubic and subsequent market purchases, the Red Football Group owns, or has agreed to acquire, in aggregate, 200,623,211 Manchester United Shares, representing approximately 76.2 per cent. of the issued share capital of Manchester United.

### **4. Background to the Offer**

The Glazer family are keen supporters of Manchester United and long-term owners of Manchester United Shares. Red wants to work with current management, players and supporters to ensure that the significant successes enjoyed by Manchester United, both on and off the pitch, continue.

Manchester United is one of the pre-eminent football clubs in the world and Red is committed to the success of Manchester United Football Club, the team and all other aspects of the Manchester United business.

### **5. Information on Manchester United**

Manchester United is one of the leading football clubs in the world, with an international brand and a fan base which embodies the passion and excitement of the world's most popular sport. In addition to professional football, the Company's business encompasses merchandising/retailing, catering, corporate hospitality and media and communications.

For the year ended 31 July 2004, Manchester United reported a profit on ordinary activities after tax of £19.4 million (2003: £29.8 million) on turnover of £169.1 million (2003: £173.0 million). As at 31 July 2004, Manchester United had consolidated net assets of £173.4 million (2003: £156.4 million).

For the six month period ended 31 January 2005, Manchester United reported a profit on ordinary activities after tax of £9.0 million (2004: £18.7 million) on turnover of £91.6 million

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(2004: £92.4 million). As at 31 January 2005, Manchester United had consolidated net assets of £179.7 million (2004: £175.9 million)

## **6. Information on the Glazer family**

The Glazer family currently has a portfolio of investments which includes real estate assets (First Allied Corporation), Zapata Corporation and the Tampa Bay Buccaneers, an American Football team in the NFL which the Glazer family acquired in 1995.

The experience and success of the Glazer family in managing a sports club is well illustrated by its ownership of the Tampa Bay Buccaneers (wholly owned by the Glazer family). The Glazer family has improved the performance of the Tampa Bay Buccaneers' business in the following key areas:

- (a) sporting success, including winning the NFL Superbowl in January 2003;
- (b) financial success, including the attraction of new sponsorship and other commercial opportunities;
- (c) stadium development;
- (d) sustained investment in the playing squad;
- (e) enthusiastic fan support, with several years of consecutive sell-outs throughout the entire NFL season; and
- (f) community projects within the Tampa Bay area.

First Allied Corporation is a real estate company which is wholly-owned by the Glazer family. There is no publicly available financial information on the Tampa Bay Buccaneers or First Allied Corporation.

Zapata Corporation (which is approximately 51.3 per cent. owned by the Glazer family) is a major shareholder (approximately 58.1 per cent.) in Omega Protein Corporation, a large producer of marine protein products, and a major shareholder (approximately 77.5 per cent.) in Safety Components International, Inc., a leading supplier of automotive airbags, fabric and cushions.

For the year ended 31 December 2004, Zapata Corporation reported a profit on ordinary activities before tax of US\$15.9 million on turnover of US\$367.5 million. As at 31 March 2005, Zapata Corporation had shareholders' equity of US\$184.6 million. Zapata Corporation is listed on the New York Stock Exchange. On 20 May 2005 (the last practicable day prior to the posting of this document), Zapata Corporation had a market capitalisation of US\$128.2 million. Zapata Corporation, through its subsidiary, Omega Protein Corporation, harvests fish and processes fish meal and fish oils.

For the year ended 31 December 2004, Omega Protein Corporation reported a profit on ordinary activities before tax of US\$4.7 million on turnover of US\$119.6 million. As at 31 March 2005, Omega Protein Corporation had shareholders' equity of US\$150.2 million. Omega Protein Corporation is listed on the New York Stock Exchange. On 20 May 2005 (the last practicable day prior to the posting of this document), Omega Protein Corporation had a market capitalisation of US\$149.5 million. Omega Protein Corporation produces protein-rich fish meal, fish oil and solubles. It markets a variety of products derived from menhaden, an inedible fish found in coastal waters off the mid-Atlantic and Gulf coasts of the United States.

For the year ended 31 December 2004, Safety Components International, Inc. reported a profit on ordinary activities before tax of US\$16.0 million on turnover of US\$247.9 million. As at 31 March 2005, Safety Components International, Inc. had shareholders' equity of US\$81.5 million. Safety Components International, Inc. is quoted on the OTC Bulletin Board. On 20 May 2005 (the last practicable day prior to the posting of this document), Safety Components International, Inc. had a market capitalisation of US\$76.3 million. Safety Components International, Inc. supplies automotive airbag fabric, with operations in North America and Europe. It also manufactures technical fabrics used in a variety of niche industrial and commercial applications, such as ballistics material for luggage, filtration, aircraft escape slides, military tents and fire service apparel.

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## **7. Information on Red**

Red is a UK private limited company incorporated for the specific purpose of making the Offer and is, indirectly, wholly-owned by Red Football Partnership. The general partner of Red Football Partnership is Malcolm I. Glazer G.P., Inc. and the limited partner of Red Football Partnership is Malcolm Glazer Revocable Trust. The sole shareholder of Malcolm I. Glazer G.P., Inc. is Malcolm Glazer Revocable Trust (of which the principal beneficiary is Malcolm Glazer).

Red has not traded since incorporation, nor has it entered into any obligations, other than in connection with the Offer and the financing of the Offer.

## **8. Financing of the Offer**

Assuming full acceptance of the Offer:

- (a) the Glazer family will provide £272 million in equity contributions towards the Offer, comprising 74,149,233 Manchester United Shares already owned by Red Football Partnership at a price of 300 pence for each Manchester United Share, as well as cash;
- (b) Red Joint Venture will provide £275 million of funding for the Offer by the issue to certain investors of the non-cash pay Preferred Securities, which will have no security over, or recourse to, Manchester United's assets; and
- (c) certain lenders will provide to Red £265 million of term loan facilities which, subject to prior shareholder approval by way of special resolution, will have security over Manchester United's assets.

For the purpose of the paragraph above, "Offer" includes the acquisition of, or agreement to acquire, any Manchester United Shares by Red (or any other member of the Red Football Group) prior to the posting of this document.

To the extent that there is not full acceptance of the Offer, the funding contributions from the providers of finance will be varied in accordance with the relevant provisions of the financing documents.

Rothschild is satisfied that resources are available to Red which are sufficient to satisfy the cash consideration payable to Manchester United Shareholders in the event of full acceptance of the Offer.

Further details of the financing arrangements are contained in paragraph 7 of Appendix IV to this document.

## **9. Manchester United Share Option Schemes**

The Offer will be extended to any Manchester United Shares which are unconditionally allotted or issued and fully paid (or credited as fully paid) while the Offer remains open for acceptance (or, subject to the City Code, by such earlier date as Red may decide), including (without limitation) any Manchester United Shares issued pursuant to the exercise of options granted under the Manchester United Share Option Schemes.

Red will make appropriate proposals to holders of options under the Manchester United Share Option Schemes in due course.

## **10. Employees**

Red intends that the existing employment rights, including pension rights, of all employees of the Manchester United Group will be safeguarded.

Red intends to invite the current senior management team of Manchester United to remain with the Company to assist in ensuring future success on and off the pitch. In recognition of the contribution of the executive directors and senior employees to the business, Red has confirmed to Manchester United that Red believes that the remuneration committee of the Manchester United



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Board should recommend the release of the full number of Manchester United Shares under the Manchester United Long Term Incentive Plan to the participants in that plan.

### **11. Compulsory acquisition, de-listing and cancellation of trading**

If Red receives sufficient acceptances under the Offer, Red may exercise its rights pursuant to the provisions of sections 428 to 430F (inclusive) of the Companies Act compulsorily to acquire the remaining Manchester United Shares.

Furthermore, Red intends to procure that Manchester United makes applications to the United Kingdom Listing Authority for the cancellation of the listing of Manchester United Shares on the Official List and to the London Stock Exchange for the cancellation of trading in Manchester United Shares. It is expected that such cancellations will take effect no earlier than 20 business days after the date of this document, but in any event no later than 30 June 2005.

It is also the intention of Red to propose a special resolution(s) to re-register Manchester United as a private company and to procure (among other things) that all obligations incurred under the term loan facilities described in paragraph 8(c) above are guaranteed by, and secured over the assets of, Manchester United and the Club.

It is unlikely that Manchester United Shareholders who do not accept the Offer will receive the same level of future dividend payments (if any) in respect of their Manchester United Shares as have been previously declared and paid.

### **12. United Kingdom taxation**

The following paragraphs, which are intended as a general guide only, are based on current legislation and Inland Revenue practice at the date of this document and summarise certain limited aspects of the United Kingdom taxation treatment of acceptance of the Offer. They relate only to the position of Manchester United Shareholders who are resident or ordinarily resident in the United Kingdom for tax purposes, who hold their Manchester United Shares as an investment and who are absolute beneficial owners of their Manchester United Shares. The statements may not apply to certain classes of Manchester United Shareholders, such as principal traders, brokers, dealers in securities, intermediaries, persons connected with depositary arrangements or clearance services or persons regarded as having obtained their Manchester United Shares by reason of their employment. This section is not intended to be, and should not be construed to be, legal or taxation advice to any particular Manchester United Shareholder. **Any Manchester United Shareholders who are in doubt as to their tax position or who are subject to taxation in any jurisdiction other than the United Kingdom should consult their own professional advisers.**

(a) *United Kingdom taxation of chargeable gains*

Liability to United Kingdom taxation on chargeable gains will depend on the individual circumstances of Manchester United Shareholders.

To the extent that a Manchester United Shareholder accepts the Offer in respect of that shareholder's Manchester United Shares, the sale of those shares for cash consideration will be treated as a disposal or part disposal of those shares for the purposes of United Kingdom taxation on chargeable gains. Such a disposal may give rise to a liability to United Kingdom tax on chargeable gains depending on the Manchester United Shareholder's individual circumstances (including the availability of exemptions, reliefs and allowable losses).

A Manchester United Shareholder who is an individual and who has ceased to be resident or ordinarily resident in the United Kingdom for tax purposes for a period of less than five complete tax years and who disposes of his Manchester United Shares during that period may be liable on his return to the United Kingdom to United Kingdom tax on any chargeable gain realised (subject to any available exemption or relief).

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(b) *Stamp duty and stamp duty reserve tax ("SDRT")*

No stamp duty or SDRT will be payable by Manchester United Shareholders as a result of accepting the Offer.

(c) *Share options*

Manchester United Shareholders who have acquired or who acquire their Manchester United Shares by exercising options or through awards granted under the Manchester United Share Option Schemes are reminded that special tax provisions may apply to them, including provisions imposing a charge to income tax and employees' National Insurance contributions.

### 13. Overseas shareholders

The attention of all Manchester United Shareholders who are citizens, nationals or residents of jurisdictions outside the United Kingdom and any persons (including, without limitation, any custodians, nominees or trustees) who would, or otherwise intend to, forward this document or the Form of Acceptance outside the United Kingdom is drawn to paragraph 5 of Part A of Appendix I and paragraph (d) of Part B of Appendix I to this document, as well as to the relevant provisions of the Form of Acceptance.

The availability of the Offer to Manchester United Shareholders who are not resident in the United Kingdom may be affected by the laws of the relevant jurisdictions in which they are located or of which they are citizens. Such persons should inform themselves of, and observe, any applicable legal or regulatory requirements of those jurisdictions. **If you are in any doubt about your position or the action you should take, you should consult an appropriate financial adviser.**

The Offer is not being made, directly or indirectly, in, into or from Australia, Canada, Japan or the United States. Accordingly, any accepting Manchester United Shareholder who is unable to give the warranties set out in paragraph (d) of Part B of Appendix I to this document may be deemed not to have validly accepted the Offer.

### 14. Procedure for acceptance of the Offer

To accept the Offer, you must complete the Form of Acceptance in accordance with the instructions set out below and on the Form of Acceptance. **This section should be read together with the notes and instructions on the Form of Acceptance and the provisions of Part B of Appendix I to this document.**

(a) *Completion of the Form of Acceptance*

If you hold Manchester United Shares in both certificated and uncertificated form (that is to say, in CREST), you should complete a separate Form of Acceptance for each holding. In addition, you should complete separate Forms of Acceptance for Manchester United Shares held in uncertificated form but under different member account IDs and for Manchester United Shares held in certificated form but under different designations. **Additional Forms of Acceptance can be obtained by contacting Capita Registrars at the address set out in paragraph (b) below or by telephoning them on 0870 162 3121 or, if calling from outside the UK, on +44 208 639 2157.**

To accept the Offer, you must complete Boxes 1 and 2 and, where appropriate, Boxes 4 and/or 6, and, if your Manchester United Shares are in CREST, Box 5 on the Form of Acceptance. **In all cases, you must sign Box 3 on the Form of Acceptance in the presence of a witness, who must also sign in accordance with the instructions printed on the Form of Acceptance.**

If you do not insert a number in Box 1, your acceptance will be deemed to be in respect of all Manchester United Shares held by you.



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(b) *Returning the Form of Acceptance*

To accept the Offer, the completed Form of Acceptance should be returned (whether or not your Manchester United Shares are in CREST), signed and witnessed, by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH, together (subject to paragraphs (c) and (d) below) with the relevant share certificate(s) and/or other document(s) of title as soon as possible **and, in any event, so as to arrive no later than 3.00 p.m. on 13 June 2005.**

A reply-paid envelope (for use in the UK only) is enclosed for your convenience. No acknowledgement of receipt of documents will be given by or on behalf of Red. The instructions printed on the Form of Acceptance are deemed to form part of the terms of the Offer.

The Offer may not be accepted in or from Australia, Canada, Japan or the United States. Any Form of Acceptance received in an envelope postmarked in Australia, Canada, Japan or the United States or otherwise appearing to Red or its agents to have been sent from Australia, Canada, Japan or the United States may be rejected as an invalid acceptance of the Offer. For further information relating to the position of overseas shareholders, see paragraph 13 above.

(c) *Documents of title*

If your Manchester United Shares are in certificated form, a completed, signed and witnessed Form of Acceptance should be accompanied by the relevant share certificate(s) and/or other document(s) of title. If, for any reason, the relevant share certificate(s) and/or other document(s) of title is/are lost or not readily available, you should nevertheless complete, sign and return the Form of Acceptance, as stated above, so as to be received by Capita Registrars by no later than 3.00 p.m 13 June 2005. You should send with the Form of Acceptance any share certificate(s) and/or other document(s) of title which you have available at that time together with a letter stating that the remaining document(s) will follow as soon as possible or that you have lost one or more of your share certificate(s) and/or other document(s) of title. No acknowledgement of receipt of documents will be given. If you have lost your share certificate(s) and/or other document(s) of title, you should, as soon as possible, contact Manchester United's registrars, Computershare Investor Services PLC at The Pavilions, Bridgewater Road, Bristol BS99 7NH, for a letter of indemnity for lost share certificate(s) and/or other document(s) of title which, when completed in accordance with the instructions given, should be returned by post to Capita Registrars at the address set out in paragraph (b) above.

(d) *Additional procedures for Manchester United Shares in uncertificated form (that is, in CREST)*

If your Manchester United Shares are in uncertificated form, you should insert in Box 5 of the Form of Acceptance the participant ID and member account ID under which your Manchester United Shares are held in CREST and otherwise complete and return the Form of Acceptance, as described above. In addition, you should take (or procure to be taken) the action set out below to transfer the Manchester United Shares in respect of which you wish to accept the Offer to an escrow balance (that is, a "TTE instruction") specifying Capita Registrars (in its capacity as a CREST participant under its participant ID referred to below) as the escrow agent as soon as possible **and, in any event, so that the transfer to escrow settles no later than 3.00 p.m. on 13 June 2005.**

If you are a CREST sponsored member, you must refer to your CREST sponsor before taking any action. Your CREST sponsor will be able to confirm details of your participant ID and the member account ID under which your Manchester United Shares are held. In addition,

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only your CREST sponsor will be able to send the required TTE instruction to CRESTCo in relation to your Manchester United Shares.

You should send (or, if you are a CREST sponsored member, procure that your CREST sponsor sends) a TTE instruction to CRESTCo which must be properly authenticated in accordance with CRESTCo's specifications and which must contain, in addition to the other information that is required for a TTE instruction to settle in CREST, the following details:

- the number of Manchester United Shares to be transferred to an escrow balance;
- your member account ID. This must be the same member account ID as that inserted in Box 5 of the Form of Acceptance;
- your participant ID. This must be the same participant ID as that inserted in Box 5 of the Form of Acceptance;
- the member account ID of the escrow agent. This is MANUTD;
- the participant ID of the escrow agent, Capita Registrars, in its capacity as CREST receiving agent. This is RA10;
- the Form of Acceptance reference number. This is the reference number that appears in Box 5 of the Form of Acceptance. This reference number should be inserted in the first eight characters of the shared note field on the TTE instruction. Such insertion will enable Capita Registrars to match the TTE to your Form of Acceptance. You should keep a separate record of this reference number for future reference;
- the intended settlement date. This should be as soon as possible and in any event no later than 3.00 p.m. on 13 June 2005;
- the Corporate Action Number. This is allocated by CRESTCo and can be found by viewing the relevant corporate action details in CREST;
- the Corporate Action ISIN number for the Offer. This is GB0005612402; and
- the standard TTE instruction of priority 80.

After settlement of the TTE instruction, you will not be able to access the Manchester United Shares concerned in CREST for any transaction or charging purposes. The escrow agent will transfer the Manchester United Shares concerned to itself in accordance with paragraph (f) of Part B of Appendix I to this document.

You are recommended to refer to the CREST manual published by CRESTCo for further information on the CREST procedures outlined above. For ease of processing, you are requested, wherever possible, to ensure that a Form of Acceptance relates to only one TTE instruction.

If no Form of Acceptance reference number, or an incorrect Form of Acceptance reference number, is included in the TTE instruction, Red may treat any number of Manchester United Shares transferred to an escrow balance in favour of the escrow agent specified above from the participant ID and member account ID identified in the TTE instruction as relating to any Form(s) of Acceptance which relate(s) to the same member account ID and participant ID (up to the number of Manchester United Shares inserted or deemed to be inserted on the Form(s) of Acceptance concerned).

**You should note that CRESTCo does not make available special procedures in CREST for any particular corporate action. Normal system timings and limitations will therefore apply in connection with a TTE instruction and its settlement. You should therefore ensure that all necessary action is taken by you (or by your CREST sponsor) to enable a TTE instruction relating to your Manchester United Shares to settle prior to 3.00 p.m. on 13 June 2005. In this regard, you are**

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**referred in particular to those sections of the CREST manual concerning practical limitations of the CREST system and timings.**

Red will make an appropriate announcement if any of the details contained in this paragraph (d) alter for any reason and in any respect which is, in the view of Red, material to Manchester United Shareholders.

(e) *Deposits of Manchester United Shares into, and withdrawals of Manchester United Shares from, CREST*

Normal CREST procedures (including timings) apply in relation to any Manchester United Shares that are, or are to be, converted from uncertificated to certificated form, or from certificated to uncertificated form, during the course of the Offer (whether any such conversion arises as a result of a transfer of Manchester United Shares or otherwise). Holders of Manchester United Shares who are proposing so to convert any such Manchester United Shares are recommended to ensure that the conversion procedures are implemented in sufficient time to enable the person holding or acquiring the Manchester United Shares as a result of the conversion to take all necessary steps in connection with an acceptance of the Offer (in particular, as regards delivery of share certificate(s) and/or other document(s) of title or transfers to an escrow balance as described above) prior to 3.00 p.m. on 13 June 2005.

(f) *Validity of acceptances*

Without prejudice to Parts A and B of Appendix I to this document, Red reserves the right (subject to the terms of the Offer and the City Code) to treat as valid, in whole or in part, any acceptance of the Offer which is not entirely in order or which is not accompanied by the relevant TTE instruction or (as applicable) the relevant share certificate(s) and/or other document(s) of title or which is received by it in a form or at a place or places other than as set out in this document or the Form of Acceptance. In that event, no payment of consideration under the Offer will be made until after the relevant TTE instruction has settled or (as applicable) the relevant share certificate(s) and/or other document(s) of title or indemnities satisfactory to Red have been received.

**If you are in any doubt as to the procedure for acceptance, please contact Capita Registrars by telephone on 0870 162 3121 (or, if calling from outside the UK, on +44 208 639 2157). You are reminded that, if you are a CREST sponsored member in respect of your Manchester United Shares, you should contact your CREST sponsor before taking any action.**

## **15. Settlement**

Subject to the Offer not lapsing, settlement of the consideration to which any Manchester United Shareholder is entitled under the Offer (except as provided in paragraph 5 of Part A of Appendix I to this document in the case of certain overseas shareholders and save to the extent that the Panel permits any extension of such period) will be effected within 14 days of the later of (i) 13 June 2005 and (ii) provided that the Offer remains open for acceptance, the date on which acceptances are received complete in all respects in the following manner:

(a) *Manchester United Shares in uncertificated form (that is, in CREST)*

Where an acceptance relates to Manchester United Shares in uncertificated form, the consideration to which the accepting Manchester United Shareholder is entitled will, except in limited circumstances, be paid in pounds sterling by means of CREST by Red procuring the creation of an assured payment obligation in favour of the accepting Manchester United Shareholder's payment bank in respect of the consideration due, in accordance with CREST assured payment arrangements.

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Red reserves the right to settle all or any part of the consideration, for all or any accepting Manchester United Shareholder(s), in the manner referred to in paragraph (b) below, if for any reason it wishes to do so.

(b) *Manchester United Shares in certificated form*

Where an acceptance relates to Manchester United Shares in certificated form, cheques for the appropriate amount of consideration due will be despatched by first class post (or by such other method as may be approved by the Panel) to accepting Manchester United Shareholders or their appointed agents (but not in or into Australia, Canada, Japan or the United States). All such cash payments will be made in pounds sterling by cheque drawn on a branch of a UK clearing bank.

In the case of joint holders of Manchester United Shares, relevant cheques will be despatched to the joint holder whose name appears first in the register of members.

(c) *General*

If the Offer lapses: (i) in the case of Manchester United Shares held in certificated form, share certificate(s) and/or other document(s) of title will be returned by post (or such other method as may be approved by the Panel) within 14 days of the Offer lapsing, to the person or agent whose name and address (outside Australia, Canada, Japan or the United States) is set out in Box 2 or, if appropriate, Box 4 of the Form of Acceptance or, if none is set out, to the first named or sole holder at his or her registered address; and (ii) in the case of Manchester United Shares held in uncertificated form, Capita Registrars will, immediately after the lapsing of the Offer (or within such longer period, not exceeding 14 days after the Offer has lapsed, as the Panel may approve), give TFE instructions to CRESTCo to transfer all relevant Manchester United Shares held in escrow balances and in relation to which it is the escrow agent for the purposes of the Offer to the original available balances of the Manchester United Shareholders concerned.

All documents and remittances delivered or sent by, to or from Manchester United Shareholders or their appointed agents will be delivered or sent at their own risk and may be sent by post.

## **16. Further information**

Your attention is drawn to the further terms of the Offer set out in Appendix I to this document and in the Form of Acceptance and to the information set out in the other Appendices which form part of this document.

## **17. Action to be taken**

**In order to accept the Offer, the completed Form of Acceptance should be returned (whether or not your Manchester United Shares are in CREST), signed and witnessed, by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH, together with the relevant share certificate(s) and/or other document(s) of title as soon as possible and, in any event, so as to arrive no later than 3.00 p.m. on 13 June 2005.**

**As mentioned above, the Offer will be open for acceptance until 3.00 p.m. on 13 June 2005. The Offer might not be extended by Red beyond such time, and therefore Manchester United Shareholders should be aware that, after 3.00 p.m. on 13 June 2005, they might not be able to accept the Offer in respect of their Manchester United Shares.**

NM Rothschild & Sons Limited

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## APPENDIX I

### FURTHER TERMS OF THE OFFER

#### PART A – FURTHER TERMS OF THE OFFER

Except where the context otherwise requires, any reference in Parts A or B of this Appendix I and in the Form of Acceptance to the **Offer** shall include any revision, variation or extension to the Offer.

The following further terms apply, unless the context requires otherwise, to the Offer.

#### 1. Acceptance period

- (a) The Offer will be open for acceptance until 3.00 p.m. on 13 June 2005. The Offeror reserves the right (but will not be obliged, other than as required by the Panel) at any time and from time to time to extend the Offer after such time.
- (b) Although no revision is envisaged, if the Offer is revised it will remain open for acceptance for a period of at least 14 calendar days (or such other period as may be permitted by the Panel) following the date on which written notice of the revision is despatched to Manchester United Shareholders.
- (c) If it is stated that the Offer will remain open until further notice, then not less than 14 calendar days' notice in writing will be given prior to the closing of the Offer by or on behalf of the Offeror to those Manchester United Shareholders who have not accepted the Offer.
- (d) If a competitive situation arises after the Offeror has made a "no extension" statement and/or a "no increase" statement (as referred to in the City Code) in connection with the Offer, the Offeror may, if it specifically reserves the right to do so at the time such statement is made (or otherwise with the consent of the Panel), choose not to be bound by or withdraw such statement and be free to revise and/or extend the Offer provided it complies with the requirements of the City Code and in particular that:
  - (i) it announces the withdrawal as soon as possible and in any event within four business days of the firm announcement of the competing offer;
  - (ii) it notifies Manchester United Shareholders to that effect in writing at the earliest opportunity or, in the case of Manchester United Shareholders with registered addresses outside the United Kingdom or whom the Offeror knows to be nominees, custodians or trustees holding Manchester United Shares for such persons, by announcement in the United Kingdom at the earliest opportunity; and
  - (iii) any Manchester United Shareholder who accepted the Offer after the date of the "no extension" or "no increase" statement is given a right of withdrawal in accordance with paragraph 3(b) of this Part A.

The Offeror may choose not to be bound by a "no increase" or "no extension" statement if, having reserved the right to do so at the time such statement is made, it posts an increased or improved offer (either as to the value or form of the consideration or otherwise) which is recommended for acceptance by the Manchester United Directors, or in other circumstances permitted by the Panel.

#### 2. Announcements

- (a) Without prejudice to paragraph 3(a) below, by 8.00 a.m. on the business day (the relevant day) following the day on which the Offer is due to expire or is revised or is extended, as the case may be (or such later time or date as the Panel may agree), the Offeror will make

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an appropriate announcement and simultaneously inform a Regulatory Information Service of the position. Such announcement will also state (unless otherwise permitted by the Panel) the total number of Manchester United Shares and rights over Manchester United Shares (as nearly as practicable):

- (i) for which acceptances of the Offer have been received (showing the extent, if any, to which such acceptances have been received from persons acting or deemed to be acting in concert with the Offeror);
- (ii) acquired or agreed to be acquired by or on behalf of the Offeror or any person acting or deemed to be in concert with the Offeror during the Current Offer Period; and
- (iii) held by or on behalf of the Offeror or any person deemed to be acting in concert with the Offeror prior to the Current Offer Period,

and will specify the percentage of Manchester United's issued share capital represented by each of these figures. The announcement will also state the next expiry date or may instead state that the Offer will remain open until further notice.

- (b) In this Appendix I, references to the making of an announcement or the giving of notice by or on behalf of the Offeror include the release of an announcement by public relations consultants or by Rothschild on behalf of the Offeror to the press and the delivery by hand or telephone, telex or facsimile transmission or other electronic transmission of an announcement to a Regulatory Information Service. An announcement made otherwise than to a Regulatory Information Service will be notified simultaneously to a Regulatory Information Service (unless the Panel otherwise agrees).
- (c) Without limiting the manner in which the Offeror may choose to make any public statement and subject to the Offeror's obligations under applicable law, the Offeror will have no obligation to publish, advertise or otherwise communicate any such public announcement other than by making a release to a Regulatory Information Service.

### **3. Rights of withdrawal**

- (a) If the Offeror, having announced the Offer to be unconditional, fails by 3.30 p.m. on the relevant day (or such later time and/or date as the Panel may agree) to comply with any of the other relevant requirements specified in paragraph 2(a) of this Part A, an accepting Manchester United Shareholder may (unless the Panel otherwise agrees) immediately after that time withdraw his acceptance of the Offer by written notice signed by the accepting Manchester United Shareholder (or his agent duly appointed in writing and evidence of whose appointment, in a form reasonably satisfactory to the Offeror, is produced with the notice) given by post or by hand (during normal business hours only) to Capita Registrars, Corporate Actions, PO Box 166, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TH on behalf of the Offeror. This right of withdrawal may be terminated not less than eight calendar days after the relevant day by the Offeror confirming, if that be the case, that the Offer is still unconditional as to acceptances and complying with the other relevant requirements specified in paragraph 2(a) of this Part A. If any such confirmation is given, the first period of 14 calendar days referred to in paragraph 1(c) of this Part B will run from the date of that confirmation and compliance.
- (b) If a "no extension" and/or "no increase" statement is withdrawn in accordance with paragraph 1(d) of this Part B, any acceptance made by a Manchester United Shareholder after the date of that statement may be withdrawn thereafter in the manner referred to in paragraph 3(a) above for a period of eight calendar days following the date on which the notice of the withdrawal of such statement is posted to Manchester United Shareholders.
- (c) Except as provided by this paragraph 3, acceptances of the Offer will be irrevocable.



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- (d) In this paragraph 3, **written notice** (including any letter of appointment, direction or authority) means notice in writing bearing the original signature(s) of the relevant accepting Manchester United Shareholder or his/their agent(s) duly appointed in writing (evidence of whose appointment satisfactory to the Offeror is produced with the notice). Telex, email, facsimile or other electronic transmissions or copies will not be sufficient. No notice which is postmarked in, or otherwise appears to the Offeror or its agents to have been sent from, Australia, Canada, Japan or the United States will be treated as valid.

#### 4. Revised Offer

- (a) Although no such revision is envisaged, if the Offer (in its original or any previously revised form(s)) is revised (either in its terms or in the value or form of the consideration offered or otherwise), and any such revised Offer represents on the date on which the revision is announced (on such basis as Rothschild may consider appropriate) an improvement (or no diminution) in the value of the consideration of the Offer as so revised compared with the value of the consideration or terms previously offered, or in the overall value received by a Manchester United Shareholder (under or in consequence of the Offer or otherwise), the benefit of the revised Offer will, subject to paragraphs 4(c), 4(d) and 5 of this Part A, be made available to any Manchester United Shareholder who has validly accepted the Offer in its original or any previously revised form(s) and who has not validly withdrawn such acceptance before such revised Offer is announced (a **Previous Acceptor**). The acceptance by or on behalf of a Previous Acceptor of the Offer in its original or any previously revised form(s) shall, subject to paragraphs 4(c), 4(d) and 5 of this Part A, be deemed to be an acceptance of the Offer as so revised and will also constitute an authority to the Offeror, Rothschild or any of their respective directors, authorised representatives and agents as his attorney and/or agent (**attorney**):
- (i) to accept any such revised Offer on behalf of such Previous Acceptor;
  - (ii) if such revised Offer includes alternative forms of consideration, to make on his behalf elections for and/or accept such alternative forms of consideration on his behalf in such proportions as such attorney in his absolute discretion thinks fit; and
  - (iii) to execute on behalf of and in the name of such Previous Acceptor all such further documents and take such further actions (if any) as may be required to give effect to such acceptances and/or elections.

In making any such acceptance or making any such election, the attorney will take into account the nature of any previous acceptances and/or elections made by the Previous Acceptor and such other facts or matters as he may reasonably consider relevant.

- (b) The Offeror and Rothschild reserve the right (subject to paragraph 4(a) above) to treat an executed Form of Acceptance relating to the Offer in its original or any previously revised form(s) which is received (or dated) on or after the announcement or issue of the Offer in any revised form as a valid acceptance of the revised Offer (and, where applicable, a valid election for the alternative form(s) of consideration). Such acceptance will constitute an authority in the terms of paragraph 4(a) above, *mutatis mutandis*, on behalf of the relevant Manchester United Shareholder.
- (c) The deemed acceptances and/or elections referred to in this paragraph 4 shall not apply and the authorities conferred by this paragraph 4 shall not be exercised by the Offeror or Rothschild or any of their respective directors, authorised representatives and agents if, as a result thereof, the Previous Acceptor would (on such basis as Rothschild may reasonably consider appropriate) thereby receive, under or in consequence of the Offer and/or any alternative pursuant thereto as revised or otherwise, less in aggregate consideration under the revised Offer than he would have received in aggregate consideration as a result of acceptance of the Offer in the form in which it was originally accepted by him or on his

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behalf, having regard to any previous acceptance or election originally made by him, unless the Previous Acceptor has previously otherwise agreed in writing.

- (d) The deemed acceptances and/or elections referred to in this paragraph 4 will not apply and the authorities conferred by this paragraph will be ineffective in the case of a Previous Acceptor who lodges with Capita Registrars in the manner specified in paragraph 3(a) of this Part A, within 14 calendar days of the posting of the document pursuant to which the revision of the Offer is made available to Manchester United Shareholders, a Form of Acceptance or some other form issued by or on behalf of the Offeror in which the Manchester United Shareholder validly elects to receive the consideration receivable by him under such revised Offer in some other manner than that set out in his original acceptance.

## 5. Overseas shareholders

- (a) The making of the Offer in, or to certain persons who are resident in, or citizens or nationals of, jurisdictions outside the UK or to custodians, nominees of or trustees for such persons, may be affected by the laws of the relevant jurisdictions. Manchester United Shareholders who are residents, citizens or nationals of jurisdictions outside the UK should inform themselves about, and observe, any applicable legal or regulatory requirements. It is the responsibility of any such person wishing to accept the Offer to satisfy himself as to the full observance of the laws of the relevant jurisdiction in connection therewith, including the obtaining of any governmental, exchange control or other consents which may be required or the compliance with other necessary formalities. Any such overseas shareholder will be responsible for the payment of any issue, transfer or other taxes due in that jurisdiction by whomsoever payable and the Offeror and Rothschild and any person acting on their behalf shall be fully indemnified and held harmless by such overseas shareholder for any such issue, transfer or other taxes as such person may be required to pay. **If you are an overseas shareholder and you are in any doubt about your position, you should consult your professional adviser in the relevant jurisdiction.**
- (b) The Offer is not being made, directly or indirectly, in, into or from Australia, Canada, Japan or the United States or by use of the mails of, or by any means or instrumentality of interstate or foreign commerce of, or any facilities of a national securities exchange of, any of these jurisdictions. Such means or instrumentalities include, but are not limited to, facsimile transmission, telex, telephone and the internet.
- (c) Copies of this document, the Form of Acceptance and any related offer document(s) are not being, and must not be, mailed or otherwise distributed or sent in, into or from Australia, Canada, Japan or the United States including to Manchester United Shareholders with registered addresses in these jurisdictions or to persons whom the Offeror knows to be nominees, custodians or trustees holding Manchester United Shares for such persons. Persons receiving such documents (including, without limitation, custodians, nominees and trustees) must not distribute, send or mail them in, into or from Australia, Canada, Japan or the United States or use any such instrumentality for any purpose, directly or indirectly, in connection with the Offer, and doing so may render invalid any related purported acceptance of the Offer. Persons wishing to accept the Offer must not use Australian, Canadian, Japanese or the United States mails or any such instrumentality for any purpose directly or indirectly related to acceptance of the Offer. Envelopes containing the Form of Acceptance or other documents relating to the Offer must not be postmarked in Australia, Canada, Japan or the United States or otherwise despatched from these jurisdictions and all acceptors must provide addresses outside Australia, Canada, Japan or the United States for the receipt of the consideration to which they are entitled under the Offer and which is despatched by post pursuant to paragraph (g)(ii) of Part B of this Appendix I or for the return of the Form of

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Acceptance and (in relation to Manchester United Shares in certificated form) any Manchester United share certificate(s) and/or other document(s) of title.

- (d) Subject as provided below, a Manchester United Shareholder will be deemed not to have accepted the Offer if:
- (i) he puts "YES" in Box 6 of the Form of Acceptance and thereby does not make the representations and warranties set out in paragraph (d) of Part B of this Appendix I;
  - (ii) he completes Box 2 of the Form of Acceptance with an address in Australia, Canada, Japan or the United States or Box 2 is completed with a registered address in Australia, Canada, Japan or the United States and, in either case, he does not insert in Box 4 of the Form of Acceptance the name and address of a person or agent outside the Australia, Canada, Japan or the United States to whom he wishes the consideration to which he is entitled under the Offer to be sent, subject to the provisions of this paragraph 5 and applicable laws;
  - (iii) he inserts in Box 2 of the Form of Acceptance a telephone number in Australia, Canada, Japan or the United States for use in the event of queries; or
  - (iv) a Form of Acceptance received from him is received in an envelope postmarked in, or otherwise appears to the Offeror or its agents to have been sent from, Australia, Canada, Japan or the United States.

The Offeror reserves the right, in its sole discretion, to investigate, in relation to any acceptance, whether the representations and warranties set out in paragraph (d) of Part B of this Appendix I could have been truthfully given by the relevant Manchester United Shareholder and, if such investigation is made and as a result the Offeror determines that such representations and warranties could not have been so given, such acceptance shall not be valid.

- (e) If, notwithstanding the restrictions described above, any person (including, without limitation, custodians, nominees and trustees) whether pursuant to a contractual or legal obligation or otherwise forwards this document, the Form of Acceptance or any related offer document in, into or from Australia, Canada, Japan or the United States or uses the mails or any means or instrumentality (including, without limitation, facsimile transmission, email, telex and telephone) of interstate or foreign commerce of, or any facilities of a national securities exchange of, Australia, Canada, Japan or the United States in connection with such forwarding, such person should:
- (i) inform the recipient of such fact;
  - (ii) explain to the recipient that such action may invalidate any purported acceptance of the Offer by the recipient; and
  - (iii) draw the attention of the recipient to this paragraph 5.
- (f) Notwithstanding anything to the contrary contained in this document or the Form of Acceptance, the Offeror and Rothschild may make the Offer (with or without giving effect to the foregoing paragraphs of this paragraph 5) in Australia, Canada, Japan or the United States pursuant to an exemption under, or in accordance with, applicable law in Australia, Canada, Japan or the United States and, in this connection, the provisions of paragraph (d) of Part B of this Appendix I will be varied accordingly.
- (g) The provisions of this paragraph 5 supersede any terms of the Offer inconsistent with them. The provisions of this paragraph 5 and/or any other terms of the Offer relating to overseas shareholders may be waived, varied or modified as regards specific Manchester United Shareholder(s) or on a general basis by the Offeror in its absolute discretion.

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## 6. General

- (a) The Offer will lapse (unless the Panel otherwise consents) if, before 13 June 2005, there is a reference to the Competition Commission or the European Commission either initiates proceedings under Article 6(1)(c) of Council Regulation (EC) No. 139/2004 or, following a referral by the European Commission to a competent authority in the United Kingdom under Article 9(1) of that Regulation, there is reference to the Competition Commission.
- (b) If the Offer lapses, it will cease to be capable of further acceptance and accepting Manchester United Shareholders, the Offeror and Rothschild will cease to be bound by Forms of Acceptance submitted before the time the Offer lapses.
- (c) If sufficient acceptances under the Offer are received and/or sufficient Manchester United Shares are otherwise acquired, the Offeror may apply the provisions of sections 428 to 430F of the Act to acquire compulsorily any outstanding Manchester United Shares to which the Offer relates.

Furthermore, the Offeror intends to procure that Manchester United applies to the UKLA for the cancellation of the listing of Manchester United Shares on the Official List and to the London Stock Exchange for the cancellation of trading of the Manchester United Shares. It is expected that such cancellations will take effect no earlier than 20 business days after the date of this document, but in any event no later than 30 June 2005.

It is also the intention of Red to propose a special resolution(s) to re-register Manchester United as a private company and to procure (among other things) that all obligations incurred under the term loan facilities described in paragraph 8(c) of the letter from Rothschild are guaranteed by, and secured over the assets of, Manchester United and the Club.

- (d) The expression Offer Period when used in this Appendix I means, in relation to the Offer, the period commencing on (and including) 20 December 2004 until whichever of the following dates will be the latest:
  - (i) 3.00 p.m. on 13 June 2005; and
  - (ii) the time and date on which the Offer lapses.
- (e) Except with the consent of the Panel, settlement of the consideration to which any Manchester United Shareholder is entitled under the Offer will be implemented in full in accordance with the terms of the Offer without regard to any lien, right of set-off, counterclaim or other analogous right to which the Offeror may otherwise be, or claim to be, entitled as against such Manchester United Shareholder.

All cash payments (other than payments made by means of CREST) will be made by cheque drawn on a branch of a UK clearing bank. No consideration will be sent to an address in Australia, Canada, Japan or the United States.

- (f) The terms, provisions, instructions and authorities contained in the Form of Acceptance constitute part of the terms of the Offer. Words and expressions defined in this document have the same meanings when used in the Form of Acceptance, unless the context otherwise requires. The provisions of this Appendix I shall be deemed to be incorporated into and form part of the Form of Acceptance.
- (g) All references in this document and in the Form of Acceptance to 13 June 2005 will (except in paragraph 1(a) of this Part B and paragraph (d) above and where the context otherwise requires) be deemed, if the expiry date of the Offer be extended, to refer to the expiry date of the Offer as so extended.
- (h) References in paragraph 5 of this Part A and in Part B of this Appendix I to a Manchester United Shareholder will include references to the person or persons executing a Form of

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Acceptance and, in the event of more than one person executing a Form of Acceptance, such paragraphs will apply to them jointly and severally.

- (i) Any omission to despatch this document, the Form of Acceptance or any notice required to be despatched under the terms of the Offer to, or any failure to receive the same by, any person to whom the Offer is made, or should be made, will not invalidate the Offer in any way.
- (j) The Offeror and Rothschild reserve the right to treat acceptances of the Offer as valid if received by or on behalf of either of them at any place or places determined by them otherwise than as set out in this document or the Form of Acceptance.
- (k) No acknowledgement of receipt of any Form of Acceptance, transfer by means of CREST, share certificate(s) or other document(s) of title will be given by, or on behalf of, the Offeror. All communications, notices, certificates, documents of title and remittances to be delivered by, or sent to or from, Manchester United Shareholders (or their designated agent(s)) will be delivered by or sent to or from them (or their designated agent(s)) at their own risk.
- (l) The Offer extends to persons to whom the Offer is made or should be made to whom this document, the Form of Acceptance or any related documents may not be despatched and such persons may collect copies of these documents from Capita Registrars at the address set out in paragraph 3(a) of this Part A and from Rothschild at New Court, St. Swithin's Lane, London EC4P 4DU.
- (m) The Offeror and Rothschild reserve the right to notify any matter including the making of the Offer to all or any Manchester United Shareholders with a registered address outside the United Kingdom, or whom the Offeror knows to be a custodian, trustee or nominee holding Manchester United Shares for persons who are citizens, residents or nationals of jurisdictions outside the United Kingdom, by announcement in the United Kingdom, or by paid advertisement in a daily newspaper published and circulated in the United Kingdom in which event such notice will be deemed to have been sufficiently given, notwithstanding any failure by any such shareholder(s) to receive or see such notice, and all references in this document to notice in writing by or on behalf of the Offeror will be construed accordingly.
- (n) The Offer is made at 3.00 p.m. on 23 May 2005 and is capable of acceptance from and after that time. The Offer is being made by means of this document and an advertisement proposed to be published in the London Edition of the Financial Times dated 24 May 2005.
- (o) If the Offer lapses:
  - (i) in respect of Manchester United Shares held in certificated form, the Form of Acceptance, share certificates and/or other documents of title will be returned by post (or such other method as may be approved by the Panel) within 14 calendar days of the Offer lapsing to the person or agent whose name and address outside Australia, Canada, Japan or the United States is set out in the relevant box in the Form of Acceptance or, if none is set out, to the first-named holder at his registered address outside Australia, Canada, Japan or the United States (no such documents will be sent to an address in Australia, Canada, Japan or the United States); and
  - (ii) in respect of Manchester United Shares held in uncertificated form, Capita Registrars will, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 calendar days of the lapsing of the Offer), give instructions to CRESTCo to transfer all Manchester United Shares held in escrow balances and in relation to which it is the escrow agent for the purposes of the Offer to the original available balances of the Manchester United Shareholders concerned.
- (p) All powers of attorney, appointments of agents and authorities conferred by this Appendix I or in the Form of Acceptance are given by way of security for the performance of the

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obligations of the Manchester United Shareholder concerned and are irrevocable in accordance with section 4 of the Powers of Attorney Act 1971 except in the circumstances where the donor of such power of attorney or authority or appointor is entitled to withdraw his acceptance in accordance with paragraph 3 of this Part A and duly does so.

- (q) In relation to any acceptance of the Offer in respect of a holding of Manchester United Shares which are in uncertificated form, the Offeror reserves the right to make such alterations, additions or modifications as may be necessary or desirable to give effect to any purported acceptance of the Offer, whether in order to comply with the facilities or requirements of CREST or otherwise, provided any such alterations, additions or modifications are consistent with the requirements of the City Code or are otherwise made with the consent of the Panel.
- (r) Neither the Offeror, nor any subsidiary or parent of the Offeror, nor Rothschild nor any agent or director of Rothschild, nor any person acting on behalf of any of them, shall have any liability to any person for any loss or alleged loss arising from any decision as to the treatment of acceptances of the Offer or otherwise in connection therewith.
- (s) The Offer and all Forms of Acceptance and all acceptances in respect thereof will be governed by and construed in accordance with English law.



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## **PART B – FORM OF ACCEPTANCE**

Each Manchester United Shareholder by whom, or on whose behalf, any Form of Acceptance is executed irrevocably undertakes, represents, warrants and agrees to and with the Offeror, Rothschild and Capita Registrars (so as to bind him and his personal representatives, heirs, successors and assigns) to the following effect:

- (a) that the execution of the Form of Acceptance shall constitute:
  - (i) an acceptance of the Offer in respect of the number of Manchester United Shares inserted or deemed to be inserted in Box 1 of the Form of Acceptance; and
  - (ii) an undertaking to execute any further documents, take any further action and give any further assurances which may be required in connection with the foregoing,in each case on and subject to the terms set out in this document and the Form of Acceptance and that, subject only to the rights of withdrawal set out in paragraph 3 of Part A of this Appendix I, each such acceptance and undertaking shall be irrevocable;
- (b) that if Box 1 is left blank or a number greater than such Manchester United Shareholder's registered holding appears in Box 1 or the Form of Acceptance is otherwise completed incorrectly, but the Form of Acceptance is signed and witnessed, it will be deemed to be an acceptance by such Manchester United Shareholder of the basic terms of the Offer in respect of the total number of Manchester United Shares registered in his name;
- (c) that he is irrevocably and unconditionally entitled to transfer the Manchester United Shares in respect of which the Form of Acceptance is completed and that the Manchester United Shares in respect of which the Offer is accepted, or is deemed to be accepted, are sold fully paid and free from all liens, charges, encumbrances, rights of pre-emption and any other third party rights of any nature whatsoever and together with all rights attaching thereto, including the right to receive in full all dividends and other distributions, if any, declared, paid or made after the date of this document;
- (d) that unless "YES" is inserted or deemed to be inserted in Box 6 of the Form of Acceptance, such Manchester United Shareholder:
  - (i) has not received or sent copies of this document, the Form of Acceptance or any related offer documents in, into or from Australia, Canada, Japan or the United States or any other jurisdiction where such actions may constitute a breach of any legal or regulatory requirements;
  - (ii) has not otherwise utilised in connection with the Offer, directly or indirectly, the use of the mails, or of any means or instrumentality (including, without limitation, facsimile transmission, email and telephone) of interstate or foreign commerce, or any facilities of a national securities exchange, of Australia, Canada, Japan or the United States;
  - (iii) was outside Australia, Canada, Japan and the United States when the Form of Acceptance was delivered and at the time of accepting the Offer and, in respect of the Manchester United Shares to which the Form of Acceptance relates, is not an agent or fiduciary acting on a non-discretionary basis for a principal who has given any instructions with respect to the Offer from within Australia, Canada, Japan or the United States; and
  - (iv) warrants that the Form of Acceptance and any related offer documents have not been mailed or otherwise sent in, into or from Australia, Canada, Japan or the United States and such shareholder is accepting the Offer from outside Australia, Canada, Japan or the United States;

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- (e) that the execution of the Form of Acceptance and its delivery to Capita Registrars constitutes, subject to the accepting Manchester United Shareholder not having validly withdrawn his acceptance, the irrevocable separate appointment of the Offeror and/or Rothschild as such Manchester United Shareholder's attorney and/or agent (**attorney**), with an irrevocable instruction to the attorney to:
- (i) complete and execute all or any form(s) of transfer and/or renunciation and/or other document(s) in the attorney's discretion in relation to the Manchester United Shares referred to in paragraph (a)(i) of this Part B in favour of the Offeror or as the Offeror or its agents may direct;
  - (ii) deliver such form(s) of transfer and/or renunciation and/or other document(s) at the attorney's discretion together with any certificate(s) and/or other document(s) of title relating to such Manchester United Shares for registration within six months of the date of this document; and
  - (iii) do all such other acts and things as may in the opinion of such attorney be necessary or expedient for the purpose of, or in connection with, the acceptance or deemed acceptance of the Offer and to vest in the Offeror or its nominee the Manchester United Shares as aforesaid;
- (f) that the execution of the Form of Acceptance and its delivery to Capita Registrars constitutes the irrevocable appointment of Capita Registrars as such Manchester United Shareholder's attorney and/or agent (**attorney**) and an irrevocable instruction and authority to the attorney:
- (i) subject to the accepting Manchester United Shareholder not having validly withdrawn his acceptance, to transfer to Capita Registrars (or to such other person or persons as the Offeror or its agents may direct) by means of CREST all or any of the Relevant Manchester United Shares (as defined below) (but not exceeding the number of Manchester United Shares in respect of which the Offer is accepted or deemed to be accepted and in respect of which acceptance has not been validly withdrawn); and
  - (ii) if the Offer lapses, to give instructions to CRESTCo, immediately after the lapsing of the Offer (or within such longer period as the Panel may permit, not exceeding 14 calendar days from the lapsing of the Offer), to transfer all Relevant Manchester United Shares to the original balance of the accepting Manchester United Shareholder.
- Relevant Manchester United Shares** means Manchester United Shares in uncertificated form and in respect of which a transfer or transfers to escrow has or have been effected pursuant to the procedures described in the letter from Rothschild contained in this document and where the transfer(s) to escrow was or were made in respect of Manchester United Shares held under the same member account ID and participant ID as the member account ID and participant ID relating to the Form of Acceptance concerned (but irrespective of whether or not any Form of Acceptance reference number, or a Form of Acceptance reference number corresponding to that appearing on the Form of Acceptance concerned, was included in the TTE instruction concerned);
- (g) that the execution of the Form of Acceptance and its delivery to Capita Registrars constitutes, subject to the accepting Manchester United Shareholder not having validly withdrawn his acceptance, a separate and irrevocable authority and request:
- (i) to Manchester United or its agents to procure the registration of the transfer of those Manchester United Shares in certificated form pursuant to the Offer and the delivery of the share certificate(s) and/or other document(s) of title in respect thereof to the Offeror or as it may direct;
  - (ii) if the Manchester United Shares concerned are in certificated form, or if the proviso to sub-paragraph (iii)(aa) below applies, to the Offeror or its agents, to procure the
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- despatch by post (or such other method as may be approved by the Panel) of a cheque drawn on a branch of a UK clearing bank in respect of any cash consideration to which he is entitled under the Offer, at the risk of such Manchester United Shareholder, to the person or agent whose name and address (outside Australia, Canada, Japan and the United States) is set out in Box 4 of the Form of Acceptance or, if none is set out, to the first-named holder at his registered address (outside Australia, Canada, Japan and the United States); and
- (iii) if the Manchester United Shares concerned are in uncertificated form, to the Offeror and Rothschild or their respective agents to procure the making of a CREST assured payment obligation in favour of the Manchester United Shareholder's payment bank in accordance with the CREST payment arrangements in respect of any cash consideration to which he is entitled under the Offer provided that (aa) the Offeror may (if, for any reason, it wishes to do so) determine that all or any part of any such cash consideration shall be paid by cheque drawn on a branch of a UK clearing bank despatched by post and (bb) if the Manchester United Shareholder concerned is a CREST member whose registered address is in Australia, Canada, Japan or the United States, any cash consideration to which such shareholder is entitled shall be paid by cheque drawn on a branch of a UK clearing bank despatched by post provided that sub-paragraph (ii) above shall apply to the despatch of any consideration by post pursuant to this sub-paragraph (iii);
- (h) that the execution of the Form of Acceptance and its delivery constitutes a separate authority to the Offeror and/or Rothschild and/or their respective agents within the terms of paragraph 4 of Part A of this Appendix I;
  - (i) that pending registration:
    - (i) the Offeror or its agents be entitled to direct the exercise of any votes and any other rights and privileges (including the right to requisition the convening of a general meeting of Manchester United or of any class of its shareholders) attaching to any Manchester United Shares in respect of which the Offer has been accepted, or is deemed to have been accepted, and such acceptance is not validly withdrawn;
    - (ii) the execution of a Form of Acceptance by a Manchester United Shareholder constitutes, in respect of the Manchester United Shares comprised in such acceptance and in respect of which such acceptance has not been validly withdrawn:
      - (A) an authority to Manchester United and/or its agents from such Manchester United Shareholder to send any notice, warrant, document or other communication which may be required to be sent to him as a member of Manchester United (including any share certificate(s) or other document(s) of title issued as a result of a conversion of such Manchester United Shares into certificated form) to the Offeror at its registered office;
      - (B) an authority to the Offeror and/or its agents to sign any consent to short notice on his behalf and/or attend and/or execute a form of proxy in respect of such Manchester United Shares appointing any person nominated by the Offeror to attend general meetings and separate class meetings of Manchester United or its members (or any of them) (and any adjournments thereof) and to exercise the votes attaching to such shares on his behalf, where relevant, such votes to be cast so far as possible to satisfy any outstanding condition of the Offer; and
      - (C) the agreement of such Manchester United Shareholder not to exercise any of such rights without the consent of the Offeror and the irrevocable undertaking of such Manchester United Shareholder not to appoint a proxy to attend any such general meeting or separate class meeting;

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- (j) that he will deliver (or procure the delivery) to Capita Registrars at the address referred to in paragraph 3(a) of Part A of this Appendix I his share certificate(s) or other document(s) of title in respect of all Manchester United Shares held by him in certificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn, or an indemnity acceptable to the Offeror in lieu thereof, as soon as possible and in any event within six months of the date of this document;
- (k) that he will take (or procure to be taken) the action set out in paragraph 14(d) of the letter from Rothschild contained in this document to transfer all Manchester United Shares held by him in uncertificated form in respect of which the Offer has been accepted or is deemed to have been accepted and not validly withdrawn to an escrow balance as soon as possible and in any event so that the transfer to escrow settles within six months of the date of this document;
- (l) that if, for any reason, any Manchester United Shares in respect of which a transfer to an escrow balance has been effected in accordance with paragraph 14(d) of the letter from Rothschild contained in this document are converted to certificated form, he will (without prejudice to paragraph (i) of this Part B) immediately deliver or procure the immediate delivery of the share certificate(s) or other document(s) of title in respect of all such Manchester United Shares as so converted to Capita Registrars at the address referred to in paragraph 3(a) of Part A of this Appendix I or to the Offeror at its registered office or as the Offeror or its agents may direct;
- (m) that the creation of a CREST assured payment obligation in favour of his payment bank in accordance with the CREST assured payment arrangements as referred to in paragraph (g)(iii) of this Part B shall, to the extent of the obligation so created, discharge in full any obligation of the Offeror and/or Rothschild to pay to him the cash consideration to which he is entitled pursuant to the Offer;
- (n) that, if he accepts the Offer, he will do all such acts and things as shall, in the opinion of the Offeror or Capita Registrars, be necessary or expedient to vest in the Offeror or its nominee(s) or such other person as the Offeror may decide the number of Manchester United Shares inserted or deemed to be inserted in Box 1 of the Form of Acceptance and all such acts and things as may be necessary or expedient to enable Capita Registrars to perform its functions as escrow agent for the purposes of the Offer;
- (o) that the terms of the Offer contained in this document will be incorporated and deemed to be incorporated in, and form part of, the Form of Acceptance, which will be read and construed accordingly;
- (p) that he will ratify each and every act or thing which may be done or effected by the Offeror or Rothschild or Capita Registrars or any director of the Offeror or Rothschild or Capita Registrars or their respective agents or Manchester United or its agents, as the case may be, in the exercise of any of his or its powers and/or authorities hereunder (and to indemnify each such person against any losses arising therefrom);
- (q) that, if any provision of Part A of this Appendix I or this Part B will be unenforceable or invalid or will not operate so as to afford the Offeror or Rothschild or Capita Registrars or any director or duly authorised representative of any of them or their respective agents the benefit of the authority expressed to be given therein, he agrees with all practicable speed to do all such acts and things and execute all such documents that may be required to enable those persons to secure the full benefits of Part A of this Appendix I and this Part B;
- (r) the execution of the Form of Acceptance constitutes his submission, in relation to all matters arising out of the Offer and the Form of Acceptance, to the jurisdiction of the Courts of England and that nothing shall limit the right of the Offeror and/or Rothschild to bring any action, suit or proceedings arising out of or in connection with the Offer and the
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Form of Acceptance in any other manner permitted by law or in any court of competent jurisdiction; and

- (s) on execution, the Form of Acceptance will take effect as a deed.

References in this Part B to a Manchester United Shareholder shall include references to the person or persons executing a Form of Acceptance, and in the event of more than one person executing a Form of Acceptance the provisions of this Part B shall apply to them jointly and to each of them.

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## APPENDIX II

### FINANCIAL INFORMATION ON MANCHESTER UNITED

#### INTRODUCTION

The financial information in this Appendix II does not constitute statutory accounts within the meaning of section 240 of the Companies Act and has been extracted from the published audited consolidated financial statements of Manchester United PLC for the periods ended 31 July 2002, 31 July 2003 and 31 July 2004, on which audit opinions were unqualified, and the unaudited interim financial statements of Manchester United PLC for the six month period ended 31 January 2005.

#### EXTRACTS FROM THE FINANCIAL STATEMENTS

#### FOR THE YEARS ENDED 31 JULY 2004 AND 31 JULY 2003

#### CONSOLIDATED PROFIT AND LOSS ACCOUNT

	Note	2004 £'000	2003 £'000	2002 £'000
Turnover: Group and share of joint venture		171,500	174,936	148,070
Less: Share of joint venture		(2,420)	(1,935)	(2,008)
<b>Group turnover</b>	2	169,080	173,001	146,062
Operating expenses - other	3	(139,170)	(144,033)	(129,230)
Operating expenses - exceptional costs	4	-	(2,197)	(1,414)
Total operating expenses		(139,170)	(146,230)	(130,644)
<b>Group operating profit before depreciation and amortisation of intangible fixed assets</b>		58,340	55,072	40,750
Depreciation		(6,591)	(7,283)	(7,685)
Amortisation		(21,839)	(21,018)	(17,647)
<b>Group operating profit</b>		29,910	26,771	15,418
<b>Share of operating loss in:</b>				
- Joint venture		(147)	(407)	(501)
- Associates		(11)	(47)	(3)
<b>Total operating profit: Group and share of joint venture and associates</b>		29,752	26,317	14,914
Profit on disposal of associate		173	409	-
(Loss)/profit on disposal of players	11c	(3,084)	12,935	17,406
<b>Profit before interest and taxation</b>		26,841	39,661	32,320
Net interest receivable/(payable)	5	1,066	(316)	27
<b>Profit on ordinary activities before taxation</b>		27,907	39,345	32,347
Taxation	7	(8,486)	(9,564)	(7,308)
<b>Profit for the year</b>		19,421	29,781	25,039
Dividends	9	(6,974)	(10,391)	(8,053)
<b>Retained profit for the year</b>	23	12,447	19,390	16,986
<b>Basic and diluted earnings per share (pence)</b>	10	7.4	11.5	9.6
<b>Basic and diluted adjusted earnings per share (pence)</b>	10	14.1	14.3	10.2

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**CONSOLIDATED BALANCE SHEET AT 31 JULY 2004**

		2003
		£'000
	2004	Restated
Note	£'000	(note 1)
<b>Fixed assets</b>		
Intangible assets	11 78,233	55,299
Tangible assets	12 125,093	125,526
Loan to joint venture	13 1,000	1,000
Investment in associate	13 178	189
	<u>204,504</u>	<u>182,014</u>
<b>Current assets</b>		
Stocks	14 216	208
Debtors - amounts falling due within one year	15 39,487	30,756
Debtors - amounts falling due after more than one year	15 1,760	13,219
Intangible asset held for resale	31 1,382	11,941
Cash at bank and in hand	36,048	28,576
	<u>78,893</u>	<u>84,700</u>
<b>Creditors – amounts falling due within one year</b>	16 (44,635)	(50,202)
<b>Net current assets</b>	<u>34,258</u>	<u>34,498</u>
<b>Total assets less current liabilities</b>	<u>238,762</u>	<u>216,512</u>
<b>Creditors – amounts falling due after one year</b>	17 (8,795)	(2,391)
<b>Provision for liabilities and charges</b>		
Deferred taxation	19 (5,330)	(5,506)
Other provisions	19 (1,550)	-
Investment in joint venture:	19	
- Share of gross assets	260	375
- Share of gross liabilities	(4,760)	(4,641)
	(4,500)	(4,266)
<b>Accruals and deferred income</b>		
Deferred grant income	20 (856)	(1,011)
Other deferred income	21 (44,377)	(46,920)
<b>Net assets</b>	<u>173,354</u>	<u>156,418</u>
<b>Capital and reserves</b>		
Share capital	22 26,219	25,977
Share premium account	23 4,013	-
Other reserves	23 600	500
Profit and loss account	23 142,522	129,941
<b>Equity Shareholders' funds</b>	<u>173,354</u>	<u>156,418</u>

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**CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 JULY 2004**

		2004		2003	
	Note	£'000	£'000	£'000	£'000
<b>Net cash inflow from operating activities</b>			58,769		57,939
<b>Returns on investments and servicing of finance</b>					
Interest received		1,169		316	
Interest paid		(112)		(167)	
<b>Net cash inflow from returns on investments and servicing of finance</b>			1,057		149
<b>Taxation paid</b>			(11,052)		(10,602)
<b>Capital expenditure and financial investment</b>					
Net proceeds from sale of players' registrations	11c	16,009		11,122	
Purchase of players' registrations	11c	(44,813)		(18,983)	
Proceeds from sale of tangible fixed assets		2,154		2,235	
Purchase of tangible fixed assets		(6,922)		(6,425)	
<b>Net cash outflow from capital expenditure and financial investment</b>			(33,572)		(12,051)
<b>Acquisitions and disposals</b>					
Proceeds from sale of investment in associated company		173		962	
<b>Net cash inflow from acquisitions and disposals</b>			173		962
<b>Equity dividends paid</b>			(11,927)		(8,131)
<b>Cash inflow before management of liquid resources and financing</b>			3,448		28,266
<b>Financing</b>					
Issue of ordinary share capital		4,255		-	
Purchase of shares held through ESOP trust		(231)		(623)	
<b>Net cash inflow/(outflow) from financing</b>			4,024		(623)
<b>Increase in cash in the year</b>	25		7,472		27,643

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**NOTE TO CONSOLIDATED CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 JULY 2004**

**Reconciliation of operating profit to net cash inflow from operating activities**

	<i>2004</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>
<b>Net cash generated from operating activities</b>		
Group operating profit	29,910	26,771
Depreciation charges	6,591	7,283
Amortisation of players' registrations	21,839	21,018
Credit in relation to long-term incentive awards	365	208
Profit on disposal of tangible fixed assets	(275)	(691)
Grants released	(155)	(183)
Increase in stocks	(8)	(12)
Increase in debtors	(285)	(5,357)
Increase in creditors and deferred income	787	8,902
<b>Net cash inflow from operating activities</b>	<u>58,769</u>	<u>57,939</u>

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## NOTES TO THE FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

Other than as noted below, the results have been prepared on the same basis and using the same accounting policies as those used in the preparation of the full year's accounts to 31 July 2003. The Group has adopted the accounting treatment required by UITF abstract 38 'Accounting for ESOP trusts'. As a result, the corresponding balance sheet amounts have been restated to reclassify the Company's own shares as a deduction in arriving at shareholders' funds. Reserves for the prior periods have been reduced by £415,000 to reflect this change (notes 23 and 24). The Company has also adopted the requirements of UITF abstract 17 (revised 2003) in relation to employee share schemes. This has not had any effect on the profit and loss account in the current and prior periods.

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention and have been drawn up to comply with applicable accounting standards.

#### **Basis of consolidation**

The accounts combine the results of Manchester United PLC and its subsidiary undertakings using acquisition accounting.

Undertakings, other than subsidiary undertakings in which the Group has an investment of at least 20 per cent. 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 for the period ended 31 July 2004.

#### **Joint Venture**

The Group profit and loss account includes the Group's share of turnover, operating loss and interest 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 of the associate.

The investment in the associate is 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.

#### **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 revenue streams.

#### *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.

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### *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-matchdays. Any additional income receivable from Nike in accordance with the profit sharing arrangements contained in the sponsorship and licencing 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 matchday activities, media and commercial contracts, which has been received prior to the year 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 lives of the assets, as follows:

	<i>Reducing balance</i>	<i>Straight line</i>
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 31 July 1999 are depreciated on a reducing balance basis at the rates stated above.

Tangible fixed assets acquired 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 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 from the start of the year in which the contingent payment becomes

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probable. The total amount which is currently considered possible but not probable is disclosed in note 28b.

### **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.

### **Deferred taxation**

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events 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. Foreign currency 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. Derivative instruments utilised by the Group include forward currency contracts. 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**

Contribution to money purchase pension schemes are charged to the profit and loss account as they fall due.



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### Long Term Incentive Plan (LTIP)

Investments in the Company's own shares held by the Employee Share Ownership plan are included as a deduction from shareholders' funds. The intrinsic value (market value of shares on date of award) of the award is charged to the profit and loss account over the performance period with any related credit entry also being reflected in shareholders' funds. The charge is adjusted each period end to reflect lapses of awards and re-estimates of the number of awards likely to vest in relation to performance conditions.

### 2. TURNOVER

Turnover, all of which arises from the Group's principal activity, can be analysed into its main components as follows:

	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Matchday	61,206	70,593	56,253
Media	62,544	56,218	51,948
Commercial	45,330	46,190	37,861
	<u>169,080</u>	<u>173,001</u>	<u>146,062</u>

Turnover, all of which originates in the United Kingdom, can be analysed by destination as follows:

	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
United Kingdom	159,650	160,485	145,559
Rest of World	9,430	12,516	503
	<u>169,080</u>	<u>173,001</u>	<u>146,062</u>

Media income from European cup competitions is distributed by the Football Association and is therefore classified as being of United Kingdom origin and destination. Rest of World turnover includes an allocation of income receivable from Nike based on the geographical split of sales.

### 3. OPERATING EXPENSES – OTHER

	2004 £'000	2003 £'000	2002 £'000 <i>Restated*</i>
Operations excluding player amortisation and trading:			
Staff costs (note 6)	76,874	79,517	70,812
Depreciation	6,591	7,283	6,923
Operating lease costs - land and buildings	1,169	754	307
Other operating charges	32,897	36,118	33,410
Auditors' remuneration: audit services	81	60	55
Auditors' remuneration: non-audit services	149	157	442
Grants released (note 20)	(155)	(183)	(216)
Profit on disposal of tangible fixed assets	(275)	(691)	(150)
	<u>117,331</u>	<u>123,015</u>	<u>111,583</u>
Player amortisation and trading:			
Amortisation of players' registrations	21,839	21,018	17,647
	<u>139,170</u>	<u>144,033</u>	<u>129,230</u>
Auditors' remuneration for non-audit services comprised:			
Taxation advice	149	155	390
Taxation advice charged to loss on disposal of players	17	-	44
Other	-	2	8
	<u>166</u>	<u>157</u>	<u>442</u>

\* Other operating charges have been restated for 2002 following the reclassification of professional fees amounting to £550,000 to operating expenses - exceptional costs (see note 4).

### 4. OPERATING EXPENSES – EXCEPTIONAL COSTS

	2004 £'000	2003 £'000	2002 £'000 <i>Restated</i>
OFT enquiry into price fixing of replica football kit	-	1,693	550
Share of deficit on Football League Pension and Life Assurance Scheme (note 29)	-	504	-
Restructuring of merchandising operations	-	-	864
	<u>-</u>	<u>2,197</u>	<u>1,414</u>

The charge of £1,693,000 (2002 £550,000) relating to the OFT enquiry comprises a fine of £1,652,000 (2002 £nil) and professional fees of £41,000 (2002 £550,000 previously disclosed in other operating charges).

The charge of £864,000 relating to the restructuring of the merchandising operations in 2002 comprises accelerated depreciation charges on fixed assets of £762,000 and redundancy costs of £102,000.

## 5. NET INTEREST RECEIVABLE/(PAYABLE)

	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Interest receivable	1,317	314	492
Interest payable on bank loans and overdrafts	(64)	(192)	(465)
Share of interest payable of joint venture	(187)	(438)	-
	<u>1,066</u>	<u>(316)</u>	<u>27</u>

## 6. STAFF COSTS

The average number of employees during the year, including directors, was as follows:

	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>Number</i>	<i>Number</i>	<i>Number</i>
Players	69	68	66
Ground staff	90	90	67
Ticket office and membership	47	44	32
Catering	108	109	123
Merchandising	-	-	48
Administration and other	190	182	159
Average number of employees	<u>504</u>	<u>493</u>	<u>495</u>

The Group also employs approximately 1,292 temporary staff on matchdays (2003 1,330) (2002 1,374).

Particulars of employee costs, including directors, are as shown below:

	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
			<i>Restated</i>
Wages and salaries	61,456	64,691	59,761
Bonuses	4,966	4,990	3,512
Social security costs	8,425	7,867	6,836
Other pension costs	2,027	1,969	703
	<u>76,874</u>	<u>79,517</u>	<u>70,812</u>

## 7. TAXATION

	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Corporation tax at 30% (2003 30%) (2002 30%) on the profit for the year	8,662	12,753	11,950
Adjustment in respect of previous years	-	(3,448)	(3,500)
Total current tax	<u>8,662</u>	<u>9,305</u>	<u>8,450</u>
Deferred taxation: origination and reversal of timing differences (note 19)	(176)	51	(1,614)
Adjustment in respect of previous years	-	208	472
Total deferred tax	<u>(176)</u>	<u>259</u>	<u>(1,142)</u>
Tax on profit on ordinary activities	<u>8,486</u>	<u>9,564</u>	<u>7,308</u>

The tax rate for the year is higher (2003 lower) than that resulting from applying the standard rate of corporation tax in the UK: 30 per cent. (2003 30 per cent.) (2002 30 per cent.).

A reconciliation of current tax is shown below:

	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Profit on ordinary activities before tax	27,907	39,345	32,347
Profit on ordinary activities multiplied by the standard rate of 30% (2003 30%) (2002 30%)	8,372	11,804	9,704
Effects of:			
Adjustment to tax in respect of previous years	-	(3,448)	(3,500)
Expenses not deductible for tax purposes	593	1,000	574
Capital allowances and other timing differences	176	(51)	1,672
Gain on exercise of share options	(479)	-	-
	<u>8,662</u>	<u>9,305</u>	<u>8,450</u>

## 8. PROFIT FOR THE YEAR

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 profit for the year was £22,443,000 (2003 £23,157,000) (2002 £15,287,000).

## 9. DIVIDENDS

	<i>2004</i>	<i>2003</i>	<i>2002</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Interim paid of 1.25 pence per share (2003 0.67 pence per share) (2002 0.64 pence per share)	3,277	1,741	1,663
Proposed final of 1.40 pence per share (2003 1.83 pence per share) (2002 1.46 pence per share)	3,697	4,754	3,792
Proposed special of nil pence per share (2003 1.50 pence per share) (2002 1.00 pence per share)	-	3,896	2,598
	<u>6,974</u>	<u>10,391</u>	<u>8,053</u>

## 10. EARNINGS PER ORDINARY SHARE

The calculation of earnings per share is based on the profit for the year and the weighted average number of ordinary shares in issue for the year of 260,734,479 (2003 259,276,711) (2002 259,768,040). Share options outstanding at each year end have no dilutive effect on basic earnings per share.

The calculation of diluted earnings per share is based on the profit for the year divided by the weighted average number of shares in issue, adjusted for the dilutive effect of outstanding share awards, being 262,189,660 (2003 259,992,683) shares.

An adjusted earnings per share figure has also been calculated in order to allow the shareholders to gain a clearer understanding of the trading performance of the Group.

Details of the adjusted earnings per share are set out below:

	2004		2003		2002	
	<i>Earnings after tax £'000</i>	<i>Earnings per share pence</i>	<i>Earnings after tax £'000</i>	<i>Earnings per share pence</i>	<i>Earnings after tax £'000 Restated</i>	<i>Earnings per share pence Restated</i>
Basic and diluted earnings per share	19,421	7.4	29,781	11.5	25,039	9.6
Exceptional costs	-	-	1,538	0.6	1,218	0.5
Amortisation of players' registrations	15,287	5.9	14,713	5.7	12,353	4.8
Loss/(profit) on disposal of players' registrations	2,159	0.8	(9,055)	(3.5)	(12,184)	(4.7)
Adjusted earnings per share	<u>36,867</u>	<u>14.1</u>	<u>36,977</u>	<u>14.3</u>	<u>26,426</u>	<u>10.2</u>

## 11. INTANGIBLE FIXED ASSETS

a)	<i>Transfer fee to other clubs £'000</i>	<i>Agents fees £'000</i>	<i>FAPL levy (net of refunds) £'000</i>	<i>Other costs £'000</i>	<i>Total £'000</i>
<b>Cost of players' registrations</b>					
At 1 August 2003	80,229	6,060	2,528	482	89,299
Additions	44,008	5,501	1,122	17	50,648
Disposals	(7,049)	(400)	(352)	-	(7,801)
Transfer to asset held for resale	(6,471)	(730)	(157)	(10)	(7,368)
At 31 July 2004	<u>110,717</u>	<u>10,431</u>	<u>3,141</u>	<u>489</u>	<u>124,778</u>
<b>Amortisation of players' registrations</b>					
At 1 August 2003					34,000
Charge for the year					21,839
Provision for loss on disposal					1,893
Disposals					(5,201)
Transfer to asset held for resale					(5,986)
At 31 July 2004					<u>46,545</u>
<b>Net book value of players' registrations</b>					
At 31 July 2004					<u>78,233</u>
At 31 July 2003					<u>55,299</u>

## b) Individual player contract status and asset values

Player	Date first contract commenced	Current contract expiry date	Cost 31.07.04 £'000	Charge in 2003/4 £'000	NBV 31.07.04 £'000	In	
						creditors at 31.07.04 £'000	Contingent payables <sup>(1)</sup> £'000
<b>Acquired Players</b>							
Bellion	Jul-03	Jun-07	2,812	703	2,109	100	-
Carroll	Jul-01	Jun-05	3,386	978	978	-	-
Djemba Djemba	Jul-03	Jun-08	3,456	691	2,765	175	665
Ferdinand	Jul-02	Jun-07	31,120	6,300	18,899	300	-
Fortune	Aug-99	Jun-06	1,575	31	60	-	-
Heinze	Jul-04	Jun-09	6,807	116	6,692	2,878	-
Howard	Jul-03	Jun-07	2,258	565	1,694	-	262
Keane	Jul-93	Jun-06	3,750	-	-	-	-
Kleberston	Aug-03	Jun-08	5,795	1,150	4,645	400	-
Lopez	Aug-02	Jun-05	1,498	499	499	-	-
Ronaldo	Aug-03	Jun-08	11,959	2,373	9,586	7,058	-
Saha	Jan-04	Jun-09	12,515	1,198	11,317	-	-
Silvestre	Sep-99	Jun-07	4,340	141	410	-	-
Smith	May-04	Jun-09	7,050	250	6,800	500	-
Solskjaer	Jul-96	Jun-06	1,500	-	-	-	-
Van Nistelrooy	Jul-01	Jun-08	19,791	3,023	9,333	1,339	-
Others (cost <£1m)			5,166	884	2,446	566	8,169
			<u>124,778</u>	<u>18,902</u>	<u>78,233</u>	<u>13,316</u>	<u>9,096</u>
<b>Home grown players<sup>(2)</sup></b>							
Brown		Jun-05	-	-	-	-	-
Fletcher		Jun-07	-	-	-	-	-
Giggs		Jun-06	-	-	-	-	-
Neville G		Jun-09	-	-	-	-	-
Neville P		Jun-09	-	-	-	-	-
O'Shea		Jun-06	-	-	-	-	-
Scholes		Jun-07	-	-	-	-	-
<b>Disposals in the year</b>							
Barthez			-	1,300	-	-	-
Forlan			-	1,637	-	186	-
			<u>124,778</u>	<u>21,839</u>	<u>78,233</u>	<u>13,502</u>	<u>9,096</u>

Notes:

(1) Contingent assets and liabilities are conditional upon playing appearances, new playing contracts or team performance (of either MUFC in relation to acquisitions or the buying club in relation to disposals). The conditional assets are recognised when all the conditions have been fulfilled, conditional liabilities are recognised once the payment becomes probable rather than possible.

(2) Players in first team squad at 31.07.04.



## c) Player registration trading summary

### Player registration disposals during the year

Player	Sale to Club	Unconditional proceeds receivable £'000	Conditional proceeds receivable £'000	NBV £'000	Other £'000	Profit and loss for year £'000	Cash flow in year £'000	Outstanding unconditional debtor £'000	Unrecognised conditional assets <sup>(1)</sup> £'000
<b>Transfers out – prior years</b>									
Beckham	Real Madrid	-	855	-	29	884	11,930	-	5,833
Cole	Blackburn Rovers	-	200	-	-	200	200	-	-
Stam	S.S.Lazio	-	-	-	-	-	-	12,000	-
Yorke	Blackburn Rovers	-	600	-	-	600	600	-	-
Others	-	-	-	-	368	368	181	150	-
<b>Transfers out – current year</b>									
Butt	Newcastle United	2,000	-	-	(500)	1,500	(250)	2,000	-
Veron	Chelsea	-	750	-	-	750	5,872	6,250	1,250
<b>Contract terminations</b>									
Barthez	Termination	-	-	(2,600)	(2,563)	(5,163)	(2,474)	-	-
Chadwick	Termination	-	-	-	(330)	(330)	(50)	-	-
Forlan	Provision for loss on disposal	-	-	(1,893)	-	(1,893)	-	-	-
		<u>2,000</u>	<u>2,405</u>	<u>(4,493)</u>	<u>(2,996)</u>	<u>(3,084)</u>	<u>16,009</u>	<u>20,400</u>	<u>7,083</u>

### Player registration acquisitions during the year

Player	From Club	Unconditional transfer fee £'000	Conditional transfer fees paid/payable £'000	Agents fees £'000	FAPL Levy £'000	Other £'000	Total capitalised £'000	Cash flow in year £'000	Outstanding unconditional creditor £'000	Unrecognised conditional liability <sup>(1)</sup> £'000
<b>Transfers in – prior years</b>										
Bellion	Sunderland	500	200	-	(22)	-	678	2,303	100	-
Carroll	Wigan Athletic	-	500	-	25	-	525	525	-	-
Djemba	FC Nantes	-	-	-	(84)	-	(84)	3,125	175	665
Ferdinand	Leeds United	-	1,500	-	14	-	1,514	2,339	300	-
Howard	Major League Soccer	-	-	-	(40)	-	(40)	702	-	262
Steele	Peterborough	-	400	-	9	-	409	409	-	-
Van	PSV	-	-	1,202	-	-	1,202	331	1,339	-
Nistelrooy	Eindhoven	-	-	-	-	-	-	107	186	5,973
Others (cost < £1m)		-	-	-	-	-	-	-	-	-
<b>Transfer in – current year</b>										
Heinze	Paris Saint Germain	5,983	-	525	299	-	6,807	3,929	2,878	-
Kleberson	Club Atletico Paranaense	5,000	-	680	115	-	5,795	5,395	400	-
Ronaldo	Sporting Lisbon	10,587	-	1,129	243	-	11,959	4,901	7,058	-
Saha	Fulham	11,500	-	750	265	-	12,515	12,515	-	-
Smith	Leeds United	6,000	-	750	300	-	7,050	6,550	500	-
Others (cost < £1m)		1,838	-	465	(2)	17	2,318	1,682	566	2,196
		<u>41,408</u>	<u>2,600</u>	<u>5,501</u>	<u>1,122</u>	<u>17</u>	<u>50,648</u>	<u>44,813</u>	<u>13,502</u>	<u>9,096</u>

(1) Contingent assets and liabilities are conditional upon playing appearances, new playing contracts or team performance (of either MUFC in relation to acquisitions or the buying club in relation to disposals). The conditional assets are recognised when all the conditions have been fulfilled, conditional liabilities are recognised once the payment becomes probable rather than possible.

**d) Payments to agents during the year**

<i>Player</i>	<i>Agents payments creditor at 31.07.03</i>	<i>Agents payments capitalised to intangibles in the year</i>	<i>Agents payments on disposals in the year</i>	<i>Agents payments charged to P&amp;L in the year</i>	<i>Agents fees Paid in year to 31.07.04</i>	<i>In creditors at 31.07.04</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Djemba Djemba	350	-	-	-	175	175
Ferdinand	1,125	-	-	-	825	300
Fletcher <sup>(1)</sup>	-	-	-	100	100	-
Forlan	293	-	-	-	107	186
Heinze	-	525	-	-	100	425
Kleberon	-	680	-	-	280	400
Lopez	-	-	-	55	55	-
Miller	-	100	-	-	100	-
Pique	-	149	-	-	-	149
Ronaldo	-	1,129	-	-	1,129	-
Rossi	-	33	-	-	-	33
Saha	-	750	-	-	750	-
Silvestre	-	-	-	84	84	-
Smith	-	750	-	-	250	500
Van Nistelrooy	468	1,202	-	-	331	1,339
Veron	-	-	500	-	500	-
Others	74	183	-	-	245	12
	<u>2,310</u>	<u>5,501</u>	<u>500</u>	<u>239</u>	<u>5,031</u>	<u>3,519</u>

(1) Darren Fletcher was represented by Francis Martin who was a Director of Elite Sports Group Limited.

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## 12. TANGIBLE FIXED ASSETS

<i>Group</i>	<i>Freehold property £'000</i>	<i>Assets under construction £'000</i>	<i>Plant and machinery £'000</i>	<i>Fixtures and fittings £'000</i>	<i>Total £'000</i>
<b>Cost</b>					
At 1 August 2003	116,202	-	29,494	12,741	158,437
Additions	1,989	2,819	3,158	71	8,037
Disposals	(1,847)	-	(450)	-	(2,297)
At 31 July 2004	<u>116,344</u>	<u>2,819</u>	<u>32,202</u>	<u>12,812</u>	<u>164,177</u>
<b>Depreciation</b>					
At 1 August 2003	6,660	-	18,460	7,791	32,911
Charge for the year	1,317	-	4,400	874	6,591
Disposals	(109)	-	(309)	-	(418)
At 31 July 2004	<u>7,868</u>	<u>-</u>	<u>22,551</u>	<u>8,665</u>	<u>39,084</u>
<b>Net book value</b>					
At 31 July 2004	<u>108,476</u>	<u>2,819</u>	<u>9,651</u>	<u>4,147</u>	<u>125,093</u>
At 31 July 2003	<u>109,542</u>	<u>-</u>	<u>11,034</u>	<u>4,950</u>	<u>125,526</u>

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 Heywood Lorenz Ltd, Property Consultants, as at 31 July 2003, showed a valuation surplus, not incorporated in these financial statements, in the order of £69 million.

### 13. FIXED ASSET INVESTMENTS

<i>Group</i>	<i>Subsidiary undertakings £'000</i>	<i>Associated undertakings £'000</i>	<i>Joint venture £'000</i>	<i>Loan to joint venture £'000</i>	<i>Total £'000</i>
<b>Cost</b>					
At 1 August 2003	-	252	-	1,000	1,252
Share of prior year losses	-	(63)	-	-	(63)
Disposals <sup>(2)</sup>	-	-	-	-	-
Share of loss	-	(11)	(334) <sup>(1)</sup>	-	(345)
Transfer to provision for liabilities and charges	-	-	334	-	334
At 31 July 2004	-	178	-	1,000	1,178
<b>Net book value</b>					
At 31 July 2004	-	178	-	1,000	1,178
At 31 July 2003	-	189	-	1,000	1,189

(1) In accordance with FRS 9, 'Joint Ventures and Associates' the Group's share of losses from its investment in the joint venture of £334,000 has been calculated by reference to the proportion of ordinary shares it owns. The Group's cash investment, including its loan to the joint venture company, is limited to £1 million, of which £1 million had been paid at 31 July 2004.

(2) Additional receipts of £173,000 were received in the year, this related to the prior year disposal of the associate undertaking, Extramini Limited.

The following companies are the principal subsidiary undertakings, joint venture and associated undertaking of the Group at 31 July 2004:

	<i>Country of incorporation and operation</i>	<i>Principal activity</i>	<i>Description of share classes owned</i>
<b>Subsidiaries</b>			
Manchester United Football Club Limited	England and Wales	Professional football club	100% Ordinary
Manchester United Catering Limited	England and Wales	Agency company	100% Ordinary
Manchester United Interactive Limited	England and Wales	Media company	95% Ordinary
Manchester United Commercial Enterprises (Ireland) Ltd	Ireland	Property investment	100% Ordinary
Alderley Urban Investments Limited	England and Wales	Property investment	100% Ordinary
<b>Joint venture</b>			
MUTV Limited	England and Wales	Magazine TV channel	33.3% Ordinary
<b>Associates</b>			
Timecreate Limited	England and Wales	Hotel	31.4% Ordinary

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#### 14. STOCKS

	<i>Group</i>	
	<i>2004</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>
Raw materials and consumables	55	55
Goods held for resale	161	153
	<u>216</u>	<u>208</u>

#### 15. DEBTORS

	<i>Group</i>	
	<i>2004</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>
<b>Amounts falling due within one year</b>		
Trade debtors	24,944	14,255
Amounts due from subsidiary undertakings	-	-
Other debtors	386	306
Prepayments and accrued income	14,157	16,195
Deferred tax	-	-
	<u>39,487</u>	<u>30,756</u>
<b>Amounts falling due after more than one year</b>		
Trade debtors	1,125	12,284
Other debtors	635	935
	<u>1,760</u>	<u>13,219</u>
	<u>41,247</u>	<u>43,975</u>

Trade debtors include transfer fees receivable from other football clubs of £20,400,000 excluding VAT (2003 £23,398,000), of which £1,125,000 (2003 £11,985,000) is receivable after more than one year.

#### 16. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>Group</i>	
	<i>2004</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>
Trade creditors	12,661	12,579
Corporation tax	6,126	8,516
Social security and other taxes	8,162	8,690
Other creditors - pensions	256	277
Accruals	13,733	11,490
Dividends proposed	3,697	8,650
	<u>44,635</u>	<u>50,202</u>

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players registrations of £7,342,000 (2003 £6,069,000).

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## 17. CREDITORS – AMOUNTS FALLING DUE AFTER ONE YEAR

	<i>Group</i>	
	<i>2004</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>
Trade creditors	8,160	1,500
Other creditors - pensions	635	891
	<u>8,795</u>	<u>2,391</u>

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players registrations of £6,160,000 (2003 Nil).

## 18. FINANCIAL INSTRUMENTS

The Group's financial instruments comprise cash and various items such as trade debtors, trade creditors and other provisions that arise directly from the Group's operations. The main purpose of the financial instruments is to finance the Group's operations.

It is, and has been throughout the period under review, the Group's policy that no trading in financial instruments shall be undertaken. The main risks arising from the Group's financial instruments are interest rate, liquidity and foreign currency risks.

In order to protect against currency fluctuations in income receivable, mainly in respect of UEFA Champions League media revenues, the Group enters into forward foreign exchange contracts.

Short-term debtors and creditors have been excluded from all the following disclosures, other than the currency disclosures.

### Financial liabilities

At 31 July 2004 the Group had financial liabilities of £10,345,000 (2003 £2,391,000), excluding short term trading items. Included in trade creditors is an amount of £1,000,000 which attracts interest at a rate based on the retail price index, other trade creditors do not attract interest. The other creditors attract interest at a rate of 8.4 per cent. per annum. Included in financial liabilities is an amount of £1,550,000 for an onerous lease provision on a property. The provision represents the value of future liabilities discounted to current value and attracts interest at a floating rate.

The age profile of financial liabilities is shown below:

	<i>Provision</i>	<i>Other</i>
	<i>£'000</i>	<i>liabilities</i>
		<i>£'000</i>
Within 1 year	302	-
Within 1 to 2 years	278	8,431
Within 2 to 5 Years	432	213
Over 5 years	538	151
	<u>1,550</u>	<u>8,795</u>

The Group had undrawn committed borrowing facilities available at 31 July 2004 of £29.5 million (2003 £29.5 million). These facilities are due for renewal in October 2004.

### Financial assets

At 31 July 2004, as disclosed in note 15, the Group had trade and other debtors of £1,760,000 (2003 £13,219,000) receivable between one and two years from the balance sheet date. No interest is accruing on these amounts.

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The currency profile of the Group's financial assets at 31 July 2004 and 31 July 2003 are set out below:

	<i>Floating rate 2004 £'000</i>	<i>Floating rate 2003 £'000</i>
<b>Currency</b>		
Sterling	35,866	23,009
US Dollar	147	29
Euro	34	5,200
Swiss Francs	1	338
	<u>36,048</u>	<u>28,576</u>

The floating rate financial assets at 31 July 2004 and 31 July 2003 comprised cash at bank and in hand and accrued interest based on LIBOR.

### Currency exposures

The Group had monetary assets/(liabilities) denominated in currencies other than sterling, these are set out below:

	<i>2004 £'000</i>	<i>2003 £'000</i>
<b>Net foreign currency monetary assets/(liabilities)</b>		
US Dollar	676	(116)
Euro	(5,812)	13,376
Swiss Francs	1	2,475
	<u>(5,135)</u>	<u>15,735</u>

### Hedges

The Group's policy is to enter into forward foreign currency contracts on future sales and purchases where there is a high degree of likelihood of an exposure occurring. Gains and losses on these contracts are not recognised until the exposure being hedged is itself recognised.

At 31 July 2004 the Group had the following outstanding forward exchange contracts which have been translated at the contract rate:

	<i>2004 £'000</i>	<i>2003 £'000</i>
US Dollar	-	460
Euro	16,724	13,301
Swiss Francs	-	6,886
	<u>16,724</u>	<u>20,647</u>

Gains of £127,000 and losses of £280,000 arose in 2003/4 that were not recognised and have a year end book value of nil. Gains of £127,000 and losses of £250,000 are expected to be recognised within 2004/5, whilst the remaining loss of £30,000 is expected to be recognised after 2004/5.

During the year gains of £6,000 and losses of £406,000 have been recognised, which arose in 2002/3.

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## Fair values

The fair value of all financial instruments at 31 July 2004 and 31 July 2003, other than the forward contracts shown above, were not materially different from their book value.

## 19. PROVISION FOR LIABILITIES AND CHARGES

### a) Deferred taxation

The provision for deferred taxation/(deferred tax asset) comprises:

	<i>Group</i>	
	<i>2004</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>
Accelerated capital allowances	5,936	6,112
Short-term timing differences	(606)	(606)
	<u>5,330</u>	<u>5,506</u>

The movements in deferred tax balances during the year were as follows:

	<i>Group</i>
	<i>£'000</i>
At 1 August 2003	5,506
Amount (credited)/charged to profit and loss account (note 7)	(176)
At 31 July 2004	<u>5,330</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.

### b) Other provisions

The movements in other provisions for the onerous lease were as follows:

	<i>Group</i>
	<i>£'000</i>
At 1 August 2003	-
Amount transferred from creditors due within 1 year	750
Charge to profit and loss account	800
At 31 July 2004	<u>1,550</u>

The provision relates to a lease that expires 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:

	<i>Group</i>
	<i>£'000</i>
At 1 August 2003	4,266
Share of joint venture reserves	(100)
Loss for the year transferred from fixed asset investments (note 13)	334
At 31 July 2004	<u>4,500</u>

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## 20. DEFERRED GRANT INCOME

The movement in deferred grant income during the year was as follows:

	<i>Group</i> <i>£'000</i>
At 1 August 2003	1,011
Grants released in the year	(155)
At 31 July 2004	<u>856</u>

## 21. OTHER DEFERRED INCOME

Other deferred income comprises the following amounts received in respect of future football seasons:

	<i>Group</i>	
	<i>2004</i> <i>£'000</i>	<i>2003</i> <i>£'000</i>
Matchday activities	37,350	34,505
Media contracts	-	2,335
Commercial contracts	7,027	10,080
	<u>44,377</u>	<u>46,920</u>

## 22. SHARE CAPITAL

	<i>Group</i>	
	<i>2004</i> <i>£'000</i>	<i>2003</i> <i>£'000</i>
Authorised:		
350,000,000 ordinary shares of 10 pence each	<u>35,000</u>	<u>35,000</u>

Allotted, called up and fully paid:

	<i>Number</i>	<i>£'000</i>
At 1 August 2003	259,768,040	25,977
Shares issued during the period	2,419,588	242
At 31 July 2004	<u>262,187,628</u>	<u>26,219</u>

Share option schemes:

	<i>Executive Plan number</i>	<i>Savings- related scheme number</i>	<i>Total number</i>
At 1 August 2003	5,845,546	869,854	6,715,400
Granted	-	111,132	111,132
Exercised	(2,400,000)	(19,588)	(2,419,588)
Lapsed	(921,908)	(172,102)	(1,094,010)
At 31 July 2004	<u>2,523,638</u>	<u>789,296</u>	<u>3,312,934</u>

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	<i>Executive Plan</i>	<i>Savings- related scheme</i>
Options granted during the year:		
Exercise price range	-	£1.88
Average exercise price	-	£1.88
Latest exercise date	-	01.06.2009
Options outstanding at 31 July 2004:		
Exercise price range	£1.03-£2.36	£0.80-£1.97
Average exercise price	£1.39	£1.11
Latest exercise date	07.04.2013	01.06.2009

### 23. RESERVES

<i>Group</i>	<i>Share premium account £'000</i>	<i>Other reserve £'000</i>	<i>Profit and loss account £'000</i>
At 1 August 2003	-	500	130,356
Prior year adjustment (note 1)	-	-	(415)
At 1 August 2003 as restated	-	500	129,941
Retained profit for the year	-	-	12,447
Share of joint venture reserves	-	100	-
Premium on share issues	4,013	-	-
Credit in relation to long-term incentive awards	-	-	365
Consideration paid for purchase of shares held by ESOP trust	-	-	(231)
As at 31 July 2004	<u>4,013</u>	<u>600</u>	<u>142,522</u>

Under the terms of certain lotteries, past donations of £90,432 (2003 £459,044) 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, including £750,000 expended during the year, having been so applied, are distributable. It is intended that the balance will be applied to such programmes and will thereby become distributable.

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## 24. RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<i>Group</i>	
	<i>2004</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>
Profit for the year	19,421	29,781
Consideration paid for purchase of shares held by ESOP trust	(231)	(623)
Fair value of long-term incentive awards	365	208
Dividends	(6,974)	(10,391)
	<u>12,581</u>	<u>18,975</u>
Issue of ordinary shares	4,255	-
Share of joint venture reserve	100	-
	<u>16,936</u>	<u>18,975</u>
Net addition to equity shareholders' funds	156,418	137,443
Opening equity shareholders' funds (as restated)	<u>173,354</u>	<u>156,418</u>
Closing equity shareholders' funds	<u>173,354</u>	<u>156,418</u>

Group shareholders funds at 31 July 2003 were originally £156,833,000 before deducting a prior year adjustment of £415,000 (note 1).

## 25. RECONCILIATION OF NET CASH INFLOW TO MOVEMENT IN NET FUNDS

	<i>Group</i>	
	<i>2004</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>
Increase in cash in the year	7,472	27,643
Opening net funds	28,576	933
	<u>36,048</u>	<u>28,576</u>
Closing net funds	<u>36,048</u>	<u>28,576</u>

## 26. ANALYSIS OF CHANGES IN NET FUNDS

<i>Group</i>	<i>At 1 August</i>	<i>Cash</i>	<i>At 31 July</i>
	<i>2003</i>	<i>flows</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash at bank and in hand	28,576	7,472	36,048

## 27. LEASE COMMITMENTS

At 31 July 2004 the Group's operating lease commitments for the financial year to 31 July 2005 were as follows:

	<i>2004</i>	<i>2003</i>
	<i>Land and buildings</i>	<i>Land and buildings</i>
	<i>£'000</i>	<i>£'000</i>
Leases expiring: after five years	<u>338</u>	<u>356</u>

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## 28. COMMITMENTS AND CONTINGENT LIABILITIES

### a) Capital commitments

At 31 July 2004, capital commitments were:

	<i>Group</i>	
	<i>2004</i>	<i>2003</i>
	<i>£'000</i>	<i>£'000</i>
Contracted but not provided for	91	578

### 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 £9,096,000 (2003 £12,005,000) (note 11b).

At 31 July 2004 the potential amount payable by type of condition and category of player was:

<i>Type of condition</i>	<i>First team</i>		
	<i>squad</i>	<i>Other</i>	<i>Total</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
MUFC appearances/new contract	927	6,299	7,226
International appearances	-	1,870	1,870
	<u>927</u>	<u>8,169</u>	<u>9,096</u>

### c) Guarantee on behalf of associate

Manchester United PLC has undertaken to guarantee the property lease of its associate, Timecreate Limited. The lease term is 35 years with annual rentals of £400,000.

## 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 advised only of its share of the deficit in the Scheme and was advised that its contributions to make good the deficit amounted to £1,520,000 and this has been charged to the profit and loss account in previous years. The latest actuarial valuation was at 31 August 2002 and the Group was advised that the deficit has increased and further contributions amounting to £504,000 were required. This amount was charged to the profit and loss account in full in the prior period (see note 4) as it is principally attributable to employees who have left the Group or retired. The revised deficit is being paid off over a period of 10 years commencing in April 2003.

### b) Defined contribution schemes

Contributions made to defined contribution pension arrangements are charged to the profit and loss account in the year in which they become payable and amounted to £2,027,000 (2003 £1,969,000).

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

Transactions with related parties are described in the annual report 2004 remuneration report as below. There were no other material transactions or balances with related parties as defined by FRS 8 'Related party transactions'.

#### Directors' emoluments

The remuneration of each director during the year ended 31 July 2004 is laid out below:

		Year ended 31 July 2004				2003	
		Salaries/ fees £'000	Bonuses cash £'000	Bonuses shares <sup>(3)</sup> £'000	Benefits <sup>(4)</sup> £'000	Total £'000	Total £'000
Executive directors	<i>Date of service contract<sup>(2)</sup></i>						
Andy Anson <sup>(5)</sup>	14 May 2004	92	55	14	6	167	-
David Gill	14 May 2004	435	270	185	19	909	507
Nick Humby	14 May 2004	222	135	94	9	460	332
Peter Kenyon	see note 6	44	-	14	3	61	701
		<u>793</u>	<u>460</u>	<u>307</u>	<u>37</u>	<u>1,597</u>	<u>1,540</u>
Non-executive directors	<i>Date of appointment</i>						
Martin Edwards	see note 7	-	-	-	-	-	53
Sir Roy Gardner	1 January 2000	100	-	-	-	100	80
Ian Much	1 January 2000	25	-	-	-	25	25
Maurice Watkins <sup>(8)</sup>	25 January 1991	25	-	-	-	25	25
Philip Yea	1 January 2000	25	-	-	-	25	25
		<u>175</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>175</u>	<u>208</u>
Total		<u>968</u>	<u>460</u>	<u>307</u>	<u>37</u>	<u>1,772</u>	<u>1,748</u>

Notes:

(1) The following are excluded from the table above:

- pensions;
- Long Term Incentive Plan; and
- share options. The amount of gain made by executive directors on the exercise of share options during the year was £284,000 (2003 £nil).

(2) All executive directors signed new service contracts on 14 May 2004.

(3) The Company expects to purchase shares awarded as part of the Company share element of the annual performance bonus scheme, in the market, shortly after the announcement of the Group's year end results. The above share bonus of £307,000 includes £32,000 relating to an underprovision in respect of the year ended 31 July 2003 which arose because the method used to calculate the number of shares to be purchased for that year was subject to share price volatility at the time of purchase.

(4) Benefits include all taxable benefits arising from employment by the Company, mainly the provision of a company car.

(5) Andy Anson joined the Company on 23 February 2004.

(6) Peter Kenyon resigned as a director on 8 September 2003 - the above table shows his emoluments up to that date. In addition to the above, emoluments (including benefits) of £173,876 were paid to Peter Kenyon in respect of the period 9 September 2003 to 31 January 2004 (the date his employment with the Company terminated). Emoluments and pension contributions (see below) paid in respect of Peter Kenyon covering the period 9 September 2003 to 31 January 2004 have been fully offset by monies received from third parties.

(7) Martin Edwards resigned as a director on 29 November 2002.

(8) In addition to the above, legal fees of £568,087 (2003 £371,773) were paid, in the ordinary course of business, to James Chapman & Co, a firm in which Maurice Watkins is the senior partner, in respect of services charged on an arm's length basis as the Group's solicitors.

There were no other material contracts with the Group in which any director had an interest.

**EXTRACT FROM THE UNAUDITED INTERIM FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED 31 JANUARY 2005**

**MANCHESTER UNITED PLC**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**

		<i>6 months</i>		<i>12 months</i>
		<i>to 31 January</i>		<i>to 31 July</i>
		<i>2005</i>	<i>2004</i>	<i>2004</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Turnover: Group and share of joint venture		92,869	93,673	171,500
Less: Share of joint venture		(1,237)	(1,257)	(2,420)
<b>Group turnover</b>	2	91,632	92,416	169,080
Operating expenses	3	(79,650)	(66,516)	(139,170)
<b>Group operating profit before depreciation and amortisation of intangible fixed assets</b>		28,450	39,725	(58,340)
Depreciation		(3,400)	(3,266)	(6,591)
Amortisation		(13,068)	(10,559)	(21,839)
<b>Group operating profit</b>		11,982	25,900	29,910
<b>Share of operating (loss)/profit in:</b>				
- Joint venture		(9)	(92)	(147)
- Associates		5	(4)	(11)
<b>Total operating profit: Group and share of joint venture and associate</b>		11,978	25,804	29,752
Profit on disposal of associate		215	63	173
(Loss)/profit on disposal of players	7b	(305)	530	(3,084)
<b>Profit before interest and taxation</b>		11,888	26,397	26,841
Net interest receivable		548	430	1,066
<b>Profit on ordinary activities before taxation</b>		12,436	26,827	27,907
Taxation	4	(3,438)	(8,160)	(8,486)
<b>Profit for the period</b>		8,998	18,667	19,421
Dividends	5	(3,439)	(3,277)	(6,974)
<b>Retained profit for the period</b>	14	5,559	15,390	12,447
<b>Basic earnings per share (pence)</b>	6	3.4	7.2	7.4
<b>Basic adjusted earnings per share (pence)</b>	6	7.0	9.9	14.1
<b>Diluted earnings per share (pence)</b>	6	3.4	7.1	7.4
<b>Diluted adjusted earnings per share (pence)</b>	6	7.0	9.8	14.1

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

	<i>6 months</i>		<i>12 months</i>
	<i>to 31 January</i>		<i>to 31 July</i>
	<i>2005</i>	<i>2004</i>	<i>2004</i>
<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Profit for the period	8,998	18,667	19,421
Share of increase in joint venture reserves	-	-	100
Credit in relation to long-term incentive awards	469	-	365
Consideration paid for purchase of shares held by ESOP trust	(1,332)	(211)	(231)
Profit for the period and total recognised gains and losses in the period	<u>8,135</u>	<u>18,456</u>	<u>19,655</u>

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**CONSOLIDATED BALANCE SHEET AT 31 JANUARY 2005**

		<i>31 January</i>		<i>31 July</i>
		<i>2005</i>	<i>2004</i>	<i>2004</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Fixed assets</b>				
Intangible assets	7	89,021	80,371	78,233
Tangible assets		124,342	121,548	125,093
Investments		1,183	1,185	1,178
		<u>214,546</u>	<u>203,104</u>	<u>204,504</u>
<b>Current assets</b>				
Stocks		195	242	216
Debtors – amounts falling due within one year	8	23,174	34,657	39,487
Debtors – amounts falling due after more than one year	8	610	3,818	1,760
Intangible asset held for resale		-	-	1,382
Cash at bank and in hand		32,236	23,496	36,048
		<u>56,215</u>	<u>62,213</u>	<u>78,893</u>
<b>Creditors – amounts falling due within one year</b>	9	<u>(43,444)</u>	<u>(36,819)</u>	<u>(44,635)</u>
<b>Net current assets</b>		<u>12,771</u>	<u>25,394</u>	<u>34,258</u>
<b>Total assets less current liabilities</b>		<u>227,317</u>	<u>228,498</u>	<u>238,762</u>
<b>Creditors – amounts falling due after one year</b>	10	(8,162)	(5,929)	(8,795)
<b>Provision for liabilities and charges</b>				
Deferred taxation		(5,075)	(5,593)	(5,330)
Other provisions		(1,391)	-	(1,550)
Investment in joint venture:				
- Share of gross assets		489	390	260
- Share of gross liabilities		(5,083)	(4,735)	(4,760)
		<u>(4,594)</u>	<u>(4,345)</u>	<u>(4,500)</u>
<b>Accruals and deferred income</b>		<u>(28,445)</u>	<u>(36,691)</u>	<u>(45,233)</u>
<b>Net assets</b>		<u>179,650</u>	<u>175,940</u>	<u>173,354</u>
<b>Capital and reserves</b>				
Share capital	13	26,334	26,218	26,219
Share premium account	14	5,498	4,002	4,013
Other reserves	14	600	600	600
Profit and loss account	14	147,218	145,120	142,522
<b>Equity shareholders' funds</b>	15	<u>179,650</u>	<u>175,940</u>	<u>173,354</u>

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**CONSOLIDATED CASHFLOW STATEMENT FOR THE SIX MONTH PERIOD ENDED  
31 JANUARY 2005**

		<i>6 months</i>		<i>12 months</i>
		<i>to 31 January</i>		<i>to 31 July</i>
		<i>2005</i>	<i>2004</i>	<i>2004</i>
	<i>Notes</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Net cash inflow from operating activities</b>		<u>8,110</u>	<u>19,598</u>	<u>58,769</u>
<b>Returns on investments and servicing of finance</b>				
Interest received		831	516	1,169
Interest paid		(141)	(29)	(112)
<b>Net cash inflow from returns on investments and servicing of finance</b>		<u>690</u>	<u>487</u>	<u>1,057</u>
<b>Taxation paid</b>		(5,642)	(8,107)	(11,052)
<b>Capital expenditure and financial investment</b>				
Proceeds from disposal of players' registrations	7b	18,126	16,854	16,009
Purchase of players' registrations	7b	(17,841)	(29,766)	(44,813)
Sale of tangible fixed assets		269	2,059	2,154
Purchase of tangible fixed assets		(4,346)	(1,650)	(6,922)
<b>Net cash outflow from capital expenditure and financial investment</b>		<u>(3,792)</u>	<u>(12,503)</u>	<u>(33,572)</u>
<b>Acquisitions and disposals</b>				
Proceeds from sale of investment in associated company		215	63	173
<b>Net cash inflow from acquisitions and disposals</b>		<u>215</u>	<u>63</u>	<u>173</u>
<b>Equity dividends paid</b>		<u>(3,661)</u>	<u>(8,650)</u>	<u>(11,927)</u>
<b>Cash (outflow)/inflow before management of liquid resources and financing</b>		<u>(4,080)</u>	<u>(9,112)</u>	<u>3,448</u>
<b>Financing</b>				
Issue of ordinary share capital		1,600	4,243	4,255
Purchase of shares held through ESOP trust		(1,332)	(211)	(231)
<b>Net cash inflow from financing</b>		<u>268</u>	<u>4,032</u>	<u>4,024</u>
<b>(Decrease)/increase in cash in the period</b>	11	<u>(3,812)</u>	<u>(5,080)</u>	<u>7,472</u>
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>				
<b>Net cash generated from operating activities</b>				
Operating profit		11,982	25,900	29,910
Depreciation charges		3,400	3,266	6,591
Amortisation of players' registrations		13,068	10,559	21,839
Credit in relation to long-term incentive awards		469	-	365
Profit on disposal of tangible fixed assets		(83)	(244)	(275)
Grants released		(65)	(78)	(155)
Decrease/(increase) in stocks		21	(34)	(8)
Decrease/(increase) in debtors		2,149	398	(285)
(Decrease)/increase in creditors and deferred income		(22,831)	(20,169)	787
<b>Net cash inflow from operating activities</b>		<u>8,110</u>	<u>19,598</u>	<u>58,769</u>

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## NOTES TO THE INTERIM FINANCIAL STATEMENTS

### 1. ACCOUNTING POLICIES

The interim results have been prepared on the same basis and using the same accounting policies as those used in the preparation of the full year's accounts to 31 July 2004.

### 2. TURNOVER

	<i>6 months to 31 January</i>		<i>12 months to 31 July</i>
	<i>2005</i>	<i>2004</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Match day	44,295	36,317	61,206
Media	24,181	33,359	62,544
Commercial	23,156	22,740	45,330
	<u>91,632</u>	<u>92,416</u>	<u>169,080</u>

### 3. OPERATING EXPENSES

	<i>6 months to 31 January</i>		<i>12 months to 31 July</i>
	<i>2005</i>	<i>2004</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Operations excluding player amortisation</b>			
Staff costs	42,686	37,730	76,874
Depreciation	3,400	3,266	6,591
Other operating charges	20,496	14,961	33,866
	<u>66,582</u>	<u>55,957</u>	<u>117,331</u>
Player amortisation			
Other operating charges - amortisation of players' registrations	13,068	10,559	21,839
	<u>79,650</u>	<u>66,516</u>	<u>139,170</u>

### 4. TAXATION

The charge for taxation at 27.6 per cent. is based on the estimated effective rate for the year as a whole.

### 5. DIVIDENDS

	<i>6 months to 31 January</i>		<i>12 months to 31 July</i>
	<i>2005</i>	<i>2004</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Interim of 1.325 pence per share			
(2004 - 1.25 pence per share)	3,439	3,277	3,277
2004 final of 1.40 pence per share	-	-	3,697
	<u>3,439</u>	<u>3,277</u>	<u>6,974</u>

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## 6. EARNINGS PER SHARE

The calculation of basic earnings per share is based on the profit for the period and the weighted average number of ordinary shares in issue, being 261,698,306 (period to 31 January 2004 - 259,985,047 shares, year to 31 July 2004 - 260,734,479 shares).

The calculation of diluted earnings per share is based on the profit for the period divided by the weighted average number of shares in issue, adjusted for the dilutive effect of outstanding share awards, being 262,808,991 (period to 31 January 2004 - 261,401,645, year to 31 July 2004 - 262,189,660 shares).

An adjusted earnings per share figure has also been calculated in order to allow the shareholders to gain a clearer understanding of the trading performance of the Group. Details of the adjusted earnings per share are set out below.

	6 months to 31 January					12 months to 31 July 2004	
	2005		2004				
	<i>Basic and diluted earnings after tax</i>	<i>earnings per share</i>	<i>Earnings after tax</i>	<i>Basic earnings per share</i>	<i>Diluted earnings per share</i>	<i>Earnings after tax</i>	<i>Basic and diluted earnings per share</i>
	£,000	p	£,000	p	p	£,000	p
Earnings/earnings per share	8,998	3.4	18,667	7.2	7.1	19,421	7.4
Amortisation of players' registrations	9,148	3.5	7,391	2.8	2.8	15,287	5.9
(Loss)/profit on disposal of players' registrations	214	0.1	(371)	(0.1)	(0.1)	2,159	0.8
Adjusted earnings per share	<u>18,360</u>	<u>7.0</u>	<u>25,687</u>	<u>9.9</u>	<u>9.8</u>	<u>36,867</u>	<u>14.1</u>

## 7. INTANGIBLE FIXED ASSETS

### a) Summary

	<i>Transfer fee</i>	<i>Agents fees</i>	<i>FAPL levy (net of refunds)</i>	<i>Other costs</i>	<i>Total</i>
	£'000	£'000	£'000	£'000	£'000
<b>Cost of players' registrations</b>					
At 1 August 2004	110,717	10,431	3,141	489	124,778
Additions	23,278	1,730	1,163	98	26,269
Disposals	(3,124)	(350)	(68)	(5)	(3,547)
At 31 January 2005	<u>130,871</u>	<u>11,811</u>	<u>4,236</u>	<u>582</u>	<u>147,500</u>
<b>Amortisation of players' registrations</b>					
At 1 August 2004					46,545
Charge for the period					13,068
Disposals					(1,134)
At 31 January 2005					<u>58,479</u>
<b>Net book value of players' registrations</b>					
At 31 January 2005					<u>89,021</u>
At 31 July 2004					<u>78,233</u>

## b) Player registration trading summary

### Player registration disposals during the period

<i>Player</i>	<i>Sale to Club</i>	<i>Unconditional proceeds receivable</i> £'000	<i>Conditional proceeds receivable</i> £'000	<i>NBV</i> £'000	<i>Other</i> £'000	<i>Profit/(loss) for period</i> £'000	<i>Cash flow in period</i> £'000	<i>Outstanding unconditional debtor</i> £'000	<i>Unrecognised conditional assets<sup>(1)</sup></i> £'000
<b>Transfers out – prior years</b>									
Beckham	Real Madrid	-	833	-	-	833	833	-	5,183
Butt	Newcastle United	-	-	-	-	-	750	1,000	-
Forlan	Villarreal	-	-	-	-	-	1,282	-	-
Stam	S. S. Lazio	-	-	-	(25)	(25)	9,276	2,699	-
Veron	Chelsea	-	-	-	-	-	6,250	-	1,250
Others		-	15	-	-	15	(265)	150	1,500
<b>Transfers out – current year</b>									
Djemba									
Djemba	Aston Villa	1,350	-	(2,413)	(50)	(1,113)	-	1,350	500
Djordjic	Rangers	-	-	-	(15)	(15)	-	-	100
		<u>1,350</u>	<u>848</u>	<u>(2,413)</u>	<u>(90)</u>	<u>(305)</u>	<u>18,126</u>	<u>5,199</u>	<u>8,533</u>

### Player registration acquisitions during the period

<i>Player</i>	<i>From Club</i>	<i>Unconditional transfer fee</i> £'000	<i>Conditional transfer fees payable</i> £'000	<i>Agents fees</i> £'000	<i>FAPL Levy</i> £'000	<i>Other</i> £'000	<i>Total capitalised</i> £'000	<i>Cash flow in period</i> £'000	<i>Outstanding unconditional creditor</i> £'000	<i>Unrecognised conditional liability<sup>(1)</sup></i> £'000
<b>Transfers in – prior years</b>										
Ronaldo	Sporting Lisbon	-	-	-	-	-	-	3,528	3,528	-
Heinze	Paris Saint Germain	-	-	-	-	-	-	1,493	1,385	-
Van Nistelrooy	PSV Eindhoven	-	-	-	-	-	-	191	1,148	-
Others (cost < £1m)		-	278	230	13	98	619	1,129	1,597	8,077
<b>Transfer in – current year</b>										
Rooney	Everton	20,000	3,000	1,500	1,150	-	25,650	11,500	14,150	4,500
		<u>20,000</u>	<u>3,278</u>	<u>1,730</u>	<u>1,163</u>	<u>98</u>	<u>26,269</u>	<u>17,841</u>	<u>21,808</u>	<u>12,577</u>

(1) Contingent assets and liabilities are conditional upon playing appearances, new playing contracts or team performance (of either MUFC in relation to acquisitions or the buying club in relation to disposals). The conditional assets are recognised when all the conditions have been fulfilled, conditional liabilities are recognised once the payment becomes probable rather than possible.

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## 8. DEBTORS

	<i>31 January</i>		<i>31 July</i>
	<i>2005</i>	<i>2004</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Amounts falling due within one year</b>			
Trade debtors	8,597	19,437	24,944
Other debtors	309	380	386
Prepayments and accrued income	14,268	14,840	14,157
	<u>23,174</u>	<u>34,657</u>	<u>39,487</u>
<b>Amounts falling due after more than one year</b>			
Trade debtors	125	3,033	1,125
Other debtors	485	785	635
	<u>610</u>	<u>3,818</u>	<u>1,760</u>
	<u>23,784</u>	<u>38,475</u>	<u>41,247</u>

Trade debtors include transfer fees receivable from other football clubs of £5,199,000 excluding VAT (31 January 2004 - £18,425,000, 31 July 2004 - £20,400,000), of which £125,000 (31 January 2004 - £2,849,000, 31 July 2004 - £1,125,000) is receivable after more than one year.

## 9. CREDITORS – AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>31 January</i>		<i>31 July</i>
	<i>2005</i>	<i>2004</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade creditors	19,273	10,193	12,661
Corporation tax	4,177	8,482	6,126
Social security and other taxes	3,920	2,075	8,162
Other creditors - pensions	246	266	256
Dividends proposed	3,475	3,277	3,697
Accruals	12,353	12,526	13,733
	<u>43,444</u>	<u>36,819</u>	<u>44,635</u>

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £16,411,000 (31 January 2004 - £6,160,000, 31 July 2004 - £7,342,000).

## 10. CREDITORS – AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<i>31 January</i>		<i>31 July</i>
	<i>2005</i>	<i>2004</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Trade creditors	7,647	5,169	8,160
Other creditors - pensions	515	760	635
	<u>8,162</u>	<u>5,929</u>	<u>8,795</u>

Trade creditors include transfer fees and other associated costs in relation to the acquisition of players' registrations of £5,397,000 (31 January 2004 - £3,419,000, 31 July 2004 - £6,160,000).

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## 11. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	<i>31 January</i>		<i>31 July</i>
	<i>2005</i>	<i>2004</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
(Decrease)/increase in cash in the period	(3,812)	(5,080)	7,472
Opening net funds	36,048	28,576	28,576
Closing net funds	<u>32,236</u>	<u>23,496</u>	<u>36,048</u>

## 12. ANALYSIS OF CHANGES IN NET FUNDS

	<i>At</i>	<i>Cash</i>	<i>At</i>
	<i>1 August</i>	<i>flows</i>	<i>31 January</i>
	<i>2004</i>	<i>2005</i>	<i>2005</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Cash at bank and in hand	36,048	(3,812)	32,236

## 13. SHARE CAPITAL

	<i>31 January</i>		<i>31 July</i>	
	<i>2005</i>	<i>2004</i>	<i>2004</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
<b>Authorised:</b>				
350,000,000 ordinary shares of 10p each	35,000	35,000	35,000	35,000
<b>Allotted, called up and fully paid:</b>				
	<i>No.</i>	<i>£'000</i>	<i>No.</i>	<i>£'000</i>
At 1 August	262,187,628	26,219	259,768,040	25,977
Shares issued during the period	1,148,190	115	2,411,456	241
At end of period	<u>263,335,818</u>	<u>26,334</u>	<u>262,179,496</u>	<u>26,218</u>

## 14. RESERVES

	<i>Share</i>	<i>Other</i>	<i>Profit</i>
	<i>Premium</i>	<i>reserve</i>	<i>and loss</i>
	<i>account</i>	<i>reserve</i>	<i>account</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
At 1 August 2004	4,013	600	142,522
Retained profit for the period	-	-	5,559
Premium on share issues	1,485	-	-
Credit in relation to long-term incentive awards	-	-	469
Consideration paid for purchase of shares held by ESOP trust	-	-	(1,332)
At 31 January 2005	<u>5,498</u>	<u>600</u>	<u>147,218</u>

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**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<i>31 January</i>		<i>31 July</i>
	<i>2005</i>	<i>2004</i>	<i>2004</i>
	<i>£'000</i>	<i>£'000</i>	<i>£'000</i>
Profit for the period	8,998	18,667	19,421
Consideration paid for purchase of shares held by ESOP trust	(1,332)	(211)	(231)
Credit in relation to long-term incentive awards	469	-	365
Dividends	(3,439)	(3,277)	(6,974)
Issue of Ordinary Shares	1,600	4,243	4,255
Share of increase in joint venture reserve	-	100	100
Net addition to shareholders' funds	6,296	19,522	16,936
Opening shareholders' funds	173,354	156,418	156,418
Closing shareholders' funds	<u>179,650</u>	<u>175,940</u>	<u>173,354</u>

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## APPENDIX III

### FURTHER INFORMATION ON THE RED FOOTBALL GROUP

#### 1. The Red Football Group

The Red Football Group, through Red and Red Junior, currently owns 200,623,211 Manchester United Shares.

Red Junior is a wholly-owned subsidiary of Red which, in turn, is a wholly-owned subsidiary of Red Joint Venture. Red Joint Venture is a wholly-owned subsidiary of Red Shareholder which, in turn, is a wholly-owned subsidiary of Red Football Partnership. The general partner of Red Football Partnership is Malcolm I. Glazer G.P., Inc. and the limited partner of Red Football Partnership is Malcolm Glazer Revocable Trust. The sole shareholder of Malcolm I. Glazer G.P., Inc. is Malcolm Glazer Revocable Trust (of which the principal beneficiary is Malcolm Glazer). There is no publicly available financial information on any of the entities referred to in this paragraph.

Red is a UK private limited company incorporated for the specific purpose of making the Offer. Red has not traded since incorporation, nor has it entered into any obligations, other than in connection with the Offer and the financing of the Offer.

#### 2. Directors and Malcolm Glazer

The current directors of each of Red Shareholder, Red Joint Venture, Red and Red Junior are Joel Glazer, Avram Glazer, Mitchell Nusbaum and William Sondericker.

*Joel Glazer*, aged 38, is an American businessman. Mr Glazer graduated from the American University in Washington, DC in 1989. He has worked as a vice president of First Allied Corporation, a US real estate investment company. In 1995, he was made executive vice president of the Tampa Bay Buccaneers of the NFL, and he continues in such position to date. He has extensive sports management experience.

*Avram Glazer*, aged 44, is an American businessman. Mr Glazer received a business degree from Washington University in St. Louis in 1982. He then studied law at Beijing University and at Fudan University in Shanghai and received a law degree from the American University Washington College of Law in 1985. He has worked as a vice president of First Allied Corporation, a US real estate investment company. In 1995, Mr Glazer became president and chief executive officer of Zapata Corporation, a US public company which currently has two operating companies, Safety Components International, Inc. and Omega Protein Corporation, and he continues in such position to date. Mr Glazer is also chairman of the board of directors of Omega Protein Corporation and a director of Safety Components International, Inc.

*Mitchell Nusbaum*, aged 41, is a partner in the law firm of Woods Oviatt Gilman LLP located in Rochester, New York, United States. He graduated from the Harvard Law School in 1988. He is a director of I. Gordon Corporation.

*William Sondericker*, aged 44, is a vice president of First Allied Corporation, a US real estate investment company.

*Malcolm Glazer*, aged 76, is a leading American businessman. Mr Glazer is the principal owner of the Tampa Bay Buccaneers of the NFL. He is also president of First Allied Corporation, a US real estate investment company. Previously, Mr Glazer has owned a diverse portfolio of investments in, for example, the broadcasting, food service equipment, restaurant and health care sectors.

#### 3. Incorporation and registered office

Red and Red Junior were incorporated as private limited liability companies in England and Wales on 18 February 2005. The registered number of Red is 5370076 and the registered number of Red Junior is 5370078.

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Red Shareholder and Red Joint Venture were incorporated as private limited liability companies in England and Wales on 24 December 2004. The registered number of Red Shareholder is 5321162 and the registered number of Red Joint Venture is 5321166.

The registered address of Red Football Partnership is 6100 Neil Road, Suite 500, Reno, Nevada 81520, United States.

The registered office of each of Red Shareholder, Red Joint Venture, Red and Red Junior is 9 Cheapside, London EC2V 6AD.

#### **4. Financial information**

None of Red Football Partnership, Red Shareholder, Red Joint Venture, Red or Red Junior has traded, or entered into any obligations, other than in connection with the Offer and the financing of the Offer.

#### **5. Details of the financing of the Offer**

The consideration payable by Red under the Offer will be funded by a combination of an issue of Preferred Securities by Red Joint Venture, followed by a share subscription in Red by Red Joint Venture, a term loan facility arranged and fully underwritten by J.P. Morgan plc and cash provided by Red Football Partnership.

Save as disclosed in paragraph 7(b) of Appendix IV to this document, Red does not intend that the payment of interest on, repayment of or security for any liability (contingent or otherwise) incurred in connection with the financing of the Offer will depend to any significant extent on the business of Manchester United.

Further details of the Preferred Securities and the term loan facility are contained in paragraph 7 of Appendix IV to this document.

#### **6. Material change**

Save as disclosed in this document, the Red Directors are not aware of any material change in the financial or trading position of Red since its date of incorporation.



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## APPENDIX IV

### ADDITIONAL INFORMATION

#### 1. Responsibility statement

The Red Directors, whose names appear in paragraph 2(a) below, and Malcolm Glazer accept responsibility for the information contained in this document save that the only responsibility accepted by them in respect of such information relating to Manchester United, which has been compiled from public sources, is to ensure that such information has been correctly and fairly reproduced and presented. Subject to the aforesaid, to the best of the knowledge and belief of the Red Directors and Malcolm Glazer (who have taken all reasonable care to ensure that such is the case), the information contained in this document for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

#### 2. Directors

- (a) The directors of Red, which will be the holding company of Manchester United, will be as follows:

Joel Glazer  
Avram Glazer  
Mitchell Nusbaum  
William Sondericker

It is not intended that all the individuals referred to above will be appointed to the Manchester United Board. As stated in paragraph 4 of the letter from Rothschild, Red wants to work with the current management of Manchester United to ensure that the significant successes enjoyed by Manchester United, both on and off the pitch, continue.

- (b) So far as the Red Directors and Malcolm Glazer are aware, the Manchester United Directors, and their respective functions, are as follows:

Sir Roy Gardner	-	Chairman
David Gill	-	Chief executive
Nick Humby	-	Group finance director
Ian Much	-	Non-executive director
Jim O'Neill	-	Non-executive director

#### 3. Shareholdings and dealings

- (a) For the purposes of this paragraph 3:

- (i) **arrangement** includes indemnity or option arrangements, and any agreement or understanding, formal or informal, of whatever nature, relating to relevant securities which may be an inducement to deal or to refrain from dealing;
- (ii) **derivative** includes any financial product the value of which, in whole or in part, is determined directly or indirectly by reference to the price of an underlying security but which does not include the possibility of delivery of such underlying securities;
- (iii) **disclosure period** means the period commencing on 20 December 2003 (being the date 12 months prior to the commencement of the Current Offer Period) and ending on 20 May 2005 (being the last practicable business day prior to the posting of this document);
- (iv) **interested** shall be interpreted in the manner described in Parts VI and X of the Companies Act and **interests** shall be construed accordingly; and

- (v) **relevant securities** means Manchester United Shares and any other securities conferring voting rights and any securities convertible into, or rights to subscribe for, or options (including traded options) in respect of, or derivatives referenced to, such shares or other securities.

(b) *Shareholdings and dealings in Manchester United*

- (i) As at the last day of the disclosure period, Red owned 126,473,978 Manchester United Shares and Red Junior owned 74,149,233 Manchester United Shares.
- (ii) During the disclosure period, there were no dealings for value in Manchester United Shares by Red or any person deemed to be acting in concert with Red, save as set out below:

<i>Date</i>	<i>Party</i>	<i>Transaction</i>	<i>Number of Manchester United Shares</i>	<i>Manchester United Share price (pence)</i>
5 January 2004	MGFP	Buy	300,000	262
6 January 2004	MGFP	Buy	100,000	261
7 January 2004	MGFP	Buy	125,000	260
8 January 2004	MGFP	Buy	250,000	258
11 February 2004	MGFP	Buy	90,000	265
11 February 2004	MGFP	Buy	2,500,000	265
11 February 2004	MGFP	Buy	1,035,087	263
23 February 2004	MGFP	Buy	1,000,000	265
23 April 2004	MGFP	Buy	4,100,000	250
28 April 2004	MGFP	Buy	1,910,000	252
23 June 2004	MGFP	Buy	500,000	245
12 August 2004	MGFP	Buy	100,000	245
12 August 2004	MGFP	Buy	200,000	248
13 August 2004	MGFP	Buy	50,000	245
18 August 2004	MGFP	Buy	22,500	245
20 August 2004	MGFP	Buy	150,000	250
23 August 2004	MGFP	Buy	200,000	250
15 October 2004	MGFP	Buy	1,269,570	285
15 October 2004	MGFP	Buy	15,390,736	285
18 October 2004	MGFP	Buy	6,060,623	285
3 November 2004	MGFP	Buy	232,775	285
4 November 2004	MGFP	Buy	85,000	285
9 November 2004	MGFP	Buy	120,000	285
12 May 2005	Red	Buy	75,736,960	300
12 May 2005	MGFP	Sell	74,149,233	<i>See Note 1</i>
12 May 2005	Red Junior	Buy	74,149,233	<i>See Note 1</i>
12 May 2005	Red	Buy	17,100,000	300
12 May 2005	Red	Buy	4,000,000	300
12 May 2005	Red	Buy	1,407,275	300
12 May 2005	Red	Buy	1,000,000	300
12 May 2005	Red	Buy	359,217	300
12 May 2005	Red	Buy	500,000	300
12 May 2005	Red	Buy	411,508	300
12 May 2005	Red	Buy	2,460,000	300
12 May 2005	Red	Buy	175,365	300
12 May 2005	Red	Buy	1,000,000	300

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<i>Date</i>	<i>Party</i>	<i>Transaction</i>	<i>Number of Manchester United Shares</i>	<i>Manchester United Share price (pence)</i>
12 May 2005	Red	Buy	100,000	300
12 May 2005	Red	Buy	250,000	300
12 May 2005	Red	Buy	126,056	300
12 May 2005	Red	Buy	1,922,884	300
12 May 2005	Red	Buy	100,000	300
12 May 2005	Red	Buy	150,000	300
12 May 2005	Red	Buy	250,000	300
12 May 2005	Red	Buy	500,000	300
12 May 2005	Red	Buy	239,550	300
12 May 2005	Red	Buy	500,000	300
12 May 2005	Red	Buy	200,000	300
12 May 2005	Red	Buy	31,550	300
12 May 2005	Red	Buy	389,047	300
12 May 2005	Red	Buy	153,168	300
13 May 2005	Red	Buy	400,000	300
13 May 2005	Red	Buy	10,000	300
13 May 2005	Red	Buy	400,000	300
13 May 2005	Red	Buy	4,000,000	300
13 May 2005	Red	Buy	200,000	300
13 May 2005	Red	Buy	500,000	300
13 May 2005	Red	Buy	250,000	300
13 May 2005	Red	Buy	250,000	300
13 May 2005	Red	Buy	200,000	300
13 May 2005	Red	Buy	4,935,740	300
13 May 2005	Red	Buy	184,111	300
13 May 2005	Red	Buy	131,396	300
13 May 2005	Red	Buy	100,000	300
13 May 2005	Red	Buy	2,295,850	300
16 May 2005	Red	Buy	1,200,407	300
16 May 2005	Red	Buy	448,100	300
16 May 2005	Red	Buy	250,000	300
16 May 2005	Red	Buy	100,000	300
16 May 2005	Red	Buy	150,000	300
16 May 2005	Red	Buy	100,000	300
16 May 2005	Red	Buy	103,616	300
17 May 2005	Red	Buy	160,776	300
17 May 2005	Red	Buy	50,000	300
17 May 2005	Red	Buy	465,000	300
17 May 2005	Red	Buy	50,000	300
17 May 2005	Red	Buy	410,000	300
17 May 2005	Red	Buy	36,000	300
17 May 2005	Red	Buy	30,402	300

*Note 1: On 12 May 2005, by a series of intra-group transactions, 74,149,233 Manchester United Shares owned by MGFP were transferred through companies in the Red Football Group to Red Junior in consideration for the issue of new shares in Red Junior.*

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(c) *General*

- (i) Save as disclosed in this paragraph 3, none of Red, any member of the Red Football Group, any Red Directors or directors of any company in the Red Football Group, their immediate families or related trusts, nor any other person deemed to be acting in concert with Red was interested in any Manchester United Shares as at the last day of the disclosure period, nor has any such person dealt for value in Manchester United Shares during the disclosure period.
- (ii) Neither Red nor any person acting in concert with Red has any arrangement with any other person in relation to relevant securities of Manchester United.

**4. Market quotations**

The following table shows the closing middle market price, as derived from the Daily Official List, for Manchester United Shares on the first business day in each of the six months immediately prior to the date of this document, on 17 December 2004 (the last business day prior to the commencement of the Current Offer Period) and on 20 May 2005 (the last practicable business day prior to the posting of this document):

<i>Date</i>	<i>Manchester United Share price (pence)</i>
1 December 2004	270
17 December 2004	266
4 January 2005	275
1 February 2005	266.75
1 March 2005	276
1 April 2005	268
3 May 2005	268
20 May 2005	299.50

**5. Sources and bases of information**

- (a) Unless otherwise stated, the financial information concerning Manchester United set out in paragraph 5 of the letter from Rothschild and in Appendix II to this document has been extracted from the audited financial statements for Manchester United for the years ended 31 July 2002, 31 July 2003 and 31 July 2004 and from the unaudited interim financial statements of Manchester United for the six month period ended 31 January 2005.
- (b) Unless otherwise stated, the financial information relating to Zapata Corporation, Omega Protein Corporation and Safety Components International, Inc. set out in paragraph 6 of the letter from Rothschild has been extracted from the respective annual filings (dated 31 December 2004) and quarterly filings (dated 31 March 2005) made by those companies to the US Securities and Exchange Commission. Any market information in relation to the companies referred to in this paragraph is sourced from Bloomberg.
- (c) The value of the Offer and references to the issued share capital of Manchester United is based on 263,436,732 Manchester United Shares in issue, as derived from the announcement issued by Manchester United under Rule 2.10 of the City Code on 5 May 2005.

**6. Material contracts**

Save as set out in paragraph 7 below, no contracts have been entered into by members of the Red Football Group otherwise than in the ordinary course of business since 20 December 2002 (the date two years prior to the commencement of the Current Offer Period) which are or may be material.

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## 7. Financing arrangements

### (a) Preferred Securities

Citadel Horizon S.a.r.l. and funds under the respective management of Perry Capital Limited and OZ Management, L.L.C. (the **Preferred Securities Holders**), Red Joint Venture and Red Shareholder have agreed pursuant to a subscription agreement, an investor agreement and a deed of charge, each dated 11 May 2005, that the Preferred Securities Holders will subscribe for up to £275,000,000 of Preferred Securities in Red Joint Venture. The funds invested in Red Joint Venture for the Preferred Securities have been, and will be, used by Red Joint Venture to subscribe for additional equity in Red in order to finance part of the consideration payable by Red for Manchester United Shares under the Offer.

The Preferred Securities have a final maturity date of 30 April 2020, upon which date the outstanding Preferred Securities will be redeemed in full. The Preferred Securities are redeemable, at the request of the Preferred Securities Holders, only following the occurrence of certain events of default. The Preferred Securities are redeemable at any time after the Offer closes, at the request of Red Joint Venture, together with a payment (in certain circumstances) of a premium, if the voluntary redemption occurs on or before 12 May 2007.

The Preferred Securities are non-cash pay and payments are only made in respect of the Preferred Securities upon redemption. The Preferred Securities have no recourse to any member of the Manchester United Group and will rank junior to the Senior Debt. The Preferred Securities are guaranteed by Red Shareholder, which has charged its shareholding in Red Joint Venture pursuant to the deed of charge referred to above. The Preferred Securities accordingly have rights of enforcement against the ordinary shares of Red Joint Venture held by Red Shareholder in certain circumstances, including in the event any of the Preferred Securities remain outstanding after 63 months from 12 May 2005.

### (b) Debt financing

(i) Pursuant to a facilities agreement dated 11 May 2005 made between, *inter alia*, Red, J.P. Morgan plc as arranger and J.P. Morgan Europe Limited as security trustee and agent (the **Senior Facilities Agreement**), the Original Lenders (as defined therein) have agreed to make available to Red and/or members of the Manchester United Group, who accede to the agreement as borrowers, the following facilities:

- (A) a term loan facility of £55,000,000 repayable in instalments over a term of seven years from the date of the Senior Facilities Agreement at an initial interest rate of 2.75 per cent. above LIBOR (as defined therein) and mandatory liquid asset cost per annum,
- (B) a term loan facility of £62,500,000 repayable as to fifty per cent. on the date falling six months prior to the date falling eight years from the date of the Senior Facilities Agreement and the remaining fifty per cent. on the date falling eight years from the date of the Senior Facilities Agreement at an interest rate of 3.25 per cent. above LIBOR and mandatory liquid asset costs per annum,
- (C) a term loan facility of £62,500,000 repayable as to fifty per cent. on the date falling six months prior to the date falling nine years from the date of the Senior Facilities Agreement and the remaining fifty per cent. on the date falling nine years from the date of the Senior Facilities Agreement at an interest rate of 3.75 per cent. above LIBOR and mandatory liquid asset costs per annum,
- (D) a term loan facility (that benefits from second ranking security) of £85,000,000 repayable in full on or about 30 April 2015 at an interest rate of 6.50 per cent. above LIBOR and mandatory liquid asset costs per annum, and

- 
- (E) a bridge facility of £18,900,000 repayable by no later than 31 March 2006 at an initial interest rate of 2.75 per cent. above LIBOR (as defined therein) and mandatory liquid asset costs per annum,

in each case to be used primarily for the purposes of financing part of the consideration payable by Red for Manchester United Shares;

- (F) a multi-currency revolving credit facility (including certain ancillary facilities) of £50,000,000 repayable by the date falling seven years from the date of the Senior Facilities Agreement at an initial interest rate of 2.75 per cent. above LIBOR and mandatory liquid costs per annum to be used by Red and members of the Manchester United Group in financing their working capital and trade finance requirements; and

- (G) a capital expenditure facility of £40,000,000 repayable in instalments over a term of seven years from the date of the Senior Facilities Agreement at an initial interest rate of 2.75 per cent. above LIBOR and mandatory liquid asset cost per annum.

(ii) Red has entered into a debenture dated 11 May 2005 in favour of J.P. Morgan Europe Limited as security trustee for, *inter alia*, the lenders under the Senior Facilities Agreement by which Red has charged all its assets and undertaking as security for (*inter alios*) its obligations and liabilities under such agreement.

(iii) Red has entered into a security trustee agreement dated 11 May 2005 with J.P. Morgan Europe Limited in various capacities which (*inter alios*) regulates the circumstances in which security may be enforced by J.P. Morgan Europe Limited in its capacity as security trustee and the priorities under and the application of proceeds pursuant to the enforcement of the debenture and other security referred to above.

It is also a requirement of the Senior Facilities Agreement that the Company and the Club guarantee and enter into a debenture to give security to J.P. Morgan Europe Limited (as security trustee) for each other's borrowings under the Senior Facilities Agreement and, subject to compliance with the whitewash procedure set out in sections 155 to 158 of the Act, secure all obligations incurred under and in connection with the Senior Facilities Agreement.

## **8. Cash confirmation**

The cash consideration payable by Red under the Offer will be financed from the Preferred Securities and the Senior Facilities Agreement, each as summarised in paragraph 7 of this Appendix IV, as well as from cash provided by Red Football Partnership.

The Senior Facilities Agreement will also be used to refinance existing debt of Manchester United, provide working capital for the Manchester United Group after completion of the Offer, pay certain fees and expenses associated with the Offer and finance the expansion of the Old Trafford stadium.

Rothschild is satisfied that resources are available to Red which are sufficient to satisfy the cash consideration payable to Manchester United Shareholders in the event of full acceptance of the Offer.

## **9. Other information**

(a) No proposal exists in connection with the Offer for any payment or other benefit to be made or given to any Manchester United Director as compensation for loss of office or as consideration for, or in connection with, his retirement from office.

(b) Save as disclosed in paragraph 10 of the letter from Rothschild, no agreement, arrangement or understanding (including any compensation arrangement) exists between Red, or any person acting in concert with it for the purposes of the Offer, and any Manchester United

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Director, recent directors, Manchester United Shareholders or recent Manchester United Shareholders having any connection with, or dependence upon, the Offer.

- (c) No agreement, arrangement or understanding exists whereby the beneficial ownership of any of the Manchester United Shares to be acquired by Red pursuant to the Offer will be transferred to any other person, save that Red reserves the right to transfer any such shares to any member of the Red Football Group.
- (d) Rothschild has given and not withdrawn its written consent to the issue of this document and the references to its name in the form and context in which they appear.
- (e) So far as the Red Directors and Malcolm Glazer are aware, based on public information only, there has not been any material change in the financial or trading position of the Manchester United Group since 31 July 2004, being the date to which the latest audited accounts of Manchester United were prepared, other than as may be set out in the unaudited interim financial statements of Manchester United for the six month period ended 31 January 2005 (as set out in Appendix II to this document) and in any other public announcement released to a Regulatory Information Service by Manchester United since 31 July 2004.

#### **10. Documents available for inspection**

Copies of the following documents will be available for inspection at the offices of Allen & Overy LLP, 40 Bank Street, Canary Wharf, London E14 5NR during normal business hours on any weekday (Saturdays, Sundays and public holidays excepted) while the Offer remains open for acceptance:

- (a) the memorandum and articles of association of Red;
- (b) the audited financial statements of Manchester United for the two financial years ended 31 July 2004 and the unaudited interim financial statements of Manchester United for the six month period ended 31 January 2005;
- (c) the documents relating to the financing arrangements summarised in paragraph 7 of this Appendix IV;
- (d) the letter of consent referred to in paragraph 9(d) of this Appendix IV; and
- (e) this document and the Form of Acceptance.



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## DEFINITIONS

The following definitions apply throughout this document, unless the context otherwise requires:

<b>“Australia”</b>	the Commonwealth of Australia, its states, territories and possessions
<b>“business day”</b>	a day (excluding Saturdays, Sundays and public holidays) on which banks are open for business in the City of London
<b>“Canada”</b>	Canada, its provinces and territories and all areas subject to its jurisdiction
<b>“Capita Registrars”</b>	a trading division of Capita IRG Plc
<b>“certificated” or “in certificated form”</b>	a Manchester United Share which is not in uncertificated form
<b>“City Code”</b>	the City Code on Takeovers and Mergers
<b>“Closing Price”</b>	the closing middle-market price of a Manchester United Share on a particular day as derived from the Daily Official List
<b>“Companies Act” or “the Act”</b>	the Companies Act 1985 (as amended)
<b>“CREST”</b>	the relevant system (as defined in the Regulations) in respect of which CRESTCo is the operator (as defined in the Regulations)
<b>“CRESTCo”</b>	CRESTCo Limited
<b>“CREST member”</b>	a person who has been admitted by CRESTCo as a system-member (as defined in the Regulations)
<b>“CREST participant”</b>	a person who is, in relation to CREST, a system-participant (as defined in the Regulations)
<b>“CREST payment”</b>	has the meaning given to that term in the CREST manual issued by CRESTCo
<b>“CREST sponsor”</b>	a CREST participant admitted to CREST as a CREST sponsor
<b>“CREST sponsored member”</b>	a CREST member admitted to CREST as a sponsored member
<b>“Cubic”</b>	the Cubic Expression Company Limited, a company incorporated in the British Virgin Islands
<b>“Current Offer Period”</b>	the current offer period (as defined in the City Code) relating to Manchester United, which commenced on 20 December 2004 and which continues until 13 June 2005
<b>“Daily Official List”</b>	the daily official list of the London Stock Exchange
<b>“Form of Acceptance”</b>	the form of acceptance and authority relating to the Offer accompanying this document
<b>“Japan”</b>	Japan, its cities and prefectures, territories and possessions
<b>“Listing Rules”</b>	the listing rules of the UKLA
<b>“London Stock Exchange”</b>	London Stock Exchange plc

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<b>“Manchester United” or “the Company”</b>	Manchester United PLC
<b>“Manchester United Board”</b>	the board of directors of Manchester United
<b>“Manchester United Directors”</b>	so far as the Red Directors and Malcolm Glazer are aware, those persons whose names are set out in paragraph 2(b) of Appendix IV to this document
<b>“Manchester United Football Club” or “the Club”</b>	Manchester United Football Club Limited, a company registered in England and Wales under company number 00095489
<b>“Manchester United Group” or “Group”</b>	Manchester United and its subsidiary undertakings
<b>“Manchester United Share Option Schemes”</b>	all or (where the context permits) any of: <ul style="list-style-type: none"> <li>(a) the Manchester United PLC Unapproved Executive Share Option Plan;</li> <li>(b) the Manchester United PLC Savings Related Share Option Scheme; and</li> <li>(c) any other arrangement operated by Manchester United under which options or subscription rights are outstanding</li> </ul>
<b>“Manchester United Shareholders”</b>	holders of Manchester United Shares
<b>“Manchester United Shares”</b>	the existing issued or unconditionally allotted and fully paid (or credited as fully paid) ordinary shares of 10 pence each in the capital of Manchester United and any further such shares which are unconditionally allotted or issued fully paid while the Offer remains open for acceptance or, subject to the provisions of the City Code, by such earlier date as Red may determine
<b>“member account ID”</b>	the identification code or number attached to any member account in CREST
<b>“MGFP”</b>	Malcolm I. Glazer Family Limited Partnership, a limited partnership formed in the State of Nevada, of 6100 Neil Road, Suit 500, Reno, Nevada 89520, United States
<b>“NFL”</b>	the US National Football League
<b>“Offer”</b>	the unconditional mandatory cash offer by Rothschild, on behalf of Red, to acquire the entire issued and to be issued share capital of Manchester United not already owned by Red or any other member of the Red Football Group on the terms set out in this document and the Form of Acceptance, including any subsequent revision, extension or variation of such offer
<b>“Offer Price”</b>	300 pence for each Manchester United Share
<b>“Official List”</b>	the Official List of the UKLA
<b>“Original Offer Period”</b>	the offer period (as defined in the City Code) relating to Manchester United which commenced on 16 February 2004 and ended on 30 March 2004
<b>“Panel”</b>	the Panel on Takeovers and Mergers

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<b>“participant ID”</b>	the identification code or membership number used in CREST to identify a particular CREST member or other CREST participant
<b>“Pounds sterling” or “£”</b>	UK pounds sterling (and references to “pence” shall be construed accordingly)
<b>“Preferred Securities”</b>	£275,000,000 aggregate subscription price redeemable discount preferred securities of Red Joint Venture
<b>“Preferred Securities Holders”</b>	the holders of Preferred Securities referred to in paragraph 7(a) of Appendix IV to this document
<b>“Red” or “the Offeror”</b>	Red Football Limited, a company registered in England and Wales under company number 5370076, which has been incorporated for the purpose of making the Offer
<b>“Red Directors”</b>	those persons whose names are set out in paragraph 2(a) of Appendix IV to this document
<b>“Red Football Group”</b>	Red Football Partnership and its subsidiary undertakings (excluding Manchester United)
<b>“Red Football Partnership”</b>	Red Football Limited Partnership, a limited partnership formed in the State of Nevada, of 6100 Neil Road, Suite 500, Reno, Nevada 89520, United States
<b>“Red Joint Venture”</b>	Red Football Joint Venture Limited, a company registered in England and Wales under company number 5321166, which is the immediate parent company of Red
<b>“Red Junior”</b>	Red Football Junior Limited, a company registered in England and Wales under company number 5370078, which is a wholly-owned subsidiary of Red
<b>“Red Shareholder”</b>	Red Football Shareholder Limited, a company registered in England and Wales under company number 5321162, which is the immediate parent company of Red Joint Venture
<b>“Regulations”</b>	the Uncertificated Securities Regulations 2001, SI 2001/3755
<b>“Regulatory Information Service”</b>	any of the services set out in Schedule 12 to the Listing Rules of the UKLA from time to time
<b>“Rothschild”</b>	NM Rothschild & Sons Limited
<b>“Senior Debt”</b>	the term loan facilities, bridge facility, capex facility and revolving credit facility provided under the Senior Facilities Agreement
<b>“Senior Facilities Agreement”</b>	the facilities agreement summarised in paragraph 7(b) of Appendix IV to this document
<b>“subsidiary undertaking” and “undertaking”</b>	have the meanings given by the Companies Act
<b>“TFE instruction”</b>	a transfer from escrow instruction (as described in the CREST manual issued by CRESTCo)
<b>“TTE instruction”</b>	a transfer to escrow instruction (as described in the CREST manual issued by CRESTCo)
<b>“UKLA”</b>	the United Kingdom Listing Authority, being the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000

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**“United Kingdom”**  
or **“UK”**

the United Kingdom of Great Britain and Northern Ireland

**“United States”** or **“US”**

the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all areas subject to its jurisdiction

**“US\$”**

US dollars

All times referred to in this document are London times.